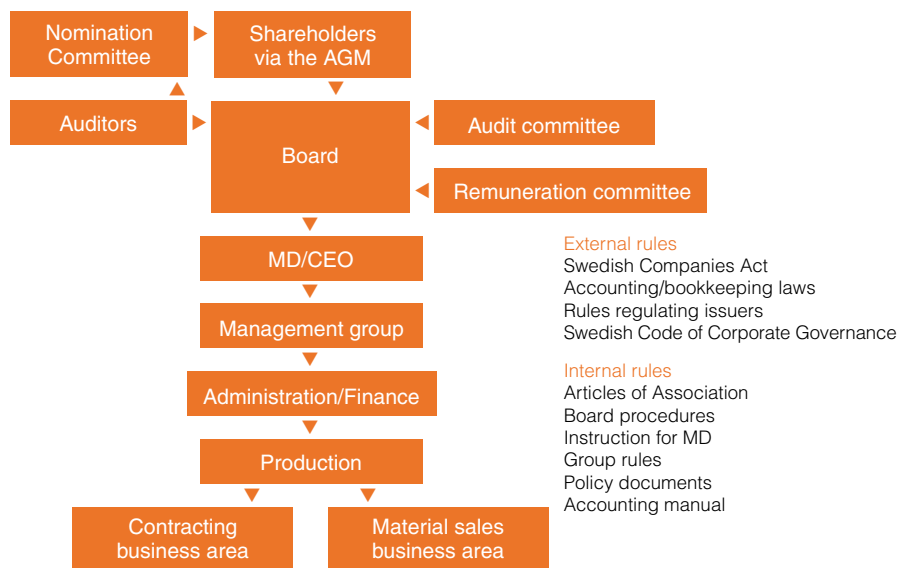


Corporate Governance Report

Corporate Governance Structure



AB Geveko is a Swedish public company that is listed on NASDAQ OMX Stockholmsbörsen AB.

Corporate governance within Geveko is based on Swedish laws, mainly the Swedish Companies Act, but also on the rules regulating issuers on NASDAQ OMX Stockholmsbörsen AB. These rules also include the Swedish Code of Corporate Governance. The Corporate Governance Report gives an account of Geveko's corporate governance systems and practice during the 2009 financial year. The report has not been examined by Geveko's auditors.

Shareholders

According to the list of shareholders maintained by Euroclear Sweden AB, the number of shareholders on 31 December 2009 was 3,698 (3,252). Institutional owners decreased from 55% to 51% of the capital and from 63% to 61% of the votes. Shareholders registered abroad accounted for 16.3% of the capital and 6.4% of the votes, which is broadly unchanged on the previous year. The "A" shareholders, who together control more than 50% of the votes, have entered into a consortium agreement. A list of major shareholders is provided in the table on page 8.

Shares and dividend policy

Geveko's Series "B" shares are listed on NASDAQ OMX Stockholm AB's Small Cap list. At the end of 2009 the company had 4,219,533 shares in issue, of which 720,000 were Series "A" shares and 3,499,533 were Series "B" shares. The Board has proposed that a rights issue of some SKr 160 million be carried out. An Extraordinary General Meeting will be held at the end of March 2010, at which the final issue terms including the subscription price will be decided.

In 2008 Geveko's dividend policy was adapted into line with the change of status from that of investment trust to that of operating industrial enterprise. According to the new dividend policy, the ordinary dividend shall amount to some 50% of the profit after tax.

Company organs

Geveko's corporate bodies are the Annual General Meeting, the Board, the Managing Director, and the Auditors. At the Annual General Meeting the shareholders elect the chairman and the Board, which, according to the company's articles, shall consist of up to seven members and up to five deputy members. In 2009 the Board consisted of six members and one deputy. It is incumbent on the auditors, as mandated by the Annual General Meeting, to examine the accounts and the administration by the Board and the Managing Director during the financial year. The auditors submit their audit report to the Annual General Meeting.

