

Corporate governance

Semcon is a Swedish company active on a global market. The company's shares are quoted on the NASDAQ OMX Nordic Exchange Stockholm. Semcon has applied the regulations laid down in the Swedish Code of Corporate Governance since 1 July 2008 and hereby submits the corporate governance report for 2008.

Semcon is governed in accordance with Swedish corporate law, which means that the company's Articles of Association are a central document. 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 are available on Semcon's website at: www.semcon.se. Semcon also complies with other applicable Swedish and foreign laws and regulations.

Application

Semcon applies the Swedish Code of Corporate Governance and has no deviations to report.

Annual General Meeting

The notice to attend the Annual General Meeting appears in the Articles of Association. The notice to attend must be published in the Swedish Official Gazette and Dagens Industry newspaper.

At Annual General Meetings shareholders get the opportunity to place their voting rights and, in accordance with Swedish corporate law and Semcon's Articles of Association, to take decisions concerning the composition of the Board and other central issues. Shareholders or proxies can vote for the number of shares he/she owns or represents at the meeting.

Annual General Meeting 2008

The 2008 Annual General Meeting (AGM) was held on 24 April at Semcon's head office in Göteborg. Representatives of 58.3 per cent of the share capital were present, of which underlying shares held by the members of the nominations committee represented 51.0 per cent.

Hans-Erik Andersson was elected to chair the meeting. The meeting approved the Board's proposal for the appropriation of profits. The meeting decided that the Board should consist of six directly elected members. The meeting also approved the nominations committee's proposals for Board members, remuneration to the Board and its chairman. The meeting re-elected Hans-Erik Andersson (Chairman of the Board), Gunvor Engström and Kjell Nilsson and also elected Marianne Brismar, Jorma Halonen and Håkan Larsson as new Board members. The full minutes of the AGM are available at: www.semcon.se.

Annual General Meeting 2009

The Annual General Meeting for 2009 will be held on 29 April at Semcon's head office in Göteborg. More information is available on Semcon's website at: www.semcon.se.

Share structure and voting rights

Semcon's share class, ordinary shares, have a quotient value of SEK 1 and entitle the owner to one voting right.

Nominations committee

Based on ownership statistics from Euroclear Sweden AB (VPC) on 31 August for each respective year, the Chairman of the Board must convene the three largest shareholders in the company, who together shall appoint members of the nominations committee. If any of them decline then the right to nominate transfers to the next shareholder in terms of size, who doesn't already have the right to nominate members to the nominations committee. The member nominated by the largest shareholder will be the nominations committee's chairman. The job of the nominations committee is to prepare

and present proposals to the Board, Chairman of the Board and in certain cases auditors and remuneration to the Board and auditors. 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 and in the Q3 report.

Nominations committee

2008/2009

The nominations committee's members in 2008/2009 were Christer Ericsson representing the JCE Group (nominations committee's chairman), Erik Sjöström representing Skandia Liv, Kerstin Stenberg representing Swedbank Roburs fonder and Hans-Erik Andersson (Chairman of the Board). No remuneration was paid to the members. The nominations committee met three times prior to the 2009 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 proposal for election of Board members and

Nominations committee ahead of the Annual General Meeting 2009

	Representing	No. of voting rights, % 31 December 2008
Christer Ericsson	JCE-Group	29.9
Erik Sjöström	Skandia Liv	13.6
Kerstin Stenberg	Swedbank Robur fonder	8.8
Hans-Erik Andersson	Semcon AB	0.1
Total		52.4

Further information about corporate governance

The following information is available at www.semcon.se

- Summary of Semcon AB's application of the "Swedish Code of Corporate Governance" document.
- In-depth information about internal control instruments such as Articles of Association and Code of Conduct.
- Information from Semcon's AGMs from 2004 onwards (notice to attend, minutes etc.).

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

Board

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

Board structure

Semcon AB's Board consists of six members elected by the AGM and three members with their deputies elected by employees. Of the nine Board members, eight are Swedish citizens and one is Finnish. The Board's structure meets the requirements for being independent set by the Swedish Code for Corporate Governance and in association with the NASDAQ OMX Nordic Exchange Stockholm.

Work of the Board

The Board held six ordinary and three extraordinary meetings in 2008. 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. Attendance at the Board meetings is given in the table below. Other salaried employees in the company take part in Board meetings as co-opted members, speakers and secretary.

Board meetings 2008

Nr 1/2008: Financial statement and Annual Report 2008, financial objectives, financing, debriefing of audit (auditors present)

Nr 2/2008: Q1 report January–March 2008, remuneration issues, brand issues

Nr 3/2008: Statutory meeting

Nr 4/2008: Examination of the business

Nr 5/2008: Decision about class C shares and to buy-back class C shares

Nr 6/2008: Interim financial statement January–June, finance policy, insurances

Nr 7/2008: Q3 report January–September, financial report, decision about buy-back of convertible scheme, code of conduct, visit and examination of the German business

Nr 8/2008: Business plans for the business areas and setting budgets for 2009, board evaluation, examination of internal procedures, debriefing of audit (auditors)

Nr 9/2008: Decision to convert all the company's 330,000 class C shares to ordinary shares.

