

ANNUAL REPORT 2009



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CORPORATE GOVERNANCE

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The Board's corporate governance report has not been reviewed by the Company's auditors.

Board members

In accordance with the Articles of Association, the Board of Directors shall consist of three to twelve board members selected by the Annual General Meeting. Obducat AB's Board of Directors has six members plus two deputy members: Henri Bergstrand (chairman), Werner Uhlmann, Björn Persson, Ingrid Osmundsen, Lars Montelius, Tord Wingren, André Bergstrand (deputy member), och Håkan Torbjörnsson (deputy member).

The reason for the AGM 2009 to increase the Board by two deputy members was based on the Nomination Committee's proposal that younger talents be attached to the Board to contribute new and modern ideas, with a view to in the long run becoming permanent board members. The Company's business intelligence environment is such that new knowledge and new currents are very speedily conveyed, and in the Company's application areas, for example parts of the knowledge and experience of the environment quickly become outdated. The intention is also that the deputy members will contribute to making the Board more dynamic.

The responsibilities of the Board

In compliance with the Swedish Articles of Association, the Board of Directors is responsible for the Company's organisation and administration, and for selecting the President and CEO as well as Review and Remuneration Committees. At the Annual General Meeting, the Board shall present proposed principles for remuneration and other conditions of employment for the Board to be adopted by the shareholders' meeting. Based on these principles, the Board will decide on salary and other remuneration to the CEO. The Board holds a minimum of six meetings per year.

The work of the Board

On 18 June 2009, the Board of Directors adopted a new procedure for the Board of Directors and instructions to the President and CEO. The procedure of the Board of Directors specifies Board members' tasks, matters to be addressed and rules of procedure for board meetings. At all meetings, the Board deals with the agenda for the meeting in question, such as approving the minutes of the previous meeting, current business situation and financial reporting. Additionally, when applicable, matters such as year-end reports, interim reports, budget and liquidity as well as financing and overall issues like strategy and business intelligence are addressed. During 2009, the Board held twenty minuted meetings, of which four in connection with submitting the interim reports. On one occasion, the Board met with the Company's accountants without the Management being present. In addition to the items on the agenda for the board meetings, the Board has, at several extraordinary meetings, dealt with a number of issues related to a new share issue, when the independent board members played a decisive role.

In 2009 the Board members attended meetings as shown in the table below:

	Present at board meetings*
Henri Bergstrand (COB.)	18 (18)
Werner Uhlmann	20 (20)
Lars Montelius	18 (18)
Ingrid Osmundsen	20 (20)
Björn Persson	20 (20)
Tord Wingren	20 (20)
André Bergstrand (sub.)	8 (8)
Håkan Torbjörnsson (sub.)	8 (8)

* includes extraordinary board meetings (5)
and per capsulam (8)

For reasons of challenge of cause, Henri Bergstrand and Lars Montelius did not attend two meetings that decided on share issue and guarantee commitment, since both these members are on the board of European Nano Invest AB, the guarantor of Obducat's share issue. This said, these two board members did attend all other board meetings in 2009.

Code of Corporate Governance

As from 1 July 2008, Obducat applies a Swedish code of corporate governance.

The Audit Committee

The Audit Committee consists of Henri Bergstrand (chairman) and Werner Uhlmann. The Board has chosen to appoint two audit committee members instead of three as laid down by the Code of Corporate Governance. The reason for this being that the Board, in view of the size and make-up of the Company and the Board, considers the constitution of the Audit Committee with two members to provide an appropriate audit committee that satisfies the demands on the Company. It may moreover be noted that the Company's CFO and auditor are co-opted on a regular basis, and that the Audit Committee only makes recommendations to the Board and that no decisions are made by the committee. The main task of the Audit Committee is to assist the Board with matters regarding the audit of the Group, such as estimating scope and direction of the financial processes and forms of internal control. In addition to this, matters of importance for the quality of the external financial reporting are addressed as well as following up the work of the external auditors in order to guarantee that the work is conducted independently, objectively and cost-effectively. The Audit Committee prepares the Board's proposal for the Annual General Meeting's election of auditors. During 2009, the Audit Committee held seven minuted meetings. The Company's auditor was present at two meetings, and Werner Uhlmann and Henri Bergstrand at all meetings.

Remuneration Committee

The Remuneration Committee consists of Henri Bergstrand (chairman), Werner Uhlmann and Ingrid Osmundsen. The principal task of the Remuneration Committee is to ensure that the Board's principals for remuneration to the CEO and other senior executives are observed. During 2009, the Remuneration Committee held three meetings which, one of which was minuted. All meetings were attended by all of its members in 2009.

The Nomination Committee

The task of the Nomination Committee is to propose candidates for election as members of the Board of Directors to the Annual General Meeting for the period until the next Annual General Meeting, and to propose remuneration to such Board members. The Nomination Committee in 2009 consisted, prior to the AGM, of Olle Bengtsson (chairman), Henri Bergstrand, Lars Montelius and Håkan Thorbjörnsson. The Nomination Committee prior to the Annual General Meeting 2010 consists of Aril Isaksson (chairman), Henri Bergstrand, Lars Hain and Urban Berglund. The Nomination Committee held 4 meetings in 2009, two of which were minuted.

