

Corporate Governance Report, 2010

Enea AB ("Enea" or "the Company") is a Swedish public listed company on the Nasdaq OMX Nordic Exchange in Stockholm. Corporate governance within the Enea Group ("Enea" or "the Group) is based on Swedish legislation and the rules and recommendations issued by relevant organizations, including the Swedish Corporate Governance Board, Nasdaq OMX, the Swedish Securities Council and others.

Governance, management and control at Enea are distributed between the shareholders through the Annual General Meeting, the Board and the CEO in accordance with the Swedish Companies Act and the Articles of Association.

Swedish Code of Corporate Governance

Effective from 1 July 2008, Enea applies the Swedish Code of Corporate Governance. The following account has been prepared in accordance with the Swedish Code of Corporate Governance. Over the 2010 financial year, Enea complied with the Code with the exception of the point detailed below.

Instruction 2.5: The company is to announce the names of members of the nomination committee on its website no later than six months before the annual general meeting.

Deviation: The information was disclosed later than six months before the Annual General Meeting.

Explanation: The Board decided to bring the date of the Annual General Meeting forward, with the consequence that the information was not disclosed in accordance with the Code.

Shareholders

Enea's ordinary shares have been listed on the NASDAQ OMX Stockholm Exchange since 1989. According to the share register maintained by Euroclear Sweden, Enea had 10,031 shareholders as per 31 December 2010. On 31 December 2010, the share capital in Enea amounted to SEK 18,355,713, divided among 18,081,171 ordinary shares, each conveying the same voting rights and participation in the Company's capital and earnings. Enea's holds 735,198 shares of its own in the Company, corresponding to 4.1 percent of the total shares outstanding. On 31 December 2010, the largest shareholders were SIX SIS AB, with 23.1 percent and Per Lindberg, with 17.7 percent of shares.

Enea complies with the rules applicable in accordance with the listing agreement with the stock exchange and with good practice in the stock market. The Nomination Committee for the 2011 Annual General Meeting was appointed later than the six months prior to the Meeting required by the Code. The reason is that, after the Nomination Committee's appointment, the Annual General Meeting was brought forward by about a month compared with earlier years to allow shareholders to benefit from the positive effects of the redemption program as soon as possible. No other infractions of the listing agreement or good practice were made in 2010.

Annual General Meeting

The Annual General Meeting, or where applicable, an Extraordinary General Meeting, is Enea's highest decision-making body. Every shareholder is entitled to participate in the Annual General Meeting, either in person or via a representative with power of attorney. Every shareholder has the right to have a matter addressed by the Meeting. The 2010 Annual General Meeting of Enea AB (publ) took place on 19 April 2010 in Kista, Sweden.

The Annual General Meeting makes decisions regarding its agenda, the appointment of the Board and Chairman of the Board, the election of auditor, the adoption of the income statement and balance sheet, the disposition of retained earnings, the discharge from liability of the Board and the CEO, the principles of remuneration for the CEO and other senior executives, etc. A decision to change the agenda of the Meeting requires a two-thirds majority.

Besides the Annual General Meeting's decision to ratify the income statement and balance sheet for the company and the Group, the Meeting decided on a dividend of SEK 26 million for the 2009 financial year, to discharge Board members and the CEO from liability, elected Board members and approved fees for the Board and auditors and guidelines for senior executives and approved the implementation of the share savings program for the executive management team and other key employees.

Kjell Duveblad, Åsa Landén Ericsson and Anders Skarin were re-elected as regular Board members at the 2010 Annual General Meeting. Anders Lidbeck was reelected as Board member and Chairman of the Board. Mats Lindoff was elected as a regular Board member. In addition, the Board was authorized to make decisions on acquisitions and the transfer of own shares corresponding to no more than 10% of all shares in the company, plus the new issue of shares for share or business acquisitions corresponding to an increase of no more than 10% of the share capital and the cancellation of 274,543 own shares.

The complete minutes from the Annual General Meeting, together with the Meeting's decision data, can be viewed at www.enea.com/agma.

Nomination committee

The Annual General Meeting shall appoint members of the nomination committee or indicate how these members are to be appointed. Enea's nomination committee for the 2011 Annual General Meeting shall comprise representatives of four major shareholders plus the Chairman of the Board. The Chairman of the Board shall contact the four largest shareholders in terms of number of votes at the end of the third quarter of 2010 to ask them to appoint one member each to the nomination committee. If any of the four biggest shareholders in terms of votes declines to appoint a representative on the election committee, the next shareholder in order of size must be given the opportunity to appoint such a representative. The names of nomination committee members shall be published in the company's interim report for the first three quarters of the year. The mandate period for the nomination committee appointed shall continue until a new nomination committee has taken over. A representative of the shareholders should be appointed chairman of the nomination committee.

If any significant change takes place to the ownership structure once the nomination committee has been inaugurated, the composition of the nomination committee shall be amended in accordance with the principles above.

The nomination committee shall prepare and submit motions:

- to the Chairman at the coming Annual General Meeting,
- for election of a Chairman and other company directors,
- for Board fees divided among the Chairman and other members of the Board, along with principles for any payment for committee work,
- for election of and payment to an auditor and deputy auditor (where appropriate), and
- for decisions on principles for the appointment of a nomination committee.

The nomination committee for the 2011 Annual General Meeting consists of Chairman Per Lindberg (the largest shareholder in Enea), Sverre Bergland (DnB Nor), Lars-Åke Bokenberger (AMF), Robert Andersson (Infläktor Fastighets AB) and Chairman of the Board Anders Lidbeck.

The work of the Board

The Board shall manage the company's interests and the interest of all shareholders. The tasks of the Board include approving business targets and strategy, appointing, evaluating and – where necessary – dismissing the CEO, ensuring that effective systems are in place for following up and reviewing the company's operations, ensuring that there is satisfactory control over the company's compliance with laws and other rules applicable to the company's operations, ensuring that the requisite ethical guidelines are approved for the company's conduct, and ensuring that the company's provision of information is characterized by openness and is correct, relevant and reliable.

The CEO participates in every Board meeting and reports on the company's business situation, future prospects, financial position and events of essential significance, as well as the management's budget and action plan for the coming financial year. Other officers of the company also take part in Board meetings, presenting reports when necessary. The CEO does not participate in the parts of Board meetings which deal with the relationship between the CEO and the company, and the work of the CEO is evaluated at least once a year. The Board members' shareholdings are detailed in the presentation of the Board, see page 60.

The company's auditor reports every year to the Board his observations from the review and his assessment of the company's internal accounting control.

The guidelines for Board work are based on the procedures which regulate the distribution of work between the Board, the Chairman and the CEO, and indicate which matters are to be discussed at the Annual General Meetings. The Board's agenda is approved each year at the inaugural Board meeting immediately following the Annual General Meeting and is adjusted as required.

Besides the tasks already stated, the agenda includes approval of the Board's meeting agenda, an instruction for the CEO, a decision-making structure within the company, the relevant division of work and an information arrangement between the company and the Board.

In 2010, matters addressed included the Enea Group's strategy and business operations, regular follow-up and forecasts, interim financial reports and the matters decided on by the Annual General Meeting in April 2010, such as the repurchase of shares and the authorization for the Board to decide on new share issues or acquisitions of operations and matters connected with the share savings program. The work of the Board was evaluated at the end of the year. The Board held a total of 15 meetings in 2010.

The Board will be paid fees of SEK 1,190,000, to be distributed among the Chairman of the Board (SEK 380,000) and to other members appointed by the meeting (SEK 160,000 each), as well as SEK 170,000 to be divided among Board members according to their efforts and participation in committee work. In addition, it was approved that the Board should appropriate SEK 500,000 for use for extraordinary initiatives over and above their regular Board work. This must be reported separately. Details of Board members' remunerations are presented in Note 20.

Besides regular Board work, some members are also members of the company's audit committee and remuneration committee.

Board independence

All members were to be considered independent in respect of the company and the executive management team and in respect of major shareholders in the company.

For information on Board members and the CEO, see pages 60 and 61.

Audit Committee

The audit committee is a sub-committee of the Board and in 2010 consisted of Anders Skarin (Chairman), Anders Lidbeck and Åsa Landén Ericsson. Enea's Director of Finance and the company's external auditor are co-opted to the meetings, which are normally held once a quarter. The work of the audit committee is minuted and reported to the Board.

The audit committee shall stand responsible for preparation of the Board's work on quality assurance of the company's financial reporting, inform itself of the direction and scope of the audit, and discuss coordination between the external and the company's internal control functions and the view of the company's risks, approve guidelines concerning which services other than the audit that the company may procure from the company's auditor, evaluate the audit initiative and notify the company's nomination committee of the evaluation, and assist the nomination committee with producing proposals for auditors and remuneration.

The audit committee had four meetings in 2010, each in connection with the closing of the accounts for the relevant quarter. All members were present at three of the Audit Committee's meetings in 2010. One meeting was attended by two of the three members. The formulation of the company's interim reports, product and customer profitability, risk management, capital immobilization, finance-related issues and internal review were the main topics discussed.

The Group's auditor reports his findings from the audit to the entire Board each year when the annual accounts are compiled. In addition, the Board meets the company's auditor at least once a year – without the presence of the executive management team – to learn about the focus and scope of the audit, and to discuss coordination between the external audit and the internal review and views of the company's risks.

The term of office for the company's firm of auditors, PricewaterhouseCoopers AB, with Michael Bengtsson as chief auditor, expires at the 2011 Annual General Meeting. The Board proposes that PricewaterhouseCoopers AB be reelected with Michael Bengtsson as chief auditor. For information on the audit fee, see note 5.

Remuneration Committee

The overall responsibilities of the Board cannot be delegated, but the Board has established a remuneration committee tasked with preparing issues relating to salaries, remuneration and other terms of employment for the CEO and other members of the executive management team. Reports are made to the Board on an ongoing basis. In 2010, Board members Anders Lidbeck (Chairman) and Kjell Duveblad made up the remuneration committee.

The agenda for the remuneration committee is approved annually by the Board. Examples of issues which the remuneration committee prepares for the Board include scope, terms and distribution of general option and bonus programs according to proposals from the CEO, the CEO's contract of employment including salary, pension benefits, allocation in option and bonus programs and similar, and remuneration to other senior executives according to proposals from the CEO. The remuneration committee is convened as required and reports on its work to the Board. The remuneration committee held five meetings in 2010.

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Below is an attendance list showing all Board members.

ATTENDANCE BY BOARD MEMBER

	Attendance Board meetings	Attendance Audit Committee	Attendance Remuneration Committee
Anders Lidbeck	15/15	4/4	5/5
Kjell Duveblad	14/15		5/5
Åsa Landén Ericsson	15/15	2/3 **	
Gösta Lemne	4/4 *		
Mats Lindoff	10/11 **		
Jon Risfelt	4/4 *	1/1 *	
Anders Skarin	15/15	4/4	

* Resigned at the Annual General Meeting on 19 April 2010

** Elected to the Board by the AGM on 19 April 2010

CEO

Enea's CEO is Per Åkerberg. His other significant assignments and previous experience are detailed in the presentation of senior executives. Per Åkerberg has no material shareholdings in companies with whom Enea has business relations.

Internal review and risk management in the financial reporting

In accordance with the Swedish Companies Act, the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance, the Board is responsible for internal review. The following account is limited to internal review with regard to the financial reporting.

REVIEW ENVIRONMENT

Enea's objective is to meet the requirements for ongoing work with risk and internal review which follow on from Enea applying the Swedish Code for Corporate Governance. At Enea, internal review of financial reporting is an integral part of corporate governance. It includes processes and methods in order to assure Group assets and correctness in financial reporting, and through this aims to protect the owners' investment in the company.

The Board monitors the quality of financial reporting in a number of ways. The Board approves an agenda each year which – among other things – regulates the tasks of the Chairman and CEO by means of a set of instructions for the CEO. According to these instructions, the CEO is responsible for reviewing and ensuring the quality of all financial reporting, and for making sure that the Board in general receives the reports required to allow the Board to assess the financial position of the Group on an ongoing basis. The instructions for the CEO state the issues on which the CEO is permitted to exercise his authorization to represent the company, but only once the Board has given its authorization or approval for this.

At an inaugural Board meeting following the Annual General Meeting, the Enea Board approves an agenda for the Board, audit committee and remuneration committee. In addition, the instructions for the CEO, attestation instruction and instruction for trading the company's shares are approved.

Enea's CEO and Group executives hold operational responsibility for the internal review. Based on the Board's guidelines and laws and rules relating to financial reporting, the executive management team has approved the division of roles and responsibilities for employees working with financial reporting within the Group. The Group is divided into units, for which each respective manager is responsible

for compliance with targets and budgets for his/her unit. Enea's organizational structure is communicated on the Group's intranet so that roles and responsibilities are clear to everyone working with financial information.

At Enea, there are instructions for the presidents of the subsidiaries which are based on the principles which apply to the CEO of Enea AB. Enea also has a number of policies available to staff via the intranet which control work at Enea and which create a foundation for good internal review, including a finance policy, attestation policy, IT policy, insider policy and communications policy. The Group also has an accounting and reporting manual which contains instructions on the Group's accounting policies, reporting instructions and a schedule in order to ensure that consistent, correct accounting information is provided in a timely manner. These guidelines are followed up and updated regularly, as well as being communicated to all employees working directly or indirectly with financial reporting.

RISK ASSESSMENT

The objective of Enea's risk assessment is to secure the Group's profit development and financial position. The Board of Directors at Enea AB approves principles and guidelines for risk management at Enea, and the CEO and Group executive hold operational responsibility. Regular risk assessments are carried out within the scope of Enea's monthly financial follow-ups by the managers of each unit, the executive management team and the controller, measures being implemented as required.

REVIEW ACTIVITIES

Every business area at Enea is followed up every month by the relevant executive and controller. Results are compared with earlier results and budgets for all units. Enea's Group executive holds scheduled meetings once a month to review operations and the business situation, the financial outcome compared with the budget and preceding periods, to establish sales and profit forecasts and to decide on any measures deemed necessary for good internal control. An aggregated report is sent to the Board every month. If necessary, more precise follow-up is carried out; e.g. in the form of audits of subsidiaries which are carried out by controllers.

In 2010, Enea's auditors carried out a general review in connection with the financial report for the third quarter and submitted their review report in the interim report for the period 1 January – 30 September 2010 and a review of the annual accounts, the company's auditor submitting his audit report in the company's annual report for 2010.

Given the scope and limited complexity of the operations, combined with the existing reporting to the Board and the audit committee, the Board does not consider the establishment of a specific internal audit function to be financially viable. The internal review described above is deemed sufficient to be able to assure the quality and control of the financial reporting.