

# CORPORATE GOVERNANCE

Catena AB is a Swedish public limited company, listed on NASDAQ OMX Stockholm. The regulations applied for governance and control of the Group are primarily the Articles of Association, the Swedish Companies Act, OMX Nordic Exchange's regulations, the Swedish Code of Corporate Governance, internal guidelines and policies as well as other applicable laws and regulations. The report is not part of the formal financial statements and has not been examined by the company's auditors.

Catena's Board and executive management endeavour to ensure that Catena complies with the requirements made on the company by the stock exchange, shareholders and other stakeholders. The Swedish Code of Corporate Governance is intended to create good prerequisites for active and responsible ownership. It is based on the principle of comply or explain. Deviations from the Code must be justified and explained.

The Corporate Governance Report explains how Catena has applied the Code during 2009. No deviations from the rules in the Code have been made.

## General Meeting of Shareholders

The General Meeting of Shareholders is the supreme decision-making body. The General Meeting appoints the Board and auditors and adopts principles for remuneration of the Board, auditors and the group management. The General Meeting also makes decisions on the articles of association, dividends and other changes in share capital. At the Annual General Meeting of Shareholders, which is to be held within six months of the end of the financial year, the meeting shall also adopt the balance sheets and income statements as well as deciding on discharge from liability of the Board and the CEO.

The Annual General Meeting was held on April 29, 2009. A total of 38 shareholders, representing 5,687,552 shares, attended and they represented 49.2 per cent of the total number of outstanding votes. Five members of the Board of Directors, the CEO, the executive management and the company's auditors were present at the meeting.

*The Annual General Meeting made decisions on:*

- Adoption of the income statements and balance sheets for the Parent Company and the Group
- Appropriation of profit entailing a dividend of SEK 5.25 per share
- Granting discharge from liability for the Board and the CEO
- The number of board members elected by the meeting
- Re-election of the current board and replacements for this board
- New instructions for the Nomination Committee
- Amendment of the articles of association concerning notice of general meetings
- Guidelines for remuneration to the CEO and senior executives
- Authorization for the Board to acquire the company's own shares up to a maximum total holding of 10 per cent
- Authorization for the Board on transfer of the company's own shares.

The Annual General Meeting for the 2009 financial year will take place on April 28, 2010 at SAS Scandinavia Hotel, Södra Hamngatan 59, Gothenburg.

## *Remuneration to the Board of Directors and senior executives*

In accordance with a decision at the Annual General Meeting on April 29, 2009, the Chairman of the Board receives SEK 210,000 and other members SEK 105,000 each with the exception of the CEO, who does not receive a fee. Salaries, other payments and pension premiums for the CEO and other senior executives during 2009 are shown in Note 5 to the Annual Report.

## Nomination Committee

The tasks of the Nomination Committee include preparing proposals for the Chairman of the Annual General Meeting, the Board, the Chairman of the Board, the board fee, principles for the organisation of the Nomination Committee and, when appropriate, auditors and the auditors' fees. According to a decision of the Annual General Meeting of April 29, 2009, the Nomination Committee consists of representatives of the Company's four largest shareholders. It has the following composition: Henry Klotz for CLS Holdings plc, Erik Selin for Erik Selin Fastigheter AB, Bo Jansson for Skandia Liv and Ulf Strömsten for Catella. Ulf Strömsten has been appointed as chairman of the Nomination Committee. Henry Klotz, the Chairman of the Board, convenes the Nomination Committee.

## The Board of Directors and its work

### *The Board of Directors*

According to the current articles of association, Catena's Board shall consist of at least five and at most nine members. The overall task of the Board is to manage the affairs of the Company and the Group on behalf of the shareholders in such a way as to safeguard the interests of the shareholders for a good long-term return from their capital in the best possible way. The members of the Board are elected annually at the Annual General Meeting for the period until the end of the following annual general meeting. The work of the Board shall take place in compliance with the provisions of the law, the Articles of Association and the formal work order. The formal work order is discussed at the board meeting following election and adopted annually.

The composition of the Board shall include competence and experience from areas that are very important in order to be able to support, follow and control the activities of a leading real estate company in Sweden. The Board has members with knowledge of properties, the property market, financing and business development. For the period until the Annual General Meeting of 2009, Catena's board consisted of eight members elected by the Annual General Meeting without deputies. According to the decision of the Annual General Meeting, the Board has subsequently consisted of six members elected by the Annual General Meeting without deputies. The members of the Board are presented on page 66. The Board complies with the requirements of the Code that at most one board member may work operationally in the day-to-day activities, that at least half of the members of the Board shall be independent in relation to the company and that at least two members shall be independent of the Company's major shareholders.

### Formal work plan

The Board of Catena works in accordance with a formal work plan containing instructions regarding the division of duties and responsibilities and financial reporting. The formal work plan constitutes a complement to the provisions of the Swedish Companies Act and Catena's Articles of Association and is subject to annual review. The Board also evaluates the work of the CEO. The CEO is not present during this evaluation.

The Board is responsible for continuously following up and controlling the activities of the Company. The Board is therefore responsible for there being a functioning reporting system. Regular reports on the Company's and the Group's economic and financial situation, current market-related issues, project reporting and, when appropriate, the supporting material for investment decisions and property sales are made to board meetings. As well as being responsible for the Company's organisation and administration, the most important task of the Board is to make decisions on strategic matters. The Board sets the overall goals for the activities of the Group annually and decides on strategies to achieve these goals. The Instructions to the CEO and internal policy documents are also revised annually.

### The work of the Board of Directors

The Chairman of the Board is responsible for leading the work of the Board in an efficient and appropriate way. Besides leading the work of the Board, the Chairman of the Board follows the ongoing work of the Group through contacts with the CEO on strategic issues.

Six minuted board meetings were held during 2009, all in Gothenburg, of which one was the board meeting following election. The CFO of the Group has served as secretary of the Board.

#### *The composition of the Board of Directors*

Name	Elected	Independent	Attendance
Henry Klotz, Chairman	2007	No	6
Peter Hallgren	1998	No	6
Christer Sandberg	2007	No	5
Erik Selin	2007	No	6
Lennart Schönning	2007	Yes	5
Svante Wadman	2007	Yes	5
Ingrid Berggren	2005	Yes	2
Per Sjöberg	2007	No	2

*Among other things, the topics of the board meetings have been:*

February	The year-end report, annual financial statements, auditors' report and preparations for the Annual General Meeting
April	Interim report
July	Information about derivative instruments
September	Renegotiation of loans
November	Interim report, business plan for 2010 and forecast for 2009

At the board meetings, apart from the above points, plans and strategies for the Group's development have been taken up and continuous follow-up of results and position, valuation of the Group's properties, liquidity and financing as well as investment decisions.

The company's auditor, Jan Malm, also participated in the board meeting in February.

### Auditors

Catena's auditors are appointed at the Annual General Meeting for a four-year period. The current period commenced in 2008 and the next appointment of auditors will therefore be in connection with the Annual General Meeting in 2012. Jan Malm is auditor in charge.

The auditor examines the management of the Group by the Board and the CEO. The auditor reports the results of his examination to the shareholders through the auditors' report. This is presented at the Annual General Meeting. In addition, the auditor presents a detailed report to the Board once a year. A discussion also takes place during this report on the observations that the audit has led to. In addition to audit, KPMG has also provided services within the areas of tax and accounting. A fee is paid as invoiced. During 2009, the auditors' fee in the Group totalled SEK 0.6 million.

### CEO and group management

The CEO shall manage the business in accordance with the Instructions to the CEO drawn up and adopted by the Board. According to these instructions, the CEO shall ensure on an ongoing basis that the members of the Board receive information and reports concerning Catena's development in order that they can make informed assessments and well-founded decisions. Furthermore, the CEO shall ensure that Catena observes the information and other obligations stipulated by the listing agreement with OMX Nordic Exchange. The CEO shall also monitor compliance with the objectives, policies and strategic plans established by the Board and ensure that they are submitted to the Board for updating or review.

Group management comprises of three individuals, in addition to the CEO: the CFO, the Controller and the Head of Business Development. All members of group management have been registered with the Financial Supervisory Authority's insider trading register. At group management meetings, which have a standing agenda, liquidity and financing, projects, the letting situation, forecasts, market follow-ups and strategy-related issues are taken up.

### Board committees

The Board has established two committees, the Remuneration Committee and the Audit Committee, which are responsible for preparing items of business within their respective sphere of responsibility.

### Remuneration Committee

The task of the Remuneration Committee is to prepare matters concerning remuneration and other conditions of employment for the CEO. Remuneration to other senior executives is decided upon by the CEO on the basis of principles decided upon by the Board. The Remuneration Committee consists of all members of the Board with the exception of the CEO. The committee has had one meeting during 2009.

### Audit Committee

The task of the Audit Committee is to maintain and enhance the efficiency of contacts the Group's auditor and to supervise the procedures for audit and financial reporting. The Committee shall also revise the work of the auditor and monitor the development of accounting policies and accounting requirements. The Board has decided that all members with the exception of the CEO shall sit on this committee.

The Audit Committee has had one meeting during 2009.

### Information to the stock market

Catena shall submit fast, simultaneous, correct and reliable information to existing and potential in shareholders and other stakeholders. The company submits an interim report on its activities each quarter and a year-end report and Annual Report for the entire financial year.

Catena's website ([www.catenafastigheter.se](http://www.catenafastigheter.se)) shows current information about the company such as press releases, financial statements and a list of properties. Shareholders can order printed financial information from the company via the website. This information can also be ordered directly from the company by telephone.

### Internal control

The Board is responsible for internal control according to the Swedish Companies Act and the Swedish Code of Corporate Governance. This report has been prepared in accordance with sections 10.5 and 10.6 of the Swedish Code of Corporate Governance and is thus limited to internal control relating to financial reporting.

The basis of internal control consists of the control environment which the work of the Board and executive management is based on. The Board has adopted a number of important policies and basic guidelines for internal control work such as finance policy, environmental policy and information policy. The CEO makes regular reports to the Board on the basis of established routines and documents.

Catena's internal control structure is based on a clear division of responsibility and work both between the Board and the CEO and within the operational activities. The operational activities include business control and business plan processes. As examples may be mentioned tools for monitoring operations, preparations for purchases and sales of properties/companies, supporting material for property valuations. These have been designed in such a way that control activities take place at property level (current result and investment follow-ups), at the overall level in the form of, for example, result analysis at area level, analysis of key data, reviews of the legal group structure. In order to prevent and detect errors and deviations, there are, for example, systems for attestation rights, reconciliations, approval and reporting of business transactions, reporting templates, accounting and valuation policies. These systems are continuously updated.

Internal information and external communication are regulated at an overall level, in among other ways, by an information policy. Internal information takes place through regular information meetings and planning conferences.

Catena has a small organization with 11 employees. All operations in the Swedish part of the business have taken place in the parent company during the year. In Denmark, operations are conducted through the Swedish parent company while operations in Norway have taken place since June 2009 through an externally commissioned property administrator although under Swedish management. The finance function at the parent company is responsible for control of all units. For this reason, Catena has no special function for internal audit. The Board and the executive management consider the internal control to be good and appropriate for its purpose for a group of Catena's size and that there is therefore no need for an internal audit function. This decision will be reviewed annually.

*Gothenburg, March 15, 2010*

*The Board of Directors*