

Corporate Governance Report

Corporate Governance in the Kinnevik Group is based on Swedish legislation and other generally accepted securities market regulations. Kinnevik applies the Swedish Code of Corporate Governance (the "Code")¹⁾. This Corporate Governance report represents a formal part of the Board of Directors' Report and has been reviewed by the company's auditors.

During 2010, Kinnevik deviated from the Code regulation stipulating that the Chairman of the Board may not be the Chairman of the Nomination Committee. The deviation from the Code is explained in more detail below.

Annual General Meeting

The Swedish Companies Act (2005:551) ("ABL") and the Articles of Association determine how the notice of the Annual General Meeting and extraordinary meetings shall occur, and who has the right to participate in and vote at the meeting. There are no restrictions for the number of votes each shareholder may cast at the Annual General Meeting. Distance participation and voting is not available.

Information on major shareholders in the Company, as well as issue authorizations approved by the Annual General Meeting and authorization to acquire own shares, is provided in Note 10 to the Parent Company, Share Capital.

Nomination Committee

At the 2010 Annual General Meeting, it was decided that a Nomination Committee consisting of at least three members representing the Company's largest shareholders would be established during October 2010 following consultation with the largest shareholders in the Company at 30 September 2010. The Nomination Committee would be elected for a period commencing with the publication of the Company's interim report for the third quarter of 2010 until the next Nomination Committee is formed. If a member of the Nomination Committee resigns prematurely, a replacement shall be appointed in consultation with the largest shareholders in the Company. However, if no particular grounds exist, no changes shall be made to the composition of the Nomination Committee if only marginal changes in the number of votes occurred or if a change occurred less than three months prior to the Annual General Meeting. 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. The Nomination Committee is entitled, upon request, to receive resources from the Company such as the secretarial function in the Nomination Committee and the right to charge the Company with expenses for recruiting consultants if this is deemed necessary.

Pursuant to the resolution of the Annual General Meeting, Cristina Stenbeck convened a Nomination Committee prior to the 2010 Annual General Meeting. The Nomination Committee comprises Cristina Stenbeck, Ramsay Brufer

representing Alecta, Henry Guy representing Verdere S.à.r.l. and other shareholders, Edvard von Horn representing the von Horn family and Wilhelm Klingspor representing the Klingspor family. The Nomination Committee's task is to submit proposals for the Board of Directors and Auditors, in the event Auditors shall be elected, and audit fees, as well as a proposal for the Chairman of the Annual General Meeting ahead of the 2011 Annual General Meeting. The Chairman of the Board, Cristina Stenbeck, was appointed Chairman of the Nomination Committee, an appointment that deviates from what the Code prescribes. The other members of the Nomination Committee declared their decision regarding election of the Chairman of the Nomination Committee as being in the Company and shareholders' best interest and a natural consequence of Cristina Stenbeck leading the Nomination Committee's work in recent years, as well as her connection to the Company's largest shareholders.

Auditors

According to the Articles of Association, the Company shall have not more than three auditors, with not more than three deputies, or a registered audit firm.

At the 2009 Annual General Meeting, the registered audit firm Ernst & Young AB, with newly elected Authorized Public Accountant Thomas Forslund as Auditor in Charge, was appointed Company auditor for a period of four years. Thomas Forslund, born 1965, has also audit engagements in a number of other listed companies such as DGC One AB, Feelgood Svenska AB, Systemair AB, Tradedoubler AB and WeSC AB. The auditor's independence is secured by legislation and professional ethics and 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. During 2010, Ernst & Young AB has provided certain services in issues regarding internal controls, Corporate Responsibility and IFRS. Information regarding remuneration appears in the Annual Report in Note 24 to the consolidated accounts and Note 5 to the Parent Company, Auditors' Fees for elected auditors.

Board of Directors and Group Management

Board members are elected at the Annual General Meeting for a period expiring at the close of the next Annual General Meeting. The Articles of Association contains no restrictions pertaining to the eligibility of the Board members. According to the Articles of Association, the number of Board members can be no fewer than three and not more than nine, with not more than three deputies. In addition, according to legislation, the union organizations have the right to appoint two employee Board members and two deputies.

At the 2010 Annual General Meeting, following a motion by the former Nomination Committee, Vigo Carlund, John Hewko, Wilhelm Klingspor, Erik Mitteregger, Stig Nordin, Allen Sangines-Krause and Cristina Stenbeck were re-elected members of the Company's Board. The Annual General Meeting re-elected Cristina Stenbeck as Chairman of the Board.