Articles of Association

According to Geveko's Articles of Association the company's business is to own and manage shares in subsidiaries and other companies, bonds and other securities,

and to engage in therewith related activities. The current Articles were adopted by the Annual General Meeting held on 26 april 2007. The complete Articles of Association are available on Geveko's website, www.geveko.com

Annual General Meeting

The Annual General Meeting (AGM) is Geveko's supreme decision-making body, in which every shareholder is entitled to participate personally or through a proxy. Shareholders are entitled, according to the Swedish Companies Act, to have business raised for discussion at the AGM. In such a case, the Board shall be given adequate notice thereof. At the AGM, which is normally held in April, but in any case within six months of the end of the financial year, the shareholders adopt the annual report, decide on the date of record for entitlement to dividend and decide on the dividend. The AGM elects the chairman and the Board for a period of one year and the auditors every fourth year. The AGM also decides on their fees as well as on guidelines for the salaries and other benefits of the company's Managing Director and other senior management personnel.

The notice convening the Annual General Meeting is sent out no later than four weeks before the Meeting and is published in Svenska Dagbladet and GöteborgsPosten, as well as on Post & Inrikes Tidningar and on Geveko's website. The minutes of the AGM are made available at Geveko's head office and on the company's website, www.geveko.com, about two weeks after the Meeting.

AGM 2009

The Annual General Meeting of shareholders in AB Geveko was held on 29 April, 2009, in Göteborg. The AGM was attended by 95 shareholders, representing 27.2% of the number of shares and 67.8% of the votes. David Bergendahl, Klas Dunberger, Tomas Landeström, Ove Mattsson, Christer Simrén and Åsa Söderström Jerring were re-elected to the board. Lars Lewerth was re-elected as deputy member. Ove Mattsson was elected chairman. The AGM resolved in favour of paying a dividend of SKr 2 per share.

Votes and capital represented at Geveko's AGM 2005-2009

Year	% of votes	% of capital
2009	67.8	27.2
2008	66.0	27.4
2007	69.7	30.3
2006	68.4	30.0
2005	67.5	29.2

AGM 2010

The 2010 AGM will be held on 26 April in Göteborg. Notice convening the Annual General Meeting will be sent out during week 13 (23-27 March). Information on the AGM will be published on Geveko's website.

Nomination Committee

The Nomination Committee is the AGM's organ for preparing the Meeting's decisions on elections and fees. The Nomination Committee shall have at least three members, of whom one shall be elected chairman. A majority of the Committee's members shall be independent of the company and its senior management group. The Committee's proposals shall be announced in the notice convening the AGM and on the company's website. Individual shareholders are entitled to submit nominations for membership of the Board to the Nomina-

tion Committee. In connection with the publication of the notice of Meeting the Nomination Committee shall have an account of the nominations to the Board published on the company's website.

Nomination Committee activities 2009

The role of the Nomination Committee is to prepare decisions for the AGM and its activities therefore, apart from participating in the AGM, largely take place between September and March.

The situation prior to the 2009 AGM was that the company was moving into a consolidation phase after several years of restructuring and expansion. The Board, following the election of new members in 2006 through 2008, had been renewed to the extent required to enable it to adapt to the new conditions, so that its members collectively satisfied the high demands for competence, experience and background. However, the gender distribution was unequal (five male, one female). In view of the need for continuity, the Nomination Committee proposed, after taking into account the aim of having a more balanced gender distribution, that all the members and the deputy member be re-elected at the 2009 AGM.

After examining remuneration levels at a number of companies that are comparable to Geveko, the Nomination Committee found that the company's levels were competitive and it therefore proposed that the existing level of fees and other benefits should remain unchanged for 2009.

The Nomination Committee held three meetings prior to the 2009 AGM, of which two were in 2009. In the autumn of 2009 the Committee held five meetings in preparation for the 2010 AGM. All in all, the Nomination Committee met on seven occasions during the 2009 financial year.

In addition to its regular meetings and internal communication the Nomination Committee consulted the chairman, the Board's Audit and Remuneration Committees and representatives of the company's major shareholders. The Committee received from the chairman a summary report on the Board's evaluation of its activities in 2008.

A written account of the Nomination Committee's proposals and activities in preparation for the 2009 AGM has been published on the company's website.

