

Corporate governance in the Kinnevik Group is based on Swedish legislation, the Stockholm Stock Exchange's listing requirements, listing agreement and the regulations and recommendations issued by relevant self-regulatory bodies, such as the Swedish Industry and Commerce Stock Exchange Committee. Since 1 July 2005, Kinnevik applies the Swedish Code of Corporate Governance (the "Code"). Kinnevik applies the Code and pursuant to it provides explanations for the following departures from the Code during 2006:

- According to the rules of the Code, a majority of the Board members elected at the AGM are viewed as not being independent in relation to the Company and its management because three of them have been on the Board for more than 12 years if the period of time as Board members in Industriförvaltnings AB Kinnevik and Invik & Co. AB ahead of the merger of the companies is taken into account.
- The Board member Cristina Stenbeck was appointed Chairman of the Nomination Committee.

Departures from the Code are explained in greater detail in the particular section below.

Annual General Meeting

The invitation to the Annual General Meeting must be sent not earlier than six weeks and not later than four weeks prior to the Meeting. Notice of an Extraordinary General Meeting must be issued not earlier than six weeks and not later than two weeks prior to the Meeting. Notice of an Extraordinary General Meeting convened to address amendments to the Articles of Association must be issued not earlier than six weeks and not later than four weeks prior to the Meeting. To be entitled to participate in the General Meeting, shareholders must be registered as shareholders on the record date, which occurs five weekdays prior to the Meeting. Shareholders must also notify the Company of their intention to attend the Meeting not later than 3 p.m. on the day stipulated in the notice convening the Meeting. The latter mentioned day must not be a Sunday, any other public holiday, a Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and must not be more than the fifth weekday before the Meeting.

Assistants may accompany shareholders to a General Meeting only if the shareholder has registered the assistant prior to the meeting.

At a General Meeting, each person is entitled to exercise unlimited voting rights on the full number of shares that he or she owns or represents. Minutes of the most recent Annual General Meeting are available on Kinnevik's website.

Nomination Committee

Ahead of the 2006 Annual General Meeting, the Nomination Committee comprised Cristina Stenbeck representing Emesco AB and other shareholders, Wilhelm Klingspor representing the Klingspor family, Mats Lagerqvist representing Robur Fonder, Björn Lind representing SEB Fonder and SEB Trygg Liv and Tomas Nicolin representing Alecta. The task of the Nomination Committee was to make proposals regarding members of the Board, director fees and audit fees, as well as a Chairman to direct the business of the Annual General Meeting. The Nomination Committee held three meetings for which minutes were kept as well as additional contacts between the meetings. As the basis for its work the Nomination Committee received an assessment of the Board and its work. The Nomination Committee's discussions

concerning the size of the Board and its composition in terms of experience and skills proceeded on the basis of the company's current situation and future direction. Other than proposals from within the Nomination Committee, no proposals were presented to the Nomination Committee regarding Board members.

At the 2006 AGM, it was decided that a Nomination Committee consisting of at least three members representing the company's shareholders would be established during September 2006 following consultation with the major shareholders at the time. The Nomination Committee is appointed for one year at a time. The majority of the members of the Nomination Committee must not be Board members or be employed in the company. If a member of the Nomination Committee resigns prematurely, a replacement shall be appointed in a similar manner. Cristina Stenbeck is to be a member of the Nomination Committee and will convene the Nomination Committee. The Nomination Committee will itself appoint a Chairman at the first meeting.

Pursuant to the decision of the AGM, Cristina Stenbeck has convened a Nomination Committee ahead of the 2007 AGM. The Nomination Committee comprises Cristina Stenbeck, representing Emesco AB and other shareholders, Mats Guldbbrand representing AMF Pension, Wilhelm Klingspor representing the Klingspor family, Mats Lagerqvist representing Robur Fonder and Tomas Nicolin representing Alecta. The Nomination Committee will propose the Board composition, Board fees, audit fees and Chairman of the AGM ahead of the 2007 meeting. Board Member Cristina Stenbeck has been appointed Chairman of the Nomination Committee, an appointment that does not comply with the Code. The other members of the Nomination Committee have explained that the reason why they elected her Chairman of the Nomination Committee is that this is in the best interest of all shareholders and is a natural consequence of the fact that Cristina Stenbeck represents the Company's principal shareholder.

