

Corporate Governance

Lagercrantz Group AB is a Swedish public company with its registered office in Stockholm. The Company deals in technology and is listed in Stockholm since 2001. Steering, management and control is divided in accordance with the Swedish Companies Act and the Articles of Association among the shareholders at the general meeting of shareholders, the Board of Directors and the President and Chief Executive Officer.

The owners' governance of the Company and the Group is based on the Swedish Companies Act and a number of other Swedish and foreign laws and regulations. Control is also exercised by a listing agreement between the Company and OMX Nordic Exchange Stockholm, where the Company's shares are listed. Lagercrantz Group has also been influenced by the Swedish Code of Corporate Governance, but does not fully apply the code. As from 1 July 2008, Lagercrantz is implementing the code.

GENERAL MEETING OF SHAREHOLDERS

The general meeting of shareholders is the highest decision-making body in Lagercrantz Group AB. There shareholders exercise their influence through discussions and decisions.

All shareholders of record five days before the general meeting of shareholders may participate, personally or via proxy. Notice must be given in accordance with the terms of the notice to attend. Lagercrantz Group's regularly scheduled Annual General Meeting shall be held in Stockholm within six months of the end of the financial year. The notice to attend is published in Dagens Industri and Post och Inrikes Tidningar, and is published on the Company's website – www.lagercrantz.com.

The Annual General Meeting appoints the Board of Directors and the auditors and sets their fees. The Annual General Meeting also adopts the financial statements and decides on the allocation of earnings and on discharge from liability for the Board of Directors and the President. The Annual General Meeting also decides on the form for appointment of an election committee. The 2007 Annual General Meeting authorised the Board of Directors to decide on acquisition and transfer of the Company's own shares. Shareholders representing approximately 50 (53) per cent of the number of votes in the Company participated at the 2007 Annual General Meeting.

ELECTION COMMITTEE

The principal task of the Election Committee is to make proposals for directors, chairman and auditors, and to make proposals for the fees to be paid in such a way that the Annual General Meeting can pass a well-founded resolution. The 2007 Annual General Meeting resolved to give the Chairman of the Board of Directors the assignment of contacting the largest shareholders by voting power as of 31 December 2007 and request them to appoint members, who together with the Chairman of the Board of Directors would constitute the Election Committee. In accordance therewith, an Election Committee has been appointed, consisting of:

- Anders Börjesson, Chairman of the Board of Directors
- Tom Hedelius

- Pär Stenberg
- Kerstin Stenberg, SwedbankRobur fonder
- Erik Sjöström, Skandia Liv

The Election Committee has access to the evaluation made by the Board of Directors of its work. The proposal of the Election Committee is published in connection with the notice for the Annual General Meeting and is also made available at the Company's website. The mandate period of the Election Committee lasts until a new Election Committee has been appointed. No fees are payable for Election Committee work.

BOARD OF DIRECTORS

It is the duty of the Board of Directors to manage the affairs of the Company in the best possible way and in so doing look after the interests of the shareholders. Lagercrantz Group AB's Board of Directors consists of five regular members who together represent broad commercial, technical and public experience. The 2007 Annual General Meeting elected the following Board of Directors:

- Pirko Alitalo
- Anders Börjesson, Chairman of the Board of Directors
- Tom Hedelius
- Lennart Sjölund
- Jörgen Wigh, President and CEO

CHAIRMAN OF THE BOARD OF DIRECTORS

The Chairman of the Board of Directors leads the work of the Board of Directors and has a special responsibility to follow the Company's development between the Board of Directors meetings, and to ensure that the members of the Board of Directors are provided with the information necessary to perform satisfactorily. The Chairman maintains contact with the President and the Executive Vice President and holds meetings with them as needed. The Chairman is also responsible for evaluation of the work of the Board of Directors and for the Election Committee being informed of the result of such evaluation.

WORK OF THE BOARD OF DIRECTORS

The Board of Directors held six meetings during the 2007/08 operating year during which minutes were taken, one of which was a statutory Board of Directors meeting in conjunction with Annual General Meeting. The Board of Directors has rules of procedure that are confirmed on an annual basis at the statutory Board of Directors meeting. The rules of procedure lay down the division of labour between the Board of Directors and the President, the Chairman's and the President's responsibility and the forms for the financial reporting. The President is a member of the Board of

Directors and submits reports at the Board of Directors meetings. The Board of Directors has appointed the Executive Vice President, to serve as Secretary. The Board of Directors has a quorum when at least four directors are present and decisions are made if possible after discussion that leads to consensus. All Directors were present at all meetings during the year.

On the agenda for each of the regularly scheduled Board of Directors meetings is the Company's economic and financial position, as well as acquisitions. The Board of Directors regularly gets information in writing about the Company's operations, and other information which is of importance to the Company. During 2007/08 the Board of Directors paid special attention to matters dealing with acquisitions and growth. The Board of Directors also held one meeting aimed solely at the Group's position and strategy. The work of the Board of Directors is evaluated on an annual basis. The Board of Directors dealt with this evaluation at its meeting during the month of February.

FEES TO THE BOARD OF DIRECTORS

The total fee paid to the Board of Directors of Lagercrantz Group AB for 2007/08 amounted to SEK 950 (950) thousand. In accordance with the resolution of the Annual General Meeting, the Chairman received SEK 350,000, Vice Chairman SEK 250,000 and the other Directors who are not in the Company's employment received SEK 175,000 each.