In May 2009 the Nomination Committee replied to a letter sent by the Government Offices to all companies listed on Stockholm's börsen regarding the gender distribution of the board in the light of the Swedish Code of Corporate Governance.

In a press release dated 18 December 2009 the company announced that the Nomination Committee intended to nominate Finn Johnsson to be the new chairman in succession to the present chairman Ove Mattsson who, upon reaching the age of 70 in 2010, will not be available for re-election.

Nomination Committee's fee

A fee of SKr 60,000 was paid to the chairman of the Nomination Committee for 2009, and a fee of SKr 40,000 was paid to each of the other members.

Nomination Committee for period until AGM 2010

Pursuant to the decision made by the AGM on 29 April 2009, the Nomination Committee for the period until the AGM on 26 April 2010 shall consist of the following members:

- Sigurd Walldal, chairman, former CEO of AB Geveko
- David Bergendahl, CEO Hammarplastgruppen, member of the Board of AB Geveko
- Sören Sjölander, Professor, Chalmers Institute of Technology, former member of the Board of AB Geveko.

The Nomination Committee shall submit proposals to the 2010 AGM on the following matters:

- Election of chairman of Meeting
- Determination of Board fee
- Election of chairman and other members of the Board
- Determination of auditors' fee
- Election of auditors, where applicable.

Board

In 2009 Geveko's Board consisted of six members and one deputy member, all elected by the AGM. The members include individuals who are associated with Geveko's major shareholders - the Bergendahl foundations and the Bergendahl and Dunberger families – as well as individuals independent of these groups. Attorney Lars Lewerth, who is a deputy member, served as secretary to the Board during 2009. Detailed information on each member of the Board is provided in the section headed Board and Auditors.

Independence of members in relation to the company

Independent is defined as independent of the company, its management and its major shareholders, in accordance with the rules regulating issuers and the Swedish Code of Corporate Governance, which means that a majority of the members shall be independent in relation to the company and its senior management and that at least two members shall be independent of the company's major shareholders. As can be seen in the table below, Geveko satisfies the requirement that Board members be independent of the company. Four of the members are independent and two of the members, David Bergendahl and Klas Dunberger, are associated with major shareholders, namely the Bergendahl foundations.

Responsibility of the Board

The Board is accountable to the AGM for the organisation and management of the company as required by these Articles and applicable laws and ordinances. The Board also has responsibility for ensuring that the company's goals, as formulated in legislation and the company's articles and by the AGM, are realised. This means that the Board issues guidelines for overall policies and strategies, including the approval of business plans, and keeps itself regularly informed about the Group's financial position and the state of its business. The Board is also required to appoint and discharge the Managing Director.

Board's procedures

At the statutory meeting on 29 April 2009 the Board adopted a set of procedures that regulate the division of labour and responsibility between the Board, the Chairman and the Managing Director, and an instruction for the Managing Director. The Board's set of procedures and the instruction for the Managing Director are subject to annual review by the Board.

The set of procedures includes a meeting plan and calendar, agenda, decision-making rules that define the Managing Director's responsibility in relation to that of the Board, and principles for reporting to the Board and keeping minutes of meetings. The Board shall in the first

instance have responsibility for general and long-term business and matters that are out of the ordinary or otherwise of major importance. The Board shall regularly monitor the Managing Director's fulfilment of his responsibility for the day-to-day management.

Role of the Chairman

At the AGM held on 29 April 2009 Ove Mattsson was elected Chairman. The Chairman shall manage the activities of the Board and see to it that the Board performs its statutory duties and such duties as are incumbent on it according to its set of procedures. The Chairman and the Managing Director shall together assure themselves that Board members receive adequate information on which to base their decisions well ahead of each meeting for all business that is submitted to the Board and requires its decision.

Board meetings

The Board normally meets six times a year. During the 2009 financial year the Board held seven ordinary meetings of which one was the statutory meeting. The Board discussed the business situation, financial reporting, follow-up of business plans, investments and acquisitions. In accordance with its set of procedures the Board also dealt with matters pertaining to the annual accounts, interim reports and budgets.