Auditors

According to the Articles of Association, the Annual General Meeting must appoint not more than three auditors, with not more than three deputies, or an audit firm.

At the 2005 Annual General Meeting, the audit firm Ernst & Young AB, with Authorized Public Accountant Erik Åström as auditor in charge, was appointed Company auditor for the period extending to the close of the 2009 Annual General Meeting. Ernst & Young AB is a member of a worldwide network and satisfies Kinnevik's demand for requisite expertise and geographical coverage. The auditor's independence is secured by means of the audit firm's internal guidelines and by adhering to the Audit Committee's guidelines governing the type of assignments that the audit firm may conduct in addition to the audit.

Board of Directors

Board members are elected at the AGM for a period expiring at the close of the next AGM following their election. The Articles of Association contain no restrictions regarding the electability of a Board member. According to the Articles of Association the number of Board members can vary between three and nine and not more than three deputy Board members. In addition, according to legislation, the union organizations have the right to appoint two Board members and two deputy Board members.

At the 2006 Annual General Meeting, following a motion from the Company's former Nomination Committee, Pehr G Gyllenhammar, Edvard von Horn, Wilhelm Klingspor, Erik Mitteregger, Stig Nordin and Cristina Stenbeck were re-elected members of the Company's Board and Vigo Carlund was newly elected as a Board member. The Annual General Meeting elected Pehr G Gyllenhammar as Chairman of the Board and Cristina Stenbeck as Vice Chairman. Thorbjörn Hallström and Jan-Henrik Sandberg were appointed employee representatives and Bo Gidlund and Hans Wahlbom were appointed deputy employee representatives. In May 2006, Hans Wahlbom was replaced by Annika Jonsson and in June 2006, Jan-Henrik Sandberg was replaced by Per Eriksson.

According to the Code, a majority of the Board members elected at the AGM shall be independent in relation to the Company and Company management, and at least two of the Board members that are independent in relation to the Company and Company management shall also be independent in relation to the Company's major shareholders. According to the Code, a Board member shall not be deemed to be independent in relation to the Company and Company management if the member has been a Board member for more than twelve years. Kinnevik does not comply with the Code's independence requirements since if the period they were Board members in Industriförvaltnings AB Kinnevik and Invik & Co. AB ahead of the merger of the companies in 2004 is included, Board members Edvard von Horn, Wilhelm Klingspor and Stig Nordin have been Board members for more than twelve years. Considering the operational and management changes that resulted from the merger and after the subsequent distribution of Invik's operations to the shareholders, Kinnevik's Board does not, however, consider that Edvard von Horn, Wilhelm Klingspor and Stig Nordin may be regarded as dependent in relation to the Company and Company management. Also, the

Board believes that the advantages of the Board members contributing experience and continuity in the approach to pursuing investment activities outweigh any disadvantages of them having worked with the company over a lengthy period. Also, of the current Board members elected by the AGM, Board members Pehr G Gyllenhammar, Erik Mitteregger and Cristina Stenbeck are independent in relation to the Company and Company management. Pehr G Gyllenhammar and Erik Mitteregger are also independent in relation to the company's major shareholders.

No member of the Board is employed by the Company, with the exception of the representatives of the union organizations. Vigo Carlund's employment ceased in conjunction with him commencing Board work on 1 August 2006.

Information concerning individual Members of the Board, the President and the auditor in charge is presented on pages 6-7 of the Annual Report.

There are no outstanding share-based or share price-related incentive programs relating to the Kinnevik share for the Board or Company management.

