

# CORPORATE GOVERNANCE

This section has not been subject to scrutiny by the company's auditors.

Semcon applies the regulations laid down in the Swedish Code for Corporate Governance. From 1 July 2008 all listed companies in Sweden must apply the corporate governance code. Semcon has started an initiative to ensure that the code is applied.

Semcon's Articles of Association regulates the alignment of the business, share capital and how and when the notice to attend the AGM takes place. The entire Articles of Association can be seen on Semcon's website at: [www.semcon.se](http://www.semcon.se).

## ANNUAL GENERAL MEETING 2007

The 2007 Annual General Meeting (AGM) was held on 26 April at Semcon's head office in Göteborg. Claes Beyer was elected to chair the meeting. The meeting approved the Board's proposal for the appropriation of profits. The meeting also approved the nominations committee's proposals for board members, remuneration to the Board and its chairman and board member nominations. The AGM re-elected Annemarie Gardshol, Pia Gideon and Dan Persson as Board members. Furthermore, the meeting decided to elect Hans-Erik Andersson, Gunvor Engström, Kjell Nilsson and Ulf Wallin as new Board members. Kjell Nilsson was elected as the Chairman of the Board. The OMX Nordic Exchange Stockholm's listing agreement contains certain criteria concerning the structure of the Board. The criteria includes that a majority of the members elected by the meeting must be independent in relation to the company. Furthermore, a minimum of two of these members must also be independent of the company's major shareholders. Semcon's Board meets these criteria.

## EXTRAORDINARY GENERAL MEETING

At an Extraordinary General Meeting on 7 February 2008 it was decided to discharge Kjell Nilsson from his duties as Chairman of the Board to be replaced by Hans-Erik Andersson with immediate effect. Kjell Nilsson took over as the new President and CEO on 8 February 2008. Kjell Nilsson retains his position on the Board.

## AGM 2008

The Annual General Meeting for 2008 will be held on 24 April at Semcon's head office in Göteborg. More information is

available on Semcon's website at: [www.semcon.com](http://www.semcon.com).

## NOMINATIONS COMMITTEE

In accordance with decisions taken by the AGM the Chairman of the Board shall, no later than the end of Q3, convene the three largest shareholders in the company, who together shall appoint members of the nominations committee. If any of the three largest shareholders decline then the next shareholder in terms of size will be given the opportunity to take part in the work to nominate members to the nominations committee. The nominations committee should be led by an owner-representative, but the Chairman of the Board can be a member of the nominations committee and be its chairman. The job of the nominations committee is to prepare and present proposals for shareholders in the company concerning the choice of Board members and, in certain instances, accounts and remuneration to the Board and auditors. The nominations committee will also make proposals to the AGM for decisions on principles for the election of a nominations committee and proposals for Chairman of the Board.

The nominations committee's members will be announced no later than six months before the AGM. Information about the nominations committee's members and how proposals can be submitted are available at [www.semcon.se](http://www.semcon.se) and in the Q3 report. The entire minutes of the AGM are available at [www.semcon.se](http://www.semcon.se).

The nominations committee's members in 2007 were Christer Ericsson representing the JCE Group (nomination committee's chairman), Erik Sjöström representing Skandia Liv, Joakim Spetz representing Handelsbanken fonder and Kjell Nilsson. No remuneration was paid to the members. The nominations committee met three times prior to the 2008 AGM. The basis of the nominations committee's work has included company strategies and priorities and an evaluation of the Board and its size and structure. The nominations committee's pro-

posal for election of board members and Chairman of the Board and auditors is given in the notice to attend the AGM and also published on Semcon's website.

## WORK OF THE BOARD

The work of the Board is regulated by the Companies' Act, the Articles of Association and the procedures adopted annually by the Board.

Semcon AB's Board consists of seven members elected by the AGM and three members with their deputies elected by employees. Of the ten Board members, nine are Swedish citizens and one is Norwegian. A presentation of Board members is available in the Annual Report on pages 80-81. The CEO is a member of the Board from 8 February 2008. Other salaried employees in the company take part in board meetings as co-opted members, speakers and secretary. In the 2007 financial year the Board has five scheduled and three extra meetings.