Membership of the Board

Name	Elected	Independent of board and management	Shares owned	Board fee SKr ¹⁾	Remuneration committee	Audit committee	Committee fees, SKr ¹⁾	Total fee, SKr
Chairman								
Ove Mattsson	2006	Yes	0	400,000	Chairman		9,000	409,000
Members								
David Bergendahl ¹⁾	1993	No	21 000	150,000	Member		49,000	199,000
Klas Dunberger	1989	No	51 333	150 000	Member		9,000	159,000
Åsa Söderström								
Jerring ²⁾	2006	Yes	2 000	150,000				150,000
Tomas Landeström	2000	Yes	1 500	150,000		Chairman	9,000	159,000
Christer Simrén	2008	Yes	10 000	150,000		Member	9,000	159,000
Suppleant								
Lars Lewerth ³⁾	1979	-	42 131	150,000				150,000
Total fee				1,300,000				1,385,000

¹⁾ A fee of SKr 3,000 is paid for each committee meeting attended, over and above which no further fees are paid. The fee paid to David Bergendahl includes SKr 40,000 for his membership of the Nomination Committee.

²⁾ Åsa Söderström Jerring's fee includes a fee of SKr 60,000 for her membership of the board of Geveko Intelligent Transport Systems A/S.

³⁾ In addition to his fee of SKr 150,000 as a deputy member of the Board, Lars Lewerth received remuneration of SKr 500,000 for legal counselling. See also note 36

Board activities

Standing items on agenda at board meetings

At the statutory meeting, which is held immediately after the AGM, the Board adopts its procedures and the instruction for the Managing Director, as well as appointing authorised signatories. The Board also appoints members to the Audit and Remuneration Committees.

The Group's auditors attend the ordinary meeting of the Board in February in connection with the audit of the previous year's accounts to discuss the annual report. At ordinary meetings later in the year interim reports are approved and published. A report is submitted to each ordinary meeting on the current state of the company's affairs. The Managing Director submits separate reports on the progress, liquidity and financing and on changes in the share price.

Business during the financial year

In 2009 over and above the standing items on the agenda, the Board discussed follow-up of acquisitions, financial position including the proposal for a rights issue, and the recruitment of a new Managing Director. The Board devoted a good deal of time to the future structure, working practices and organisation, partly so that they can be harmonised with the expanding business, and partly so that they support the Group's overall strategic goals and financial targets

Attendance at Board meetings

The attendance record of Board members at meetings is shown in the table below. Christer Simrén attended six meetings. The other members participated in the seven meetings held during the financial year. Other employees in the group participate in board meetings to report on specific items on the agenda.

Board's assessment of its work

The Board makes a regular assessment of its work once a year. At the request of the chairman of the Board, the chairman of the Nomination Committee interviews all members of the Board with the aid of an assessment questionnaire drawn up by the Nomination Committee. The answers to the questionnaire and comments from the interviews are compiled into a written report upon which the Board's assessment of its work is based. The Board then provides the Nomination Committee with a summary of its assessment.

The assessment covers all areas of responsibility that are incumbent on a board such as the company's goals and strategies, policies (for implementation of strategies), organisation, information and control, and group-wide decisions. The assessment also includes the Board's working procedures, membership and competence.

The assessment provides information to guide the Board's own activities and the Nomination Committee's proposals for election to the Board for submission to the AGM.

No assessment was made in 2009. The Managing Director and the Chairman will both be stepping down from their positions in 2010, which means the Board's activities will be based on new conditions. An assessment of the Board's work based on new working practices will therefore not be made before the end of 2010.

Main points on agenda at Board meetings in 2009

Date	Main points on agenda
26 February	Annual report, auditors attended, organisation, proposal for incentive scheme (warrants)
29 April	Q1 report, focus on development company, graphic profile
29 April	Statutory meeting after AGM. Board procedures, and MD instruction
9-10 juni	Business plan 2010-2012, risk analysis and visit to subsidiary Cleanosol in Norway
14 July	Q2 report and IT investments
1 October	Meeting required by Code of Corporate Governance (i.e. MD absent)
28 October	Q3 report
17 December	Budget, recruitment of MD, capital injection, rules for governance of the Group