Board work

Kinnevik's Board of Directors is responsible for the overall management of the Group and for organizing its administration in accordance with the Swedish Companies Act. The Board's work and delegation process, instructions for the President and reporting instructions are updated and set at least once annually following the AGM. The Board's principal duties are to:

- establish the overall goals for the Company's operations and decide on the Company's strategy for achieving these goals,
- ensure that the Company has an efficiently functioning operative management with terms of remuneration conducive to this aim,
- take decisions about acquisitions and divestments of operations, and about capital investments within Korsnäs that are

Board member	Board member since	Function	Independent in relation to the Company and its management	Independent in relation to major shareholders (>10% of voting rights or capital)
Pehr G Gyllenhammar	2004	Chairman of the Board, member of the Remuneration Committee	Yes	Yes
Cristina Stenbeck	2003 ¹⁾	Vice Chairman of the Board, member of the Remuneration Committee	Yes	No
Vigo Carlund	August 2006	Board member	No (CEO through July 2006)	Yes
Edvard von Horn	1992 ¹⁾	Board member, member of the Audit Committee	Yes (however, Board member for more than 12 years, see above)	Yes
Wilhelm Klingspor	1991 ²⁾	Board member, Chairman of the Remuneration Committee, member of the Audit Committee	Yes (however, Board member for more than 12 years, see above)	Yes
Erik Mitteregger	2004	Board member, Chairman of the Audit Committee, member of the Remuneration Committee	Yes	Yes
Stig Nordin	1992 ¹⁾	Board member, member of the Audit Committee	Yes (however, Board member for more than 12 years, see above)	Yes
Per Eriksson	2006	Employee representative, Board member	No	Yes
Thorbjörn Hallström	1996 ¹⁾	Employee representative, Board member	No	Yes
Bo Gidlund	2004	Employee representative, deputy	No	Yes
Annika Jonsson	2006	Employee representative, deputy	No	Yes

¹⁾ Refers to Industriförvaltnings AB Kinnevik up to the merger with Invik & Co. AB 2004.

²⁾ Refers to Invik & Co. AB up to the merger with Industriförvaltnings AB Kinnevik 2004.

-
- above and beyond established limits,
- take decisions about guidelines concerning the financing of the Group,
 - ensure that the Company's external communication of information is characterized by openness and factuality and provides a correct impression of the Company's profitability, financial position and risk exposure,
 - ensure that there are effective systems for the follow up and control of the Company's operations and financial position,
 - ensure that there are satisfactory control mechanisms to ensure the Company's compliance with laws and other regulations to which the Company's operations are subject,
 - ensure that necessary ethical guidelines are established for the Company and its employees and that these are followed, and
 - to propose dividends and, where applicable, the repurchase or redemption of Company shares to general shareholder meetings.

Significant issues that were specially treated by Kinnevik's Board during 2006 include the strategic review that Millicom conducted during the first six months; integration work in conjunction with Korsnäs' acquisition of Frövi; capital structure issues in both Kinnevik and the listed associated companies; as well as the overall strategy for Korsnäs and the listed holdings. As the basis for discussions concerning the listed associated companies, Kinnevik's management presented independent analyses of each company's operations, assessed future development and evaluated the markets in which they are active.

The Board appoints the President in Kinnevik and approves the nominations of the Board members in Korsnäs AB and Mellersta Sveriges Lantbruks AB. A significant event in Board work during 2006 was the recruitment and appointment of Mia Brunell as the new CEO to succeed Vigo Carlund.

Work guidelines require that a Board meeting be held at least once a quarter and a yearly strategy Board meeting be held, that the CEO release interim reports for the first quarter and the first nine months of the year after obtaining the approval of the Chairman and deputy Chairman and that the Board publish the interim report for the first half of the year, year-end release and the Annual Report.

