

The Board's corporate governance report

Net Insight AB (publ) is a public stock company domiciled in Stockholm. Net Insight's stock is listed on the Nasdaq OMX Nordic Exchange Midcap Stockholm. The basis for governance of the Company and Group includes its Articles of Association, the Swedish Companies Act and the regulations of the Stockholm Stock Exchange, including the Swedish Code of Corporate Governance as of July 1, 2008.

Introduction

Net Insight follows the Swedish Code of Corporate Governance, deviating from the code in two respects:

Rule	Deviation	Explanation
2.4	The Nomination Committee includes more than one Board member (two), and both of them are dependent in relation to the largest shareholder. The chairman of the Nomination Committee is Chairman of the Board as well.	The Chairman of the Board is represented on the Nomination Committee due to his experience and many years with the Company; he serves as the Chairman of the Nomination Committee for the same reasons. The fact that the principal owner is a member of the Nomination Committee as well as the Board of Directors is an expression of active ownership.

Articles of Association

The Articles of Association describe the business of the Company, its share capital, the number and types of shares, allocation of votes, the number of directors and auditors, notices of and matters to be dealt with at the Annual Shareholders' Meeting, and the requirement that this meeting be held in Stockholm. During the period between Annual Shareholders' Meetings, Net Insight's Board of Directors is the highest decision-making body in the Company. The duties of the Board are regulated in the Companies Act and the Articles of Association. The current Articles of Association were adopted at the Annual Shareholders' Meeting held on April 26, 2007. The Articles of Association are available in their entirety at www.netinsight.net.

Annual Shareholders' Meeting

The Annual Shareholders' Meeting of Net Insight AB (publ) was held on April 29, 2010. The Company's Nomination Committee is responsible for proposing a chairman for the Annual Shareholders' Meeting. Lars Berg was elected chairman of the meeting. The Annual Shareholders' Meeting made the following decisions:

- Adoption of annual financial statements, allocation of profits and discharge from liability for board of directors and CEO.
- The AGM decided that the number of board members, appointed by the shareholders' meeting, should be seven without deputies
- Lars Berg, Clifford H. Friedman, Bernt Magnusson, Ragnar Bäck, Gunilla Fransson and Arne Wessberg were re-elected to the Board and Anders Harrysson was new-elected to the board. Lars Berg was re-elected Chairman of the Board.
- Approval of the Board of Directors' proposal regarding guidelines for remuneration and other terms of employment for group management.

The complete minutes of the Annual Shareholders' Meeting, as well as the underlying documentation, is available at: www.netinsight.net/corporate_governance.asp

Nomination Committee

The Nomination Committee is responsible for submitting nominations for the chairman and other members of the Board, as well as fees and other compensation to each member for their Board duties. The Nomination Committee is also responsible for submitting proposals for the election of the auditor and auditors' fees. The members of the Nomination Committee should be appointed, or the method for appointing the members should be decided, at the annual meeting. In accordance with the decision of the annual meeting, Net Insight's Nomination Committee consists of the Chairman of the Board of Net Insight AB and the company's four largest shareholders as of September 30 each year, who are then each entitled to appoint a representative for membership on the Nomination Committee. The composition of the Nomination Committee was published on October 21, 2009. Net Insight's nomination committee for the 2010 Annual Shareholders' Meeting is as follows: Clifford H. Friedman (Constellation Growth Capital), Lars Bergkvist (Lannebo Fonder), Ingemar Syrén (Swedebank Robur fonder), Peter Lindell (AMF – Försäkring och Fonder), and Lars Berg (Chairman of the Board of Net Insight AB and European Venture Partner of Constellation Growth Capital). The Nomination Committee elected Lars Berg as its chairman. The Nomination Committee has held 3 meetings in preparation for the 2010 Annual Shareholders' Meeting.

Net Insight deviates from the Swedish Code of Corporate Governance concerning the composition of the Nomination Committee in that the Chairman of the Board is also the Chairman of the Nomination Committee, and the two Board members who are also members of the Nomination Committee are dependent on the Company's largest shareholder.

Board of Directors

The Board administers the Company's affairs in the interests of the Company and all of its shareholders. The size and composition of the Board guarantees its ability to administer the Company's affairs effectively and with integrity. The Board's tasks include establishing business goals and strategies, deciding on acquisitions and divestitures, capitalization of the company, appointing, evaluating and determining the compensation of the CEO, ensuring that there are effective systems to monitor and control the Company's business, ensuring that the necessary ethical guidelines for the Company's conduct are established, and evaluating the Board's work. The Board's work plan is established annually at the Statutory Board Meeting or when necessary. In addition to the assignments mentioned above, the work plan stipulates items including Board meeting procedures, instructions for the Company's CEO, decision-making procedures within the Company, allocation of work, and the provision of information between the Company and the Board. The Board monitors the CEO's performance, including implementation of the Board's decisions and guidelines, and evaluates his efforts annually. The Board held five meetings during the year, not counting two per capsulam meetings. At these meetings, the Board considered standing agenda items for each Board meeting such as the state of the business, year-end and interim reports, budgets, etc. General issues such as the prevailing economic situation, long-term strategies, business plans and partners were also considered. At the Statutory Board Meeting, the Board considered and adopted the work plan for the Board and instructions for the CEO. Fees to the Board totaled MSEK 1.1, of which SEK 350,000 was paid to the Chairman of the Board and SEK 150,000 each to the other Board members.