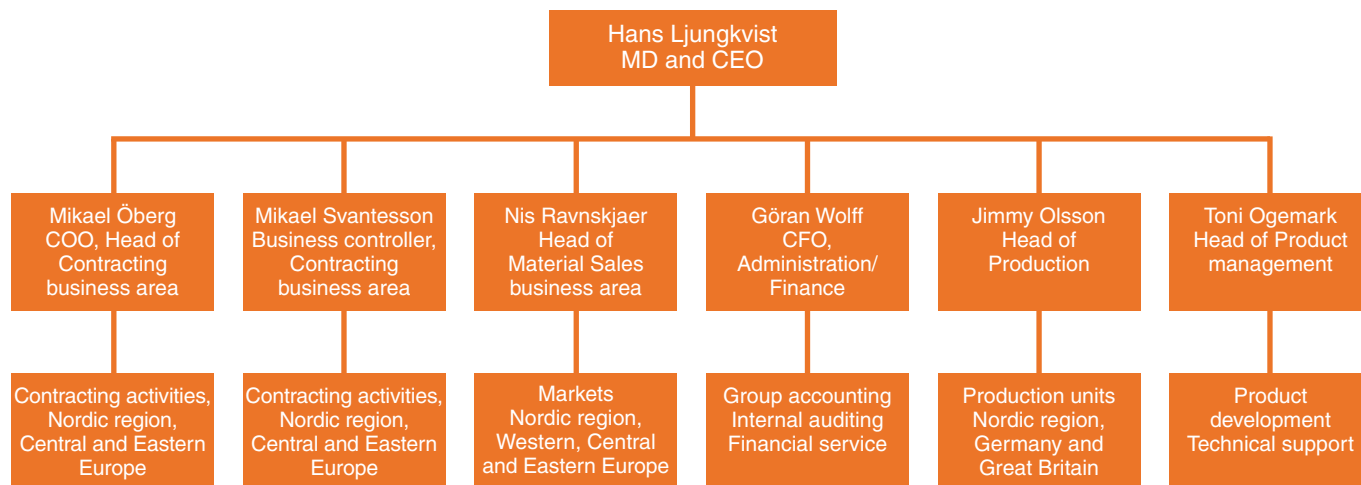
Attendance at Board meetings

Name	Board meetings	Remuneration committee	Audit committee
Chairman			
Ove Mattsson	7/7	3/4	
Members			
David Bergendahl	7/7	4/4	
Klas Dunberger	7/7	4/4	
Åsa Söderström Jerring	7/7		
Tomas Landeström	7/7		2/2
Christer Simrén	6/7		2/2
Deputy member			
Lars Lewerth	7/7		

Managing Director's responsibilities and duties

The Managing Director has responsibility for the day-to-day management of the company in accordance with the guidelines and instructions issued by the Board. The Managing Director shall take such measures as are required to ensure that the company's books are kept in accordance with the law, and that its funds are administered in a satisfactory manner. The Managing Director shall keep the Board regularly informed on the progress of the business by providing financial reports, forecasts and audit reports, and such other information as may be required to enable the Board regularly to assess the progress and financial situation of the company and the Group.

Management group



According to the Managing Director's instruction, the Managing Director may also, without having a specific mandate from the Board, take measures in consultation with the chairman that, in view of the scope and nature of the company's business are unusual or of great importance, if waiting for a Board decision would be seriously to the detriment of the company's business. In such a case, the Board shall be promptly notified of the measures taken.

Within the limit of the authority and responsibilities of the Managing Director under the terms of his instruction, the Managing Director is empowered to delegate responsibility and authority to the company's senior management personnel, and in such a case only to a person who is employed by the company.

Management group

The management group comprises the Managing Director, the CFO, the business area managers, and other senior management personnel. The Managing Director appoints the members of the management group. In 2009 the group had six members.

In addition to their line responsibility for the various units in the Group, the members of the management group have responsibility for various group-wide

projects, such as raw materials procurement, development projects, and IT. The role of the management group is to expedite group-wide issues and provide support for the MD and CEO. In 2009, the management group held ten meetings at which mainly the business plan, organisational structure and IT investments were discussed.