The work arrangement and instructions for the CEO state that the Board members are to receive written documentation at least one week before each meeting. The instructions to the CEO also include reporting instructions concerning the material that has to be provided to the Board ahead of each scheduled meeting, including the report from the CEO and from each business area CEO, financial information concerning earnings, financial position and cash flow, an analysis of deviations from the budget and previous forecasts and a new forecast concerning the forthcoming four quarters, the current status of any ongoing disputes, a report describing the Company's financing and a human resources report.

The Board has established two Board committees: a Remuneration Committee and an Audit Committee. These committees are preparatory bodies for the Board and do not reduce the Board's overall and joint responsibility for the governance of the Company and the decisions made. All Board members have access to the same information to enable them to assume joint responsibility.

The Board complies with a formal performance review process to assess how well the Board, its committees and

processes are performing and how they might be improved. The review also assesses the performance of each Board member and the contribution they make. The performance review for 2006 was conducted in September and October by having each Member of the Board reply to a written questionnaire, following which all of the Members had individual discussions with the Chairman of the Board. Subsequently, the results of the performance review were discussed at the following Board meeting, whereupon actions were initiated in those areas in which the performance review indicated that there was improvement potential.

The Board has appointed Chief Financial Officer Mikael Larsson as the Company secretary. The Company secretary is responsible for ensuring that rules of procedure are complied with and all Board Members can turn to the secretary for advice and assistance in their work for the Board.

During 2006, the Kinnevik Board had ten meetings (excluding the statutory meeting). All Board members attended all of the meetings.

Remuneration Committee

The Board appoints the members and Chairman of the Remuneration Committee. The Remuneration Committee's assignment comprises issues of salaries, pension terms and conditions, any other bonus systems and other terms and conditions of employment for the management of the Parent Company and CEOs of the Group's business areas. The Remuneration Committee's task also includes preparing proposals for joint criteria for incentive programs in Kinnevik's portfolio companies.

As regards the CEOs of the business areas and CFO and Director of Corporate Communications in the Parent Company, the Remuneration Committee shall make decisions in the aforementioned questions, after which such decisions shall be presented for the Board at the next Board meeting. As regards the CEO of the Parent Company, the Remuneration Committee prepares the aforementioned issues for decision and presents underlying information to the Board, including proposal for decision.

Pehr G Gyllenhammar, Cristina Stenbeck, Wilhelm Klingspor and Erik Mitteregger were members of the Remuneration Committee during 2006. Wilhelm Klingspor was the Committee Chairman.

The Remuneration Committee shall meet not less than once a year, and more frequently as required, and minutes of these meetings shall be kept. The Remuneration Committee held one meeting in 2006, which was attended by all members except Pehr G Gyllenhammar.

Audit Committee

The Board appoints the members and Chairman of the Audit Committee. The Audit Committee's assignment is to maintain and enhance the efficiency of contact with the Group's auditors and to conduct inspections of the procedures applied for accounting and financial reporting, as well as the internal audits within the Group. The Audit Committee's work focuses on the quality and accuracy of the Group's financial accounting and the accompanying reporting, as well as work on internal financial controls within the Company. The Audit Committee's efforts focus on the quality and accuracy of the group's financial accounting and accompanying reporting as well as work

involved in internal financial control in the Group.

In addition, the Audit Committee evaluates the auditors' work, qualifications and independence. The Audit Committee monitors the development of the accounting principles and requirements, discusses other significant issues connected with the Company's financial reporting and reports its observations to the Board.

Wilhelm Klingspor, Stig Nordin, Edvard von Horn and Erik Mitteregger were members of the Audit Committee during 2006. The Chairman of the Committee was Erik Mitteregger.

The Audit Committee shall meet four times annually and, as far as possible, the meetings shall follow the schedule for Kinnevik's publication of financial reports. The Committee shall also meet as the need arises. Minutes are kept at the Audit Committee's meetings and are reported to the Board at its next meeting. The Audit Committee held eight meetings in 2006, which were attended by all members. The external auditors participated in five of the meetings and orally and in writing issued their reports on the results of their examination to both the Audit Committee and the Board of Directors.

Report on internal control of financial reporting

Control environment

The purpose of the Board of Directors' rules of procedure and instructions for the CEO and Board committees is to ensure a distinct division of roles and responsibility that promotes the efficient management of operational and financial risks. The Board has also adopted a number of fundamental guidelines of significance to activities involving internal controls, which are described in Kinnevik's Policy and Procedure Manual and include instructions governing the financial reporting of results, forecasts and budgets, authorization procedures, investment policies, accounting principles, financial risk management and the internal audit. The Company's management reports regularly to the Board on the basis of established procedures. In addition, the Audit Committee reports on its work. The Company's management is responsible for the system of internal controls required for managing risks associated with ongoing operations. This includes guidelines for the employees concerned to ensure that they understand and realize the importance of their particular roles in efforts to maintain efficient internal control. The Company's operational risks are reported each quarter to the Board, categorized on the basis of what can and cannot be influenced, their consequences and financial impact in the event of them materializing, and how and who exercises ongoing control over each risk and how these can be minimized.

Risk assessment and control activities

During 2006, Kinnevik continued to implement a model for assessing the risk of errors in accounting and in financial reporting. The purpose of this program is to ensure that Kinnevik has reliable in-house controls and to evaluate regularly how well the controls work. Kinnevik has decided to base the model on the COSO's framework for internal control. Income statement and balance sheet items in which the risk of significant errors can typically arise encompass financial instruments in the case of the Parent Company, which primarily consist of the Company's holdings of shares in listed associated companies. Efforts to document working methods and

control in respect of this item were completed during the year. For the wholly owned subsidiary Korsnäs, sales, purchases of timber, energy and other input goods, inventory and the investment process are the most significant items and processes. Working procedures and processes at Korsnäs were surveyed and documented during the year partly in order to meet the demands according to the Code and partly in order to integrate and coordinate processes and working methods between Korsnäs Gävle and Korsnäs Frövi, which was acquired during the year. Documentation of process risks and verification of the control structure at Korsnäs will continue and be completed during the first half of 2007.

Internal audits

The company has an internal audit function that is responsible for following up and evaluating work involved in risk management and internal control. This work includes the monitoring of compliance with set guidelines. Work involved in the internal audit is planned in consultation with the Audit Committee and there is continuous reporting of the results of its examination in the form of written reports to the committee.

Information and communication

Kinnevik's Policy and Procedure Manual and other guidelines of importance to financial reporting are updated at least once annually. Both formal and informal information channels to Company management and the Board of Directors are available for important information from employees. For external communication, guidelines have been compiled in an Information Policy that ensures that the Company complies with the meticulous demands for correct information to the market.

Follow-up

The Board of Directors continuously evaluates the information provided by Company management and the Audit Committee. The Audit Committee's work to monitor the efficiency of Company management's efforts in this area is of particular importance to the follow-up of internal controls. This work includes ensuring that action is taken concerning those shortcomings and proposed measures that result from the internal and external audit.

Compliance with rules, confidence and responsibility

Compliance with laws and regulations, responsibility and market confidence in Kinnevik are some of the key issues with which the Board actively works. In the Corporate Social Responsibility Policy adopted by the Kinnevik Board, it is stipulated that Group operations must be conducted in compliance with laws, regulations and ordinances, while observing a high ethical and moral standard. In addition, Kinnevik's approach to matters involving employment equality, safe workplaces, competition issues and zero tolerance towards all forms of bribery and political contributions are described. With respect to these matters, Kinnevik imposes similar standards on the companies in which it invests. Kinnevik's social responsibility policy is available in its entirety on the Company's website.

This corporate governance report is not part of the formal Annual Report and the Company's auditors have not examined it.

Stockholm, 19 February 2007

Board of Directors