Independence of the Board

The Board occupies an independent position vis-à-vis the Company since all its members are also independent in relation to the Company. Four Board members are independent of the company's principal owners. None of Net Insight's Board members work for the company in an operative capacity. Clifford H. Friedman, who represents Constellation Growth Capital, the largest owner, is also a member of the board of Hibernia Atlantic, one of Net Insight's major customers through the acquisition of MediaXtreme in December 2009. Constellation Growth Capital is also a major owner of Hibernia Atlantic. For information about the Board members and CEO, see: www.netinsight.se/people.asp

Compensation Committee

The Board's overall responsibility cannot be delegated, but it has instituted a compensation committee charged with preparing questions concerning salaries, compensation and other terms of employment for the CEO, as well as compensation programs of a broader nature, such as option programs, for final decision by the Board. The Compensation Committee resolves questions regarding salaries and compensation and other terms of employment for all direct reports to the CEO. The committee reports to the Board on a continuous basis. The compensation committee consists of Chairman of the Board Lars Berg and Board member Bernt Magnusson. During the year, the committee held four meetings at which minutes were kept, discussing the following matters: the CEO's variable compensation for 2008 to be decided by the Board; a decision on variable compensation for 2008 for the rest of the management team; the CEO's business goals for 2009; the allotment of options to management and the salary structure for the rest of the management team.

Audit Process and Auditors

Net Insight's Board of Directors has chosen not to have a separate audit committee; instead, the full Board handles audit issues. The Board has chosen this approach since it is suitable as long as the company has a relatively uncomplicated business and audit structure. In consultation with the company's auditors, the Board has also proactively discussed new accounting recommendations that may affect future company accounting and reporting. Twice a year, the auditors report in person to the Board of Directors about their audit reviews and their assessment of internal controls. In addition to normal auditing functions, Öhrlings PricewaterhouseCoopers also provides Net Insight with general accounting and tax advice. It is the responsibility of Öhrlings PricewaterhouseCoopers to ensure its independence as auditors in its role as advisor. The legally mandated term of auditors is four years. The Company's auditor, Öhrlings PricewaterhouseCoopers AB, was re-elected at the 2007 Annual Shareholders' Meeting for a term lasting until the 2011 annual meeting. Sten Håkansson was appointed the new auditor in charge. Twice a year, after the third and fourth quarter closing of the books, the Group's auditors report their observations from their audit to the entire Board. These meetings also serve the purpose of keeping the board informed of the direction and scope of the audit, as well as discussing the coordination of the external audit, internal controls and the auditor's views of risks in the Company. During one of these meetings, the auditors present and discuss their views without the presence of Company management. Attendance by each Board member is presented below.

2009 Attendance

Name	Presence at Board meetings	Compensation Committee
Lars Berg	5/5	4/4*
Bernt Magnusson	5/5	4/4*
Clifford H. Friedman	5/5	
Ragnar Bäck	5/5	
Gunilla Fransson	5/5	
Arne Wessberg	5/5	

*One meeting was held via telephone

Board's report on internal controls regarding financial reporting

Net Insight's Board is responsible for ensuring that the internal controls of its financial reporting meet the standards of the Swedish Companies Act and Swedish Code of Corporate Governance. For Net Insight, internal controls of financial reporting are an integral part of corporate governance. These controls contain processes and methods to safeguard the Group's assets and accuracy in financial reporting, in order to protect the owners' investment in the Company. The Board supervises the quality of financial reporting in several ways. The Board establishes a work plan every year, which regulates the work of the Chairman of the Board and the CEO, among other things. According to his instructions, the CEO is responsible for reviewing and ensuring the quality of all financial reporting, as well as ensuring that the Board otherwise receives the reports it needs to be able to continually assess the Group's financial position. The CEO's instructions stipulate the issues for which the CEO may exercise his authority to act on behalf of the Company after receiving authorization or approval from the Board. This instruction is reviewed annually.

Net Insight has performed a risk analysis of its financial reporting and initiated a review and verification of existing governance and internal controls, in order to provide the Board with a basis for establishing the level of internal governance and controls. The internal reporting and control system builds upon annual financial planning, monthly reports and daily monitoring of key business ratios. The Group's finance department inspects and monitors reporting, as well as compliance with internal and external regulations. Besides laws and regulations, internal policies and guidelines include finance policies, authorization rules, a financial handbook, credit policy, accounting policy and documented procedures for the most important tasks of the finance department. These policies and guidelines are updated regularly. Identified risks concerning financial reporting are managed through the Company's control activities. For example, the IT system has automated controls that manage access rights and signatory authority, as well as manual controls such as duality, in both current and closing entries of transactions. The business-specific controls are complemented by detailed financial analyses of company results and follow-up checks against the budget and forecasts, which provides an overall confirmation of the quality of reporting. Because the Board does not have an audit committee, the full Board ensures that financial reporting maintains a high standard of quality. The Board monitors and evaluates quality assurance through quarterly reports on the Company's business and earnings trends, and by considering the Group's financial situation at every regular Board meeting. Every year the Board evaluates whether there is a need to establish a special internal review office (internal audit). The Board determined that there was no need for this in 2009. In their reasoning, the Board noted that internal controls were principally performed through:

- The central finance department.
- Supervisory controls by management.

Due to these factors and the size and limited complexity of the Company, it is the Board's view that having an additional office cannot be justified financially at present.