Insiders

Geveko complies, as well as with the statutory insider regulations, with insider rules for listed companies and Swedish Financial Supervisory Authority ordinance and guidelines. The official list of insiders includes members and deputy members of the Board, managing director and CEO, auditors, members of the management group, other management personnel, and external contract personnel who have regular access to inside information by virtue of their position or contract. Insiders shall provide information on their holdings of shares and other share-related financial instruments on the company as well as those of related parties. Changes in these holdings shall be reported.

Audits

The auditing of limited companies is regulated by the Swedish Companies Act, which requires the auditor to examine the company's annual report and accounts,

and the administration by the Board and – if one has been appointed – the Managing Director. If the company is the parent company of a group the auditor shall also examine the consolidated financial statements and the internal relations between the companies in the group. The audit shall be as detailed and extensive as generally accepted auditing standards require. The auditor submits a separate report on the audit to the AGM. The audit also includes a general examination of the interim report for the period January-September.

Auditors

The auditor shall also examine whether the company has fulfilled its obligations pursuant to certain central ordinances pertaining to taxes and excise duties. Arising out of the audit the auditor also endeavours to propose improvements to the company's organisation, accounting, cost estimating, budgeting etc. The auditor then submits a separate report on his observations to the company. In 2009, the auditors participated in Geveko's Board meeting in connection with the presentation of the year-end accounts for 2008. They also attended every meeting of Geveko's Audit Committee regularly during the year.

Board committees

At its statutory meeting each year the Board appoints a Remuneration Committee and an Audit Committee. The Board appoints the members and the chairman of each committee.

Remuneration Committee

Geveko's Remuneration Committee is appointed for one year at a time by the Board and in 2009 it consisted of Ove Mattsson (chairman), David Bergendahl and Klas Dunberger, all members of the Board. The role of the committee is to enter into agreements with, scrutinise the salary and benefits of, and attest expenditure by the Managing Director. It shall also propose incentive schemes for the MD and other senior management personnel, which then require the approval of the Board. Reports on decisions made are submitted to the next meeting of the Board. In 2009 the Remuneration Committee held three minuted meetings.

Audit Committee

Geveko's Audit Committee is appointed for one year at a time by the Board and consisted in 2009 of Tomas Landeström (chairman) and Christer Simrén, both members of the Board. The Audit Committee has responsibility for the Board's day-to-day contacts with Geveko's auditors. In 2009 the Audit Committee held two minuted meetings. Reports on decisions made are submitted to the following meeting of the Board.

Guidelines for salary and benefits of Group management

The Board's fees for the coming financial year are decided each year by the AGM. For 2009, the AGM established a total Board fee of SKr 1,300,000, of which the chairman should receive SKr 400,000,

and each member and the deputy member SKr 150,000.

During the year, the Remuneration Committee submitted proposals to the Board regarding conditions for the variable pay component of the Managing Director and other management personnel. Principles for the salary and benefits of the Managing Director for the 2009 financial year – fixed salary component and conditions for the variable component – have been decided by the AGM.

The Board will propose to the AGM on 26 April 2010 the following guidelines for the salary and other benefits of the Managing Director and other management personnel.

The company shall aim to offer a competitive remuneration package. The criteria this decision shall be based on are importance of the duties, requirements regarding competence, experience and performance. The remuneration shall consist of the following components: fixed basic salary, variable salary component, pension benefit, other benefits and severance conditions.

Managing Director and CEO

A variable salary component of up to 40% of the fixed salary can be paid, on the basis of achieved results. Pension becomes payable at the retirement age of 65, in addition to which a temporary pension of 50% of the leaving salary can be paid from 60 years of age on the initiative of the employer or, on the employee's initiative, from 62 until normal retirement age is reached. Notice of termination on the company's side is 12 months. In addition, severance pay of 12 months' salary is payable, from which is deducted remuneration from gainful employment with another employer.

Other senior management personnel

Basic pension benefits in Sweden are provided under the ITP plan, in addition to which a defined premium pension is provided. All in all, the total cost shall not exceed 36% of the annual salary. Retirement age shall be 65. Foreign subsidiary companies adhere to the pension plans that are customary in each country. The maximum variable salary component is 40% of the fixed annual salary and is based on the result achieved in relation to agreed individual performance levels. Salary during notice and severance pay for a senior management employee together may not amount to more than 24 months' salary.