¹⁾ The Code is available at: <http://www.bolagsstyrning.se>

In May 2010, the employees' organizations appointed Geron Forsman and Bo Myrberg as ordinary employee Board members with Magnus Borg and Tobias Söderholm as deputies.

The independence of Board members in relation to the Company and Company Management, and to the major shareholders of the Company is specified in the table below. None of the Board members is employed within the Group, with the exception of the employee representatives. Information concerning Group Management is presented in the Annual Report on page 7 and in Note 29 to the consolidated accounts, Personnel.

Board work

Kinnevik's Board of Directors is responsible for the overall strategy 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 CEO and reporting instructions are updated and approved annually following the Annual General Meeting.

The significant issues that were addressed by Kinnevik's Board during 2010 include the impact of the global economy on Kinnevik and the companies in which Kinnevik has invested, capital structure of Kinnevik as well as capital structure of the listed associated companies, new investment

decisions within New Ventures as well as a follow-up of previous investment decisions, and the overall strategy for Korsnäs, the listed holdings and the focus areas within New Ventures. As the basis for discussions concerning the listed associated companies, Kinnevik's management presented independent analyses of each company's strategy, operations as well as provided an independent assessment of future opportunities within the markets in which they are active.

Compliance with laws and regulations, responsibility and market confidence in Kinnevik are some of the key issues with which the Board actively works. The Corporate Responsibility Policy adopted by the Kinnevik Board, describes Kinnevik's policy on issues pertaining to social responsibility, environmental considerations and ethics.

A Remuneration Committee, an Audit Committee and a New Ventures Committee were established within the Board. These committees are preparatory bodies of the Board and do not reduce the Board's overall responsibility for the governance of the Company and the decisions made.

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, including the Chairman, and the contribution they make.

Cristina Stenbeck, Chairman

Born: 1977

Nationality: US and Swedish citizen

Independence: Independent of the Company and management, not independent of major shareholders. Direct or related person ownership: 2,200 Class B shares. In addition to her own directly held shares, Cristina is via Verdere S.à.r.l. indirectly owner of a considerable shareholding in Kinnevik.

Committee work: Member of the Remuneration Committee and the New Ventures Committee.

Cristina has been Chairman of the Board of Investment AB Kinnevik since 2007. She serves as a Director of the Board of Metro International S.A., Modern Times Group MTG AB and Tele2 AB since 2003. Cristina was Vice Chairman of Investment AB Kinnevik 2004-2007 and Industriförvaltnings AB Kinnevik 2003-2004. Cristina graduated with a B.Sc. from Georgetown University in Washington DC, USA.

Vigo Carlund

Born: 1946

Nationality: Swedish citizen

Independence: Not independent of the Company and management*, independent of major shareholders.

* Vigo was President and CEO of Investment AB Kinnevik until 2006 and is thereby not independent of the Company and its management.

Direct and related person ownership: 500,000 Class B shares, owned through insurance.

Committee work: -

Vigo has been Director of the Board of Investment AB Kinnevik since 2006. He is Chairman of the Board of

Korsnäs AB since 2002 (Board Director since 2001).

He also serves as Director of the Board of Academic Work Solutions since 2006 and Net Entertainment NE AB since 2008.

Vigo worked within the Kinnevik Group 1968-2006 and was CEO of Korsnäs AB 1998-2000, and President and CEO of Transcom WorldWide S.A. 2000-2002 and Kinnevik 1999-2006.

John Hewko

Born: 1957

Nationality: US citizen

Independence: Independent of the Company and management and independent of major shareholders.

Direct or related person ownership: -

Committee work: Member of the New Ventures Committee.

John has been Director of the Board of Investment AB Kinnevik since May 2009. 2004-2009, John was Vice-President for Operations/Compact Development at the Millennium Challenge Corporation ("MCC") in Washington, DC. 1989-1992 associate and 1992-2004 senior international partner at the international law firm Baker & McKenzie working in emerging markets, particularly in Central and Eastern Europe. John has a Bachelor's Degree from Hamilton College, New York, M.Litt from Oxford University, England, and a law degree from Harvard University in Massachusetts, USA.

Wilhelm Klingspor

Born: 1962

Nationality: Swedish citizen

Independence: Independent of the Company and

management and independent of major shareholders.

Direct or related person ownership: 1,103,080 Class A shares and 780,071 Class B shares

Committee work: Chairman of the Remuneration Committee. Member of the Audit Committee.

Wilhelm has been Director of the Board of Investment AB Kinnevik since 2004 and was Director of Industriförvaltnings AB Kinnevik 1999-2004. He has also served as Director of the Board of Korsnäs AB since 2003.

CEO of Hellekis Säteri AB.