The Board adopted written procedures at a statutory Board meeting close to the time of the Annual General Meeting. This meeting set the Board's procedures, instructions for the CEO, subsidiary instructions and financial reporting instructions.

Audit committee

Semcon has decided the entire Board will carry out the audit committee's tasks. The entire Board aims at keeping in close contact with the company's auditors so that it can satisfactorily follow significant issues concerning the company's accounts, reporting routines, management of company assets and internal control. The Board's control issues are therefore dealt with by the Board as a whole. To make sure that the Board's need for information is reached, the company's auditors report to the Board at least twice

a year. Peter Gustafsson and Hans Warén, the responsible authorized public accountants at Deloitte, have reported their views over the past year about the Group's internal control, reporting, financial accounting routines and balance sheet examination.

Group management

At year-end 2008 Group management consisted of the CEO and managers of the business areas and Group staff. See pages 82–83. Group management holds regular 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 works towards close contact with every business area in order to support and provide help and the tools to make the business more effective, marketing, business development and internal exchange of knowledge.

Business areas

Semcon's business activities are organized into three business areas. Semcon's organization is characterized by far-reaching decentralization, where every unit is highly independent with lots of authorization. Group management's control of the business areas takes place, in addition to continual contacts, mainly through monthly internal debriefings by business area managers and controllers and by quarterly review meetings with some of the Group management.

Semcon's Board 2008

		Elected	Present	Dependent/independent
Hans-Erik Andersson	Chairman	2007	9/9	Independent
Kjell Nilsson	President and CEO	2007	9/9	Dependent *
Gunvor Engström	Member	2007	7/9	Independent
Håkan Larsson	Member	2008	6/7	Dependent **
Marianne Brismar	Member	2008	6/7	Independent
Jorma Halonen	Member	2008	6/7	Independent
Roland Kristiansson	Employee representative		9/9	
Stefan Novakovic	Employee representative		8/9	
Christer Eriksson	Employee representative		9/9	
Pia Gideon	Member		2/2	Independent
Annemarie Gardshol	Member		1/2	Independent
Dan Persson	Member		1/2	Independent
Ulf Wallin	Member		2/2	Independent

* Kjell Nilsson is dependent to the company and to the company's major owners.

** Håkan Larsson is dependent to the company's major owners.

The presentation of Board members appears on pages 80–81 of the Annual Report.

The Group has certification and decision-making that clearly regulates authorization at every level at the company, from individual engineers to Semcon's management. The areas regulated include contract levels, handling quotes/tenders, investment, rental and leasing contracts, expenses and guarantees.

The organization for an assignment/project varies according to the assignment/project's size, location and complexity. Each assignment/project is run by an assignment manager/project manager. Semcon and its Swedish subsidiaries are certified and apply quality and environmental management systems according to ISO 9001:2000 and 14001:2004, which are constantly reviewed by external auditors. Fixed price assignments in excess of SEK 5 million are followed up at Group management level.

Remuneration issues

Remuneration committee

Semcon has decided that the entire Board will carry out the remuneration committee's tasks. Members of company management will not participate in this work.

Remuneration to the Board

Remuneration to the Board is decided by the AGM following proposals from the nominations committee. The remuneration to the Board in 2008/2009 amounted to SEK 400,000 for the Chairman and SEK 200,000 for other Board members not employed by the company. Remuneration to the CEO is decided by the Board.

Remuneration to senior executives

All senior executives in the senior management team are entitled to a fixed salary and a flexible salary of no more than six months' salary based on how well they meet their respective targets. The fixed salary is set every calendar year. Remuneration guidelines include the individuals, who during the time the guidelines applied, were part of the senior management team. The Board has the right to deviate from the guidelines if there is just cause to do so in special circumstances. Senior executives' remuneration and bonuses are reported in Note 8 on page 58.

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 authorized public accountants Peter Gustafsson and Hans Warén.

Peter Gustafsson was born in 1956. In addition to audit work for Semcon Peter Gustafsson carries out audit work for companies like SAS, Saab Automobile, Ledstiernan, Nexus, Teleca, Rezidor Hotel Group, Akademiska Hus, Göteborgs Hamn and Göteborgs Kommunala Förvaltnings AB. *Hans Warén was born in 1964.* His other assignments include Saab AB Group, Ekman, Göteborg Energi, Liseberg, Parker Hannifin, SPX Johnson Pump 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 of disqualification issue. No senior executive at Semcon has held any position at Deloitte AB over 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 page 57.

This report is not part of the formal annual report documents and has not been subject to scrutiny by the company's auditors.