Incentive scheme for senior management personnel and other key individuals

The AGM held on 29 April 2009 decided on a share-related incentive scheme for around 20 senior management personnel and other key employees. The offer consists of up to 100,000 options that may be exercised between 2 May 2011 and 15 May 2013. The warrants were acquired by the participants in the scheme at market price. Each warrant entitles the owner to subscribe to one new Series "B" share in the company. The scheme includes a guaranteed allotment of between 2,500 and 15,000 warrants per person.

The subscription price was set at SKr 77, which corresponded to 110% of the average transaction price for the Series "B" shares on Nasdaq OMX Stockholm's price list between 30 April 2009 and 14 May 2009.

Board fee

The fee paid to the members of the Board who are elected by the AGM is decided by the AGM upon the recommendation of the Nomination Committee. The total fee paid to the members of the Board in 2009 amounted SKr 1,150,000, and a fee of SKr 150,000 was paid to the deputy member. A fee of SKr 400,000 (400,000) was paid to the chairman, and a fee of SKr 150,000 to each of the other members. In addition, a fee of SKr 40,000 was paid to David Bergendahl, who is a member of the Nomination Committee.

Incentive scheme 2009 (warrants)

	Number	Value SKr	Purchase price/option	Benefit
MD	20,400	-	4.90	-
Other senior management personnel	67,100	-	4.90	-
Reserve	12,500	-	-	-
Total	100,000			

Over and above her board fee, a fee of SKr 60,000 was paid to Åsa Söderström Jerring a member of the board of Geveko Intelligent Transport Systems A/S, a subsidiary. A fee of SKr 150,000 (75,000) was paid to the deputy member, who is also the company secretary and who also received a fee against approved invoice for legal counselling. A fee of SKr 3,000 is paid per committee meeting.

Remuneration and other benefits of management group

The remuneration, viz. fixed salary, variable salary component, pension and other benefits, paid to the management group in 2009 amounted to SKr 10.8 million. No remuneration is paid for assignments on behalf of subsidiary or associate companies.

The management group has six members over and above the MD. Further information is provided in Notes 3 and 36.

Guidelines and policy documents

The Board has established policy documents that are subject to review each year. Examples include the Board's Set of Procedures, the Instruction for the Managing Director, Finance Policy, Insurance Policy, Pension Policy, Information Policy and Ethical Policy.

Departures from the Code

Code § 4.2

The Code stipulates that a deputy to a Board member elected by the AGM shall not be appointed. Geveko's Board consists of six members and one deputy member. The deputy member is the Company Secretary and should, in the view of the Board, therefore not be an ordinary member.

Code §8.2

No assessment was made in 2009. Both the MD and the chairman will be stepping down from their positions after the 2010 AGM. Since this means there will be new conditions for the activities of the Board on the basis of new working practices, no assessment will be made until the end of 2010.

Code §10.1

The Audit Committee consists of two members, which is fewer than the minimum of three stipulated in the Code. Since Geveko is one of the smaller companies on NASDAQ OMX Stockholm and Geveko's Board only has six members it is the Board's opinion that to have only two members on the Audit Committee is adequate.

Remuneration and other benefits, management group

	Fixed salary	Variable salary	Total salary	Other benefits	Pension-costs	Total remuneration
MD ¹⁾	2 114 662	-	2 114 662	94 025	1 261 729	3 470 416
Other members of management group	5 731 717	105 000	5 836 717	313 391	1 271 262	7 367 370
Total fee management group	7 846 379	105 000	7 951 379	407 416	2 478 991	10 837 786

¹⁾ The Managing Director's pension cost includes temporary retirement pension of SKr 482,000.

Remuneration of auditors

	Group		Parent company	
	2009	2008	2009	2008
Auditing				
PricewaterhouseCoopers	1,664	2,470	167	230
Other	1,107	851	-	-
	2,771	3,321	167	230
Other services				
PricewaterhouseCoopers	2,575	2,366	1,791	334
Other	248	109	-	-
	2,823	2,474	1,791	334
Total	5,594	5,796	1,958	564