Wilhelm graduated as Forest Engineer from the Swedish University of Agricultural Sciences in Skivskatteberg.

Erik Mitteregger

Born: 1960

Nationality: Swedish citizen

Independence: Independent of the Company and management and independent of major shareholders.

Direct or related person ownership: 35,000 Class A shares and 35,000 Class B shares

Committee work: Chairman of the Audit Committee. Member of the Remuneration Committee and the New Ventures Committee.

Erik has been Director of the Board of Investment AB Kinnevik since 2004. He also serves as Chairman of the Board of Wise Group AB since 2009, Director of the Board of Firefly AB, Metro International S.A. since 2009 and Tele2 AB since 2010.

Erik was founding partner and Fund Manager Brummer & Partners Kapitalförvaltning AB 1995-2002. In 1989-1995 he was Head of Equity Research and

The Board 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 2010, the Kinnevik Board held seven meetings (excluding the statutory meeting), of which two were held via telephone. Employee representative Geron Forsman was absent from one ordinary meeting. Other ordinary Board members were present at all Board meetings.

Remuneration Committee

The Remuneration Committee's assignments are stipulated in Chapter 9.1 of the Code, and comprise issues concerning salaries, pension terms and conditions, incentive programs and other conditions of employment for the management of the Parent Company and Presidents of the Group's business areas. The guidelines applied in 2010 are presented in the Board of Directors report, page 31.

Cristina Stenbeck, Wilhelm Klingspor and Erik Mitteregger were members of the Remuneration Committee during 2010. The Chairman of the Remuneration Committee was Wilhelm Klingspor.

The Remuneration Committee shall meet not less than

once a year, and more frequently as required, at which minutes of these meetings shall be kept. The Remuneration Committee held three meetings during 2010, which were attended by all members.

Audit Committee

The Audit Committee's assignments are stipulated in Chapter 8, Section 49b of the Swedish Companies Act. These tasks include maintaining and enhancing the efficiency of contact with the Group's auditors and conducting 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. Furthermore, the Audit Committee evaluates the auditors' work, qualifications and independence. The Audit Committee monitors the development of the accounting policies and requirements, discusses other significant issues connected with the Company's financial reporting and reports its observations to the Board.

Wilhelm Klingspor, Stig Nordin, Erik Mitteregger and Allen Sangines-Krause were members of the Audit Committee during 2010. The Chairman of the Committee was

member of the Management Board at Alfred Berg Fondkommission.

Erik holds a B.Sc. in Economics and Business Administration from Stockholm School of Economics.

Stig Nordin

Born: 1943

Nationality: Swedish citizen

Independence: Independent of the Company and management and independent of major shareholders. Direct or related person ownership: 43,668 Class B shares.

Committee work: Member of the Audit Committee.

Stig has been Director of the Board of Investment AB Kinnevik since 2004 and Industriförvaltnings AB Kinnevik 1992-2004. He has also served as Director of the Board of Korsnäs AB since 2004. Stig worked within the Kinnevik Group 1975-2001 and was CEO of Korsnäs AB 1993-1998 and President and Chief Executive Officer of Kinnevik 1992-1999.

Stig holds a M.Sc. in Engineering from Chalmers University of Technology in Gothenburg.

Allen Sangines-Krause

Born: 1959

Nationality: UK and Mexican citizen

Independence: Not independent of the Company and management*, independent of major shareholders.

* See further Note 29 to the consolidated accounts, Personnel.

Direct or related person ownership: -

Committee work: Member of the Audit Committee and the New Ventures Committee.

Allen has been Director of the Board of Investment AB Kinnevik since 2007. He is also Chairman of the Board of Millicom International Cellular S.A. since 2010 (Director since 2008) and of BK Partners, an asset management company. Allen was Managing Director with Goldman Sachs 1993-2008 where he was responsible for Investment banking and business development in Latin America, Spain, Russia and other CIS States. Allen holds a Ph.D. in Economics from Harvard University in Massachusetts, USA.

Bo Myrberg

Born: 1967

Nationality: Swedish citizen

Independence: Not independent in relation to the Company and management, independent of major shareholders.

Direct or related person ownership: 119 class B shares.

Bo is Employee representative in Investment AB Kinnevik and Korsnäs AB since 2008. Process Operator, Korsnäs AB.

Geron Forsman

Born: 1956

Nationality: Swedish citizen

Independence: Not independent in relation to the Company and management, independent of major shareholders.

Direct or related person ownership: 45 Class B shares. Geron is Employee representative in Investment AB Kinnevik since 2008. Shareholding: 45 Class B shares. Paper Mill Support Supervisor, Korsnäs AB.

