

CORPORATE GOVERNANCE REPORT

Beijer Alma AB is a Swedish public limited liability company listed on NASDAQ OMX Stockholm AB (Stockholm Stock Exchange). Beijer Alma's corporate governance is based on Swedish legislation, rules and regulations, including the Swedish Companies Act, the listing agreement, the Swedish Corporate Governance Code and the company's Articles of Association.

Beijer Alma applies the principles for sound corporate governance in order to achieve a higher level of competitiveness and encourage the capital market's confidence in the company. In tangible terms, this entails that Beijer Alma's operations are organized in an efficient manner with clearly defined areas of responsibility and authority, that financial reporting is characterized by transparency and openness and that the company acts in a responsible manner in all situations.

Deviations from code regulations

Beijer Alma deviates from provision 2.4 of the Swedish Corporate Governance Code, which stipulates that the company's directors may not serve as the Chairman of the Nomination Committee. The Chairman of the company's Board of Directors is the principal shareholder and the nomination procedure for the Nomination Committee that the Annual General Meeting approved states that the Chairman of the Nomination Committee shall represent the principal shareholder. Provision 2.4 also stipulates that not more than one of the directors on the Nomination Committee may be independent in relation to the major shareholders. However, the Annual General Meeting, which appoints members of the Nomination Committee, resolved that the Nomination Committee must include two directors, both of whom are dependent in relation to the principal shareholder.

Beijer Alma also deviates from provision 4.2 of the Code, which stipulates that deputy directors may not be elected as directors by the Annual General Meeting. However, the Annual General Meeting elected the company's President as Deputy Director based on the Nomination Committee's motion.

Shareholders

According to Euroclear Sweden AB's shareholder register, Beijer Alma had 4,710 shareholders at year-end 2012. The number of shares was 30,131,100, of which 3,330,000 were Class A shares and 26,801,100 Class B shares. Anders Wall, with family and companies, has a shareholding corresponding to 34.6 percent of the company's total number of votes and the Anders Wall Foundations holds 14.2 percent. There are no other shareholders whose votes exceed 10 percent of the total number of votes. Each Class A share entitles the holder to ten votes and each Class B share entitles the holder to one vote.

The Class A share carries an obligation to offer shares to existing shareholders. The Class B share is listed on the Mid Cap list of the NASDAQ OMX Nordic Exchange Stockholm. All shares carry the same right to the company's assets and profit and entitle the holder to the same dividend.

Annual General Meeting

The Annual General Meeting shall be held not more than six months after the end of the financial year. All shareholders who are registered in Euroclear Sweden's shareholder register and provide timely notification of their intention to attend the Meeting are entitled to participate in the Annual General Meeting and vote in accordance with their total shareholdings. Shareholders who are unable to attend the Meeting may be represented by a proxy and a power of attorney form is available for this purpose. Each shareholder or proxy may be accompanied at the Meeting by up to two advisors. A total of 355 shareholders attended the Annual General Meeting held on March 28, 2012, representing 55.3 percent of the total number of shares and 75.9 percent of the votes. The minutes from the Annual General Meeting are available on Beijer Alma's website. The resolutions passed by the Annual General Meeting included the following:

- To issue an ordinary dividend of SEK 6.00 per share and an extra dividend of SEK 1.00 per share.
- To re-elect Directors Carina Andersson, Marianne Brismar, Anders G. Carlberg, Peter Nilsson, Anders Ullberg, Anders Wall and Johan Wall, as well as Deputy Director Bertil Persson.
- To re-elect Anders Wall as Chairman of the Board and Johan Wall as Deputy Chairman.
- To pay each director a fee of SEK 250,000. To pay the Chairman of the Board a fee of SEK 600,000, plus an assignment fee of SEK 300,000 for duties other than those involving normal Board work.
- Principles for remuneration and employment terms for senior executives.
- A nominating procedure was adopted and the Nomination Committee was appointed.
- To authorize the Board to make decisions concerning share issues
- totaling not more than 3,000,000 Class B shares or convertible debentures corresponding to the same number of Class B shares.

