

Corporate Governance Report, 2007

Boliden applies the Swedish Code of Corporate Governance. The operations are governed via General Meetings of shareholders in the company, the Board of Directors and the President. The company's Auditors, who are appointed by the Annual General Meeting, audit the company accounting records and the Board of Directors' and President's administration of the company. The Nomination Committee prepares proposals for submission to General Meetings regarding the election of and remuneration payable to the Board of Directors and Auditors, for example. The following report summarises Boliden's corporate governance in 2007 and also includes a report on internal controls. The report has not been subjected to review by the company's Auditors.

Shareholders' meetings

The shareholders' meeting is the supreme governing body of the company. The ordinary annual shareholders' meeting, known as the Annual General Meeting, elects Board Members and, where relevant, Auditors, determines fees and adopts the Income Statements and Balance Sheets for the Parent Company and the Group. The Annual General Meeting of the shareholders in Boliden was held on 3rd May 2007 in the Aitik mine's industrial park area in Gällivare. The Meeting resolved to reelect Board Members Carl Bennet, Marie Berglund, Jan Johansson, Ulla Litzén, Leif Rönnbäck, Matti Sundberg, Anders Sundström and Anders Ullberg. Staffan Bohman was elected as a new Board Member. Anders Ullberg was re-elected as Chairman of the Board.

The Meeting further resolved:

- that the Nomination Committee shall comprise representatives of the five largest shareholders, one representative of the smaller shareholders, and the Chairman of the Board, who is also the Convener.
- that Directors' fees of sek 850,000 shall be paid to the Chairman and sek 325,000 to Members who are not Boliden employees. Fees of sek 100,000 shall also be paid to the Chairman of the Audit Committee and of sek 50,000 each to the two members of the Audit Committee. No fees shall be paid to members of the Remuneration Committee. Auditors' fees shall be payable in accordance with approved invoices received.
- that remuneration payable to the members of Group management shall comprise a fixed salary, any variable remuneration, other benefits and pensions. The variable remuneration shall be maximised to 50 per cent of the fixed salary and shall be based on result in relation to targets set. The variable remuneration shall not comprise pensionable income.
- on the redemption of shares and buy-back of shares.

For the Minutes of the 2007 Annual General Meeting, please see www.boliden.com

Nomination committee ahead of the 2008 annual general meeting

The 2008 Annual General Meeting will be held on 8th May 2008. In accordance with the resolution by the 2007 Annual General Meeting, the Chairman of the Board has convened a Nomination Committee comprising: Mats Guldbrand, amf, Chairman, Anders Algotsson, afa, Lars-Erik Forsgårdh, Björn Franzon, Fjärde ap-fonden, Björn Lind, seb Fonder, Åsa Nisell, Swedbank Robur fonder, and Anders Ullberg, Chairman of the Board.

The names of the Nomination Committee members were published on the company's website in October 2007, together with information about how shareholders may submit proposals to the Nomination Committee. The Nomination Committee has held four meetings. The proposals by the Nomination Committee regarding the election of Board members were presented on 5th March 2008. The proposal entails the reelection of all Board members. In addition, it is proposed that Boliden's President and ceo, Lennart Evrell, will be elected as a new member of the Board. The Nomination Committee's full proposals will be presented in the notice convening the Annual General Meeting and in information provided on the company's website.

The Board of Directors and its work in 2007

The Board of Directors formerly comprised twelve members elected by the Annual General Meeting, of whom the union organisations appointed three members. Three deputy members of the Board representing the union organisations normally also attend Board meetings. Since the resignation of the departing President from the Board on 1st November 2007, the Board now comprises eleven members. Members of Group management also attend and present reports at the meetings as required. The company's Senior Vice President of Legal Affairs serves as the Board's secretary.

The current members of the Board are all to be regarded as independent in relation to the company, major shareholders and corporate management.

For a more detailed presentation of the Board Members, please refer to the Annual Report, page 49.

The Board bears ultimate responsibility for the organisation of the company and management of the company's affairs. Information on the operations and their economic and financial status is provided regularly at Board Meetings and in the form of monthly reports to the Board, and additionally as required. The President and the Chairman of the Board hold an ongoing dialogue concerning the operations. The Board also monitors the functioning of internal controls.

The division of labour between the Board, the Chairman of the Board and the President is clarified in written instructions to the President adopted annually by the Board at the statutory Board meeting following election.

An evaluation of the work of the Board of Directors was carried out in the autumn of 2007 – this year with the assistance of an external consultant. The evaluation was based both on the Members' responses to 88 questions regarding the company, the Board of Directors and its methodology, and on interviews. It was apparent from the evaluation that the Board, in its current composition, meets the company's need for expertise and experience.

During 2007, the Board held eleven Meetings. Three of these were occasioned by the departure of the former President and the appointment of a new one during the year. Board Meetings were held both in Stockholm and in Aitik (Gällivare), Boliden and Garpenberg, all of which are locations where the company has operating units. The Board was afforded the opportunity of a guided tour and review of the operations visited.

The Board has discussed the company's capital structure and these discussions resulted in the Board's proposal submitted to the Annual General Meeting in 2007 regarding the redemption and buy-back of shares. The Board has also monitored the billion kronor investment in the Aitik copper mine approved in 2006 on an ongoing basis throughout the year, and has also discussed a number of alternatives for the Boliden mining area. A decision has been taken regarding a partnership agreement in connection with a Finnish nuclear power project, with a view to securing future energy requirements. In the beginning of September, a search process was initiated as a result of the announcement by the President of his resignation from the company, and in mid-December, the Board was able to present the new President, Lennart Evrell. The entire Board met with the company's Auditors on two occasions and has also met with the Auditors without the President being present. The Board has, as in previous years, appointed a Remuneration Committee and an Audit Committee to prepare certain issues.

Remuneration Committee

The Board's Remuneration Committee submits proposals to the Board concerning such things as remuneration to the President, drafts proposals to the Annual General Meeting regarding remuneration principles and other employment terms for Group management, and approves remunerations etc. payable to Group management, as proposed by the President. The Committee

has held four meetings during the year. The Remuneration Committee comprises Anders Ullberg (Chairman) and Carl Bennet.

For more information about the terms and conditions governing remuneration in 2007, please refer to the Annual Report, Note 1, pages 76–77.

Audit Committee

The work of the Audit Committee is designed to assure the quality of the company's financial reporting. The internal review function has reported on its work to the Committee on an ongoing basis, addressing such issues as risk mapping, methodologies and prioritised areas. The Committee holds regular meetings before the publication of every financial report and has also held an additional meeting focusing specifically on internal control issues. The Audit Committee comprises Ulla Litzén (Chairwoman), Anders Sundström and Anders Ullberg.

Business management

Boliden works on the basis of the company's strategic platform The New Boliden Way (TNBW), which was initially adopted in 2005 and which is updated annually as part of the work on the business plan.

Boliden works with active management objectives in a chain running from the Board of Directors, via the Group management, to the operating units. A decentralised organisation facilitates an ongoing and intense dialogue between units and management in each Business Area and between the Business Areas and the staff functions. The company's senior managers and specialists meet at management meetings twice yearly to agree on common goals and strategies, which are then passed down through the organisation.

The company's units are subject, every other year, to an internal review, particularly addressing the issues of health, the environment, safety and quality (EHSQ). The Aitik and Garpenberg mines and the Bergsöe and Odda smelters were audited in 2007.

Group management

In addition to the President, Group management in 2007 included the Deputy ceo, the Presidents of the Group's three Business Areas, Mines, Smelters and Market, and the Senior Vice Presidents of the Group Divisions for Treasury and Finance, Legal Affairs, Communication, Strategy, and Human Resources. After the resignation of the former President and ceo, the President of Business Area Smelters was appointed Acting President until such time as Lennart Evrell took over as the new President and ceo on 1st January 2008. The Vice President and Head of Treasury and Finance resigned during the year. The Senior Controller was appointed Acting President of Treasury and Finance and the post of Vice President was not refilled.

Group management is responsible for drawing up and implementing the Group's strategies and meets on average twice every month to review the operations. The Business Areas are then responsible for implementing strategies and measures within their respective Areas. The entire company's production can be followed online by Group management. The company has an internal system that includes annual planning and follow-up procedures via monthly reports from each Business Area. In addition to the monthly management meetings, Group management group holds scheduled meetings that involve a more in-depth review of the company's strategic issues.

For a presentation of Group management, please refer to the Annual Report, page 51.

Internal control

The purpose of internal control with regard to financial reporting is to provide reasonable assurance with regard to the reliability of the same and to ensure that the financial reports are produced in accordance with generally accepted accounting principles, applicable legislation and statutes, and with the other requirements imposed on listed companies.

The Board of Directors has overall responsibility for ensuring that an efficient internal control system exists within the Group. The President is responsible for the existence of a process and organisation that ensures internal control and the quality of the financial reporting to the Board of Directors and the market.

Special review function

Boliden has a special audit function (internal audits) within the Treasury and Finance Group function, responsible for reviewing internal control and monitoring the quality of the financial reporting. This function reports to the Head of the Treasury and Finance function and presents reports on issues relating to internal control at the Audit Committee's meetings.

Control environment

The control environment within the Group is characterised by being an organisation with relatively few but large operating units that have carried out their operations for many years, using well-established processes and control activities.

A structure of steering documents that provide guidance and specify the organisational guidelines has been established in order to ensure a collective attitude and methodology within the Group.

The starting point is the strategic platform The New Boliden Way, together with the associated Code of Conduct and Operational Policy. These documents are complemented by a number of Group-wide steering documents that address both financial reporting and the Group's decision-making and authorisation instructions, its financial policy, investment manual and accounting and reporting handbook.

Local management systems and policies have also been set up at unit level, and contain more detailed instructions and descriptions of the most important processes.

Work on updating manuals and instructions and on documenting processes and control activities has been carried out at both unit level and Group level in 2007.

The market organisation was also restructured in 2007 with regard to methodology and geographic location. The former Zinc Market and Copper Market units were merged, for example, into a single organisation, and the seat of the new organisation's management is the Head Office in Stockholm.

Risk analysis

A risk analysis process and working model for financial reporting has been implemented during the year. In practice, this means that all operating units are asked to map and evaluate risks in the various accounting and reporting systems. Improvement measures have then been drawn up in conjunction with this exercise in areas where it was deemed necessary.

Feedback on the result of the units' risk mapping and their development of improvement measures has been submitted to the ceo and the Audit Committee.

Control activities

Various types of control activities are carried out at every level within the Group and within every different aspect of the accounting and reporting process on an ongoing basis. The control activities are carried out in order to manage known risks and to detect and rectify any errors and discrepancies in the financial reporting. Systems, processes and controls within the Group are followed up, improved and developed continuously.

Information and communication

Internal information on policies, guidelines and manuals are available on the intranet. Information on updates and changes to reporting and accounting principles is issued by email and at the regular treasury and controller meetings.

All external information must be provided in accordance with the Group's communication policy. All information must be communicated in a discerning, open and transparent manner.

Follow-ups

All operating units studied self-evaluation material addressing such issues as internal control of financial reporting in autumn 2006. This self-evaluation resulted in a number of improvement measures. A follow-up activity was carried out in 2007 to ensure that these activities had been implemented according to plan.

A number of other follow-up activities were also carried out in 2007, both internally and with the assistance of external resources. The units' control structure with regard to authorisation has been among the issues tested, as has the way in which the introduction of a new IT and security policy has been implemented.

The results of the review activities have been reported to Group management and the Audit Committee on a rolling basis and these bodies have, in turn, reported to the Board of Directors on the findings.

Auditors

At the 2005 Annual General Meeting, Hans Pihl and Björn Sundkvist, both authorised public accountants, were elected as the company's auditors until the Annual General Meeting in 2009. Jan-Hugo Nihlén and Richard Peters, also both authorised public accountants, were elected as deputy auditors. All four are employed by Deloitte.

In addition to Boliden, Hans Pihl performs auditing duties for Sigma and Industrifonden. Björn Sundkvist performs auditing duties for Green Cargo, Alimak Hek and A-Train.

Following the agreement reached to this effect, remuneration to the company's auditors is payable as invoiced.

For information about remuneration during 2007, please refer to page 77 of the Annual Report.

BOLIDEN'S BOARD OF DIRECTORS

Name	Elected	Present	Committee work	Present	Remuneration, Board, SEK	Remuneration, Audit Committee, SEK	Independent
Anders Ullberg (Chairman)	2005	11/11	Remuneration Committee/ Audit Committee	4/4 5/5	850,000	50,000	Yes
Carl Bennet	2001	11/11	Remuneration Committee	4/4	325,000		Yes
Marie Berglund	2003	11/11			325,000		Yes
Staffan Bohman	2007	6/8			325,000		Yes
Jan Johansson	2001	6/9			-		No
Ulla Litzén	2005	11/11	Audit Committee	5/5	325,000	100,000	Yes
Leif Rönnbäck	2005	11/11			325,000		Yes
Matti Sundberg	2005	11/11			325,000		Yes
Anders Sundström	2001	10/11	Audit Committee	4/5	325,000	50,000	Yes
Bo Karlsson	2001	11/11					
Alf Lindén	2001	10/11					
Lars Sundström	2001	11/11					