Magnus Borg (Deputy Member)

Born: 1970

Nationality: Swedish citizen

Independence: Not independent in relation to the Company and management, independent of major shareholders.

Direct or related person ownership: -

Magnus is Employee representative in Investment AB Kinnevik since May 2009.

Automation Electrician, Korsnäs AB.

Tobias Söderholm (Deputy Member)

Born: 1975

Nationality: Swedish citizen

Independence: Not independent in relation to the Company and management, independent of major shareholders.

Direct or related person ownership: 100 Class B shares

Tobias is Employee representative in Investment AB Kinnevik since 2008.

Development Engineer, Korsnäs AB.

Tobias has studied Chemical Engineering at Chalmers University of Technology.

Erik Mitteregger.

The Audit Committee shall meet not less than four times annually. 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 during 2010, of which four were held via telephone. Erik Mitteregger and Allen Sangines-Krause were absent from one meeting. The other members were present at all the meetings. The external auditors participated in all of the meetings and issued their reports on the results of their examination to both the Audit Committee and the Board of Directors both orally and in writing. The auditors also held an annual meeting with the Board without management being present.

New Ventures Committee

The New Ventures Committee is responsible for evaluating investment proposals presented by the Director of New Ventures. With respect to smaller investments, the Committee is entitled to make investment decisions, while larger investments are presented to the entire Board for decision. Board members John Hewko, Erik Mitteregger, Allen Sangines-Krause and Cristina Stenbeck are members of the New Ventures Committee. The Chairman of the Committee is the CEO Mia Brunell Livfors.

The New Ventures Committee held three meetings in 2010, of which two were held via telephone. In addition, the Committee addressed a number of issues via email and telephone, which resulted in 11 meetings that were held by circular minutes.

The Board's description of internal control pertaining to the financial reporting for the 2010 fiscal year

The Board is responsible for internal control in accordance with the Swedish Companies Act and the Swedish Code of Corporate Governance. This description has been prepared in accordance with the Swedish Code of Corporate Governance, section 7.4 and Chapter 6, paragraph 6 and Chapter 7, paragraph 31 of the Annual Accounts Act (1995:1554), and is thus restricted to the internal control pertaining to the 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, authorization procedures, purchasing policies, investment policies, accounting principles, financial risk management and the internal audit. The Company's management reports regularly to the Board following 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 to ensure that they understand 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

Kinnevik has implemented a model for assessing the risk of errors in accounting and the financial reporting based on COSO's framework for internal control. The most significant items and processes in which the risk of significant errors can typically arise for Korsnäs encompass sales, purchases of timber, energy and other input goods, inventory and the investment process. Intangible fixed assets and financial instruments in the income statement and balance sheet represent the most significant areas for the Parent Company and the Group. Kinnevik has documented work routines and continuously evaluates how well the controls function pertaining to these items and processes.

Internal audits

The Company engages external auditors that are responsible for following up and evaluating work involved in risk management and internal control. This work includes the monitoring of compliance with set guidelines. The internal auditors conduct their work on instructions from the Audit Committee and are continuously reporting the results of their 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 and other various constituencies, such as shareholders, Board members, employees and customers.

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.

Audit Report

To the annual meeting of the shareholders of Investment AB Kinnevik (publ)

Corporate identity number 556047-9742

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the board of directors and the managing director of Investment AB Kinnevik for the year 2010. The annual accounts and the consolidated accounts of the company are included in the printed version of this document on pages 29-69. The board of directors and the managing director are responsible for these accounts and the administration of the company as well as for the application of the Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act when preparing the consolidated accounts. Our responsibility is to express an opinion on the annual accounts, the consolidated accounts and the administration based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in Sweden. Those standards require that we plan and perform the audit to obtain reasonable assurance that the annual accounts and the consolidated accounts are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. An audit also includes assessing the accounting principles used and their application by the board of directors and the managing director and significant estimates made by the board of directors and the managing director when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consolidated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and circumstances of the company in order to be able to determine the liability, if any, to the company of any board member or the managing director. We also examined whether any board member or the managing director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association. We believe that our audit provides a reasonable basis for our opinion set out below.

The annual accounts have been prepared in accordance with the Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with the international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. The board of directors' report and the corporate governance report are consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statements and balance sheets of the parent company and the income statement and the balance sheet for the group be adopted, that the profit of the parent company be dealt with in accordance with the proposal in the board of directors' report and that the members of the board of directors and the managing director be discharged from liability for the financial year.

Stockholm, 25 March 2011
Ernst & Young AB

Thomas Forslund
Authorized Public Accountant