Board's report on Internal control

The Swedish Companies Act regulates the Board and CEO's responsibility concerning internal control. The Board's responsibility is also regulated by the Swedish Code of Corporate Governance, which also includes demands for annual external information flow concerning how the internal control for financial reporting is organized.

Internal control

Semcon has defined internal control as a process designed to provide reasonable assurance that Semcon's objectives are achieved in terms of an appropriate, effective business, reliable reporting and how to follow applicable rules and regulations. The internal control is influenced by the Board, CEO, Group management and other employees and is based on a control environment that creates the basis for the

other four components in the process – risk assessment, control activities, information, communication and follow-ups. The process bases itself on the framework for internal control issued by the Committee of the Sponsoring Organizations of the Treadway Commission (COSO). The control environment includes the values and ethics that the Board, CEO and Group management communicate and use and that are documented in Semcon's Code of

Conduct and the Group's organizational structure, management, decision-making, authorization, responsibility and expertise of the employees. Semcon's vision, business concept, objectives and strategies are the basis of day-to-day work. Semcon is characterized by a decentralized organization driven from target-steered management with clear objectives.

Internal control concerning financial reporting

Internal control concerning financial reporting aims to give reasonable assurance concerning reliability of the external financial reporting in the form of quarterly reports, annual reports and financial statements and that the external financial reports are drawn up in accordance with laws, applicable accounting standards and other demands made on listed companies. The following description has been drawn up in accordance with the Swedish Code of Corporate Governance and the current application instructions and make up the Board's report for internal control concerning the financial reporting. This internal control report for the financial reporting has not been subject to review by the company's auditors.

Control environment

The Board has overall responsibility for the internal control of financial reporting. The Board has set out written standing orders that clarify the Board's responsibilities and that regulate the work of the Board. The Board will ensure that set principles for financial reporting and internal control are observed and that applicable relationships with the company's auditors are maintained. The Board has drawn up instructions for the CEO and for financial reporting. Responsibility for ensuring effective control environments is delegated to the CEO. The Group's Internal Control is a support function for the internal control of financial reporting in the Group's companies and business areas. Internal control instruments for financial reporting are made up of the Group's finance policy, information policy, investment rules, authorization rules and the Group's accounting and reporting rules. Semcon's ethical values are documented in the Group's Code of Conduct where staff policies complement other rules and instructions for employees. New, stricter routines and rules were implemented in 2008 in terms of submitting tenders/bids, conditions of contract and drawing up agreements.

Risk assessment

Semcon's risk assessment covering financial reporting, i.e. identification and evaluation of the most significant risks in the Group's companies, business areas and processes regarding financial reporting, consist of a foundation for how they are managed. They are managed by the risks being accepted, reduced or eliminated, with demands on controls and control levels within the frameworks set by the Board, CEO and Group management. Risk assessment has taken place during the year in the respective business area's management groups and with Group staff function managers and controllers. Financial reporting risk assessments will be updated annually under the management of the Internal Control function and the results reported to the Board and Group management.

Control activities

The significant risks identified for financial reporting are managed through various control activities and processes in the Group's companies, business areas and that aim to safeguard that the basic demands on external financial reporting are met. The control activities build on the Group's minimum requirements for internal control for financial reporting and consist of comprehensive, detailed controls that can be preventative and exploratory in nature. The respective business areas are responsible for the Group's control instruments being implemented and observed and that any possible deviation is reported. In 2008 all Group companies and business areas completed an Internal Control Questionnaire in order to evaluate the internal controls.

Information and Communication

Information and communication about internal control instruments for financial reporting is published on Semcon's intranet, which is accessible to every employee. External communication consists, for example, of external financial reporting. There is an information policy to support the information procedures in the Group. This clearly states who is allowed to communicate what type of information and that the information must be correct, coordinated, consistent, fast and able to be monitored, both internally and externally. The results of the internal control of financial reporting procedures are reported by the Group's function for Internal Control to the Board and Group management.

Follow-ups

Follow-ups for ensuring effective internal control for financial reporting are carried out by the Board, CEO, Group management, the Internal Control function and by the Group's companies and business areas. Follow-ups are carried out informally and formally and comprise follow-ups of monthly financial reports against budgets and objectives such as quarterly reports, which in certain cases are complemented with independent examinations by external auditors. Semcon has introduced a Group-wide reporting system for working on the internal control of financial reporting, which includes self-evaluation of all the Group's companies and business areas that provides a picture of how the Group's subsidiaries live up to the minimum requirements of internal control for financial reporting for significant risks identified and also provides information concerning the status of subsidiaries' work. Every company and business area is responsible for drawing up action plans for divergence that is then followed-up by the respective internal Board in each business area. In addition, the Group's Internal Control function and the company's external auditors have tested the self-evaluations and reported divergences in the audit reports to the affected parties. In view of the results of the tests, the company has so far found no reason to introduce a special internal audit function.

The Board
Gothenburg, 16 March 2009