The work of the Board follows an agenda with fixed points for Board members. The Chairman leads and delegates Board work and ensures that urgent matters in addition to the fixed points on the agenda are dealt with. The Board convenes at a meeting close to the time of the AGM. At this meeting the Board establishes its work procedures, instructions for the CEO, subsidiary instructions and instructions for financial reporting. In 2007 issues concerning the company's financial position and issues concerning the two acquisitions of Caran and IVM Automotive, plus the sale of the Zpider business area have been given a lot of attention in the work of the Board.

Attendance at the Board meetings is given in the tables on page 79.

The Board has no specific audit committee. Instead the Board as a whole aims at keeping close contact with the company's auditors in order to satisfactorily keep up to date with important issues concerning the company's accounts, accounting routines, management of the company's assets and internal control. The control issues received by the Board are dealt with by the Board

as a whole. To ensure that the Board's need for information is met the company's auditors report to the Board at least twice a year.

Peter Gustafsson and Hans Warén, the authorised accountants at Deloitte, have, over the past year, reported their views of the Group's internal controls and routines for reporting and auditing to the Board and examining the financial statements.

#### REMUNERATION TO SENIOR EXECUTIVES

Remuneration to the Board is decided by the AGM following proposals by the nominations committee. The chairman received SEK 300,000 in remuneration and ordinary Board members not employed by the company received SEK 150,000 each. Remuneration to the CEO is decided by the Board. Semcon has no special remuneration committee and these issues are handled by all members of the Board.

All members of the senior executive team are offered a fixed salary, which is complemented with variable remuneration of no more than six months' salary after following up on individually set goals. The fixed salary is set for each calendar year. The senior executive team is also offered to subscribe for convertible

debentures in the convertible debenture scheme, which is described in full on Semcon's website at [www.semcon.com](http://www.semcon.com). Guidelines for remuneration should include the individuals, which during the time the guidelines apply, are part of the Group's senior executive team. The Board has the right to deviate from the guidelines if there is a justified cause to do so in specific cases.

Senior executives' remuneration and benefits are reported in Note 8 on page 61.

#### GROUP MANAGEMENT

Group management, see pages 82-84, holds regular Group management meetings led by the CEO. The meetings follow an agenda and are minuted. In addition to these meetings a number of meetings are held where all, or parts of, the Group management are present along with other employees from the Group.

Group management work towards close contact with every business area in order to support and provide help and tools to make the business more effective, marketing, business development and internal exchange of knowledge.

#### AUDITORS

Deloitte AB was elected as the company's auditor for a four-year period at the

AGM in 2007. The company's auditors are the authorised public accountants Peter Gustafsson and Hans Warén.

Peter Gustafsson was born in 1956. In addition to audit work for Semcon Peter carried out audit work for companies like SAS, SAAB Automobile, Ledstjerner, Nexus, Teleca, Rezidor Hotel Group, Akademiska Hus, Göteborgs Hamn and Göteborg's Kommunala Förvaltning AB.

Hans Warén was born in 1965. Other assignments include the Saab AB Group, Ekman, Göteborg Energi, Parker Hannifin and Bodycote.

The auditors' interaction with the Board is described above. In addition to auditing, Deloitte AB will also provide advice on accounting issues to Semcon. All services provided in addition to the statutory auditing service are checked specially to ensure that there is no conflict of interest or disqualification issue.

No senior executive at Semcon has held any position at Deloitte AB during the past five years, and vice versa. Semcon's remuneration to auditors and purchase of services in addition to auditing appear in Note 7 on pages 60-61.

#### BOARD DURING 2007

		Board meetings, 8 meetings in total	Dependant/independent
Kjell Nilsson	President and CEO	8	Dependent to the company
Hans-Erik Andersson	Chairman	8	Independent
Ulf Wallin	Board member	8	Dependent to the major shareholders
Gunvor Engström	Board member	8	Independent
Dan Persson	Board member	8	Independent
Pia Gideon	Board member	6	Independent
Annemarie Gardshol	Board member	6	Independent
Roland Kristiansson	Employee representative	8	
Stefan Novakovic	Employee representative	8	
Christer Eriksson	Employee representative	8	