COMPENSATION COMMITTEE

Within itself the Board of Directors has appointed a compensation committee, the task of which is to draw up guidelines for compensation to members of the President & CEO and other members of senior management. The Committee also has the task of following up and implementing the resolution of the Annual General Meeting with respect to principles for compensation to members of senior management. The Compensation Committee consists of Chairman of the Board, Anders Börjesson, and Vice Chairman of the Board of Directors, Tom Hedelius. The President & CEO presents reports, but does not participate in compensation issues that concern himself. The Committee held one meeting during the year.

AUDIT AND AUDIT COMMITTEE

The Board of Directors has appointed an audit committee consisting of all directors with the exception of the President & CEO. In view of the size and business of Lagercrantz Group, the Board of Directors is of the opinion that this is most appropriate. The Audit Committee has at its disposal an internal control group consisting of persons independent of corporate management. The task of this group is to review the Group's internal control routines and compliance therewith and to report its findings and recommendations to the Board of Directors.

In order to ensure transparency and control, the Board of Directors is annually given an opportunity to offer its views on the auditors' planning and scope of the audit. After completion of their audit, the auditors report on their findings at a Board of Directors meeting held in May. In addition hereto, the auditors are offered to attend Board of Directors meetings when the Board of Directors or the auditors consider that there is a need for such attendance.

AUDITORS

Registered auditing firm KPMG Bohlins AB was elected as the Company's auditor at the 2005 Annual General Meeting until and including the 2009 Annual Meeting. Within itself, KPMG has appointed Authorised Public Accountant George Pettersson to audit the Company's and the Group's Annual Accounts and the management by the Board of Directors and the President & CEO.

PRESIDENT & CEO AND MANAGEMENT GROUP

The President & CEO and Group management draw up and implement Lagercrantz Group's over-arching strategies and deal with issues such as acquisitions, disposals and major capital expenditures. Such issues are prepared by Group management for decision by the Board of Directors of the Parent Company. The President & CEO is responsible for day-to-day management of the Company in accordance with the decisions and guidelines of the Board of Directors. Lagercrantz Group's Group management consists of a President & CEO, Executive Vice President and the officer responsible for business development. There is also a senior management group consisting of Group management and the division heads. The management group meets on a monthly basis to discuss the results and financial position of the Group and the subsidiaries, as well as issues concerning strategy, earnings follow-up, forecasts and business development. Among the tasks are also issues pertaining to acquisitions, joint projects, the Group's financial reporting, communication with the stock market, internal and external information and follow-up of security, environment and quality.

OPERATIVE CONTROL

The Group's operative control is exercised in subsidiaries of Lagercrantz Group. Active board-of-directors work is conducted in all subsidiaries under the leadership of the division heads. Subsidiary Boards of Directors follow day-to-day operations and adopt business plans. Operations are conducted in accordance with the rules, guidelines and policies laid down by the Parent Company, and by guidelines set by each respective subsidiary Board of Directors. Subsidiary heads have profit centre responsibility for their respective companies, and responsibility to ensure growth and development within their respective companies. The distribution of capital expenditure funds within the Group takes place after decisions by the Board of Directors of the Parent Company, Lagercrantz Group, in accordance with an annually updated capital expenditure policy.

INTERNAL CONTROL

Internal control is intended to ensure the Company's strategies and goals are followed up and that the investment of the Company's shareholders is protected. It is also intended to ensure that all information to the stock market is reliable, relevant and in conformity with generally accepted accounting standards, and that law, regulations and other requirements on listed companies are observed within the entire Group. The Board of Directors of Lagercrantz Group has delegated this responsibility to the other members of management and to subsidiary chief executives. There are control activities throughout the organisation at all levels. Follow-up is included as an integral part of the day-to-day work of management.

Board of Directors and Auditors



Pirkko Alitalo, born 1949.
Director.
Bachelor of Science (Econ.)
Director of Svenska Handelsbanken AB.
Shares owned: 5,000 class B shares.
Director since 2001.



Anders Börjesson, born 1948.
Chairman.
Bachelor of Science (Econ.)
Chairman of Addtech AB, Boomerang AB,
Bostad Direkt AB and Cibenon AB.
Vice Chairman of B&B Tools AB.
Director of Inomec AB and
Futuraskolan AB.
Shares owned (family):
377,982 class A shares
and 65,500 class B shares.
Director since 2001.



Lennart Sjölund, born 1949.
Director.
Bachelor of Science (Econ.)
Chairman of Quickcool AB.
Director of Godiva AB and ErySave AB.
Shares owned (family): 80,000 class B
shares.
Directors since 2001.



Jörgen Wigh, född 1965.
President and CEO.
Bachelor of Science (Econ.)
Shares owned: 6,720 class A shares,
28,000 class B shares and 80,900 call
options on class B shares.
Director since 2006.



Tom Hedelius, born 1939.
Vice Chairman.
Bachelor of Science (Econ.)
Doctor h.c. Economics.
Honorary Chairman of Svenska Handels-
banken AB. Chairman of Anders Sandrews
stiftelse, B&B Tools AB, Industrivärden AB
and Jan Wallanders and Tom Hedelius stif-
telse. Vice Chairman of Addtech AB.
Director of SCA AB, Volvo AB and
L E Lundberg Företagen AB.
Shares owned (family): 362,982 class A
shares and 5,400 class B shares.
Director since 2001.

Auditors

Auditors appointed by the 2005 Annual Meeting are the registered auditing company KPMG Bohlins AB. Auditor in charge is George Pettersson, Authorized Public Accountant.