Fees to the Board of Directors

The Annual General Meeting on 18 June 2009 resolved, in accordance with the proposal presented by the Nomination Committee, to approve an annual amount to the Board in the amount of SEK 175,000 to each member, and, in addition, SEK 30,000 per month to Lars Montelius in the capacity of working Board member and SEK 60,000 per month to Henri Bergstrand in the capacity of working chairman of the Board. Deputy Board members shall receive a fee of SEK 5,000 for each Board meeting attended, however a maximum of SEK 50,000 per annum. It was further resolved that members having performed work for the Company in addition to the board work shall, subsequent to a decision by the Board, receive fair remuneration. In 2009 no remuneration was paid for committee work.

The commitment of Henri Bergstrand and Lars Montelius as working chairman of the board and working board members are to a considerable extent connected to board-level tasks, but also consists of acting for Obducat in external situations in their respective competence areas. Neither Henri Bergstrand nor Lars Montelius take part in the Company's operations.

Remuneration to senior executives

The Board of Directors makes decisions concerning salary and other remuneration to the President and CEO as well as the principles for the salaries to senior executives. The Annual General Meeting on 18 June 2009 approved the following principles for salaries senior executives:

The Board proposes guiding principles which principally mean total compensation adjusted to market conditions, making it possible to recruit and retain senior executives. Compensation to the senior executives shall consist of fixed salary, flexible remuneration if any, other customary benefits, and pension.

At the present time Obducat has no incentive or bonus programmes.

Internal policies

Having the share listed for trading on a regulated market means that a great many rules and procedures must be observed, of which some are laid down by law and in the listing agreement with NGM, and others are recommendations only. The Obducat Board of Directors has adopted the following internal rules and regulations: finance policy, information policy, quality policy, IT and safety policy, equal rights policy, ecopolicy and work environment policy. All policies and internal rules and regulations are reviewed on a regular basis and are updated when the need arises.

Financial reporting

The Board of Directors safeguards the quality of financial reporting by carefully examining and following-up the financial reports presented to the Board by the Senior Executive Team. The financial reporting, comprising valuation matters, assessments and guidelines for the audit, is continually evaluated by the Board of Directors. Also, the Board of Directors ensures that legal matters and disputes are continually examined and looked into. The Company's auditors submit an annual report to the Board of Directors, presenting the result and comments on the principal audit areas. This report is presented orally at the board meeting addressing the year-end report, at which time the board members have the opportunity to put questions to the auditors. Among other things, the auditors' account is expected to clarify that the Company's routines allow for a safe way to conduct the accounting, management of assets, and the Company's financial circumstances.

External audit

The 2009 Annual General Meeting selected Elna Lembrér Åström, Deloitte AB, as auditor in charge for the period of three years. The work of the auditors shall be performed according to an audit programme established jointly by the Board of Directors and the auditors. Each year the auditors inform the Board of assignments performed in addition to the normal audit, the fees for such assignments and other circumstances that could affect the judgement of the auditors' independence. The auditors shall also attend the Annual General Meeting and present its work, views and findings. At least once a year the Board of Directors shall meet with the Company's auditors without the CEO or any other member of the Senior Executive Team being present. The audit is performed in compliance with the rules and regulations of the Swedish Companies Act and the generally accepted auditing standards in Sweden, which are based on the International Federation of Accountants (IFAC) international auditing standard.

The Board of Directors' report on internal control

This part of the Corporate Governance report describes how the internal control of the financial reporting is managed in Obducat.

Control environment

Internal control over financial reporting is based on the overall control environment. The Company's internal control structure is based on a clear definition of the roles and responsibilities of the Board of Directors and CEO, and in the operating activities. There are furthermore a number of documented policies and guidelines adopted by the Board, which are continually evaluated by the Senior Executive Team and the Board of Directors. Such governing documents are communicated through stipulated information and communication channels, and are thus made available and known to the employees concerned.

Risk management and control procedures

Risk management in Obducat is an ongoing process within the entire organisation in order to identify and manage the Company's risks. During the year a risk analysis was made, which systematically identified and classified risks based on the probability and consequences for the Company. This risk analysis governs the level of risk and demand for follow-up and control procedures in order to secure the Company's business operations. Reviews are carried out on all level within the Company where the CEO and the CFO are responsible for verifying, analysing and ensuring that the information compiled is correct and complete. Follow-up by the Executive Team is conducted through regular meetings with persons responsible for the business activities in question, the financial position and outcome as well as risks and opportunities. Among other things, the Board of Directors analyses monthly reports in which the Executive team gives an account of the past period and comments on the Company's financial position and result. In this way important fluctuations and divergences are followed up, which minimises the risk of incorrect financial information.

Follow-ups and evaluation of the internal control are furthermore conducted on a regular basis through the Audit Committee. At the Audit Committee's meetings there are also continuous discussions with the Company's external auditors regarding continuous work on improvements.

Information and communication

The Company's information and communication shall be accurate, open, prompt and simultaneous to all interest groups. All external communication shall be in accordance with the NGM listing agreement. Interim reports and the Annual Report are published on the fixed date on the Company's website and via the NGM subsequent to review by the Audit Committee and the Board of Directors.

Internal governing documents in the form of policies, guidelines and manuals are available on the Company's intranet to the employees in question.

Follow-up

Based on the ordinary continuous financial reporting, the Audit Committee's analyses and reports as well as the result of the external Auditors' review, the Board of Directors continuously evaluates the internal control and the quality and completeness of the financial reporting.