Nomination Committee

A Nomination Committee was appointed by the 2012 Annual General Meeting. The task of the Nomination Committee is to submit proposals concerning the Board of Directors, the Chairman of the Board of Directors, directors' fees, the Chairman of the Annual General Meeting and the auditors and auditors' fees ahead of the 2013 Annual General Meeting. The individuals appointed were Anders Wall, in his capacity as principal owner and Chairman of the Board, Director Johan Wall and three representatives of the next largest shareholders. These representatives were Mats Gustafsson (Lannebo Fonder), Henrik Didner (Didner & Gerge Fonder) and Thomas Ehlin (Nordea Fonder). The Chairman of the Board held individual discussions with each director to assess the work and competence requirements of the Board. This assessment was presented to the Nomination Committee. The Nomination Committee's motions will be presented in the notice of the 2013 Annual General Meeting. The Nomination Committee held two meetings during the year.

Board of directors

Its Articles of Association stipulate that Beijer Alma's Board of Directors shall comprise not fewer than seven and not more than ten regular members and not more than two deputy members elected by the Annual General Meeting. The Board of Directors currently comprises seven regular members and one deputy member. Salaried employees in the Group may also participate in Board meetings to present particular cases. The minutes of the Board meetings are taken by independent legal counsel. The composition of the Board of Directors is presented in the table below. Directors Anders Wall and Johan Wall represent shareholders controlling more than 10 percent of votes and capital. In 2012, the Board of Directors held 12 meetings during which minutes were taken.

The attendance of the members of the Board at these meetings is presented in page 45 in the Annual Year Report. One of the meetings was in Velbert in Germany with a visit to Lesjöfors's facilities where the local German management teams presented their operations. One of the Board meetings dealt exclusively with strategy issues. Beijer Alma's auditor reported her findings from the audit of the Group's accounts and internal control procedures at two Board meetings. The auditor also provided information concerning accounting changes and how these changes affect Beijer Alma.

During the year, the focus of the Board's work was characterized by a softening in demand and the management of and contingency planning for softening demand were recurring issues. Corporate acquisitions are a fixed item on the agenda for each Board meeting and two major corporate acquisitions were completed in 2012, as well as a number of smaller acquisitions of agencies in Beijer Tech. The Board of Directors has adopted a written work plan that governs such considerations as:

- A minimum of seven (7) Board meetings in addition to the statutory meeting and when they are to be held
- The date and content of notices of Board meetings
- The items that shall normally be included in the agenda for each Board meeting
- Minute-taking at Board meetings
- Delegation of decisions to the President
- The President's authority to sign interim reports.

In addition, the division of duties between the Board and the President, as well as their responsibilities and authorities, are governed by a directive.

The Board also has formal requirements pertaining to information about the performance of the Group and the individual companies. This has resulted in a monthly report that contains key events and trends concerning order bookings, invoicing, margins, earnings, cash flow, financial position and the number of employees.

In addition to leading the work of the Board of Directors, the Chairman of the Board shall maintain continuous contact with the CEO to discuss the company's operating activities and to ensure that the decisions of the Board are being executed. Together with the CEO, the Chairman of the Board handles strategic issues and participates in the recruitment of key personnel in accordance with the "grandfather principle." When necessary, the Chairman of the Board participates in important external business contacts and business negotiations, including negotiations concerning purchases or sales of companies. The Chairman of the Board represents the company in matters pertaining to ownership.

Remuneration Committee

Directors Anders Wall, Anders G. Carlberg and Anders Ullberg were appointed from among the ranks of the Board to prepare motions regarding the President's salary, bonus, pension benefits and other remuneration. The Committee also prepares principles for remuneration to Group management and approves motions by the President regarding remuneration to Group management within the framework of the guidelines adopted by the Annual General Meeting.

The company's remuneration principles and guidelines are described in Note 1, and the Board of Directors' recommendation to the Annual General Meeting is that these remain unchanged for 2013.

Audit Committee

The Audit Committee comprises the entire Board of Directors.

Code of Conduct

In 2012, a wide-reaching update of the Group's work with corporate social responsibility (CSR) was implemented. Accordingly, the Group's values have been compiled into the Code of Conduct, which focuses on people, the environment and ethics. For each of these areas, the code describes the approach and values that apply at Beijer Alma. Additional information about our CSR efforts are available on the website and on pages 12–15 of the Annual Report.

Operational control

The President of Beijer Alma, Bertil Persson, is also the company's CEO and is responsible for the operational control of the Group. Together with the presidents of the subsidiaries Lesjöfors, Habia Cable and Beijer Tech, and the Group's Chief Financial Officer and Controller, he forms the Group management. Group management takes care of operating management in accordance with the Board's instructions and guidelines, and ensures that the Board's decisions are executed.

Beijer Alma's business operations are conducted through its subsidiaries Lesjöfors, Habia Cable and Beijer Tech. Lesjöfors's operations are organized into three business areas, Habia's operations into four business areas and Beijer Tech's into two business areas. The total number of profit centers in Beijer Alma is approximately 50. The Group's business organization is based on decentralized responsibility and authority, combined with fast and effective reporting and control systems.

The Boards of Directors of Lesjöfors, Habia Cable and Beijer Tech comprise individuals from Group management. Habia's Board also includes external members. Work plans similar to the Parent Company's work plan have been prepared for the subsidiaries' Boards of Directors and written instructions are in place for the presidents of the subsidiaries. The subsidiaries are also governed by a number of policies and instructions that regulate the companies' operations, including the Code of Conduct, which is a key policy.

Beijer Alma is a holding company that manages the three different businesses where the daily operative decisions are made in subsidiaries out of necessity. Financial reporting in the Group is therefore very important from a corporate governance perspective. A major part of the communication and discussion in the Group is based on the internal financial reporting.

The subsidiaries report their order bookings, invoicing and stock of orders for each profit center on a weekly basis and monthly financial statements are prepared for each profit center. These financial statements are analyzed at different levels in the Group and consolidated at the subsidiary and Group levels. Reports are presented to Group management for each profit center, business area and subsidiary. This reporting is carried out within the system used for the consolidated financial statements. In addition to income statements and balance sheets, the monthly financial statements include key figures and other relevant information. In connection with the monthly financial statements, a meeting is held with the subsidiary management groups. The Group's quarterly financial statements are released every three months to the market.

The essence of the Group's reporting and monitoring systems is that the systems should be characterized by decentralization and transparency. In each subsidiary, considerable significance is given to improving and streamlining the company's processes. Extensive effort has been devoted to implementing and developing business systems to enhance measurement of the profitability of individual transactions, customers, industries and geographic markets. The Group monitors and measures the costs for the various components of its production, administration and sales operations, and compares these with estimates as well as earlier results and targets. The information gathered in this manner is used for internal benchmarking, which allows the company to be motivated by and learn from best practice.

In 2012, the focus of operating activities was adaptation to softening demand. Group and subsidiary management have jointly conducted continuous analyses for current and future demand situations and capacity needs. The objective is to constantly conduct operations

Internal control

The Board of Directors' internal control responsibilities are governed by the Swedish Companies Act and the Swedish Corporate Governance Code. The Code also contains requirements for external disclosure of information, which stipulate the manner in which the Group's internal control of financial reporting is to be organized.

The aim of internal control of financial reporting is to establish reasonable security and reliability in the Group's external financial reporting, which comprises annual and interim reports. Internal control is also intended to provide reasonable assurance that these financial reports are prepared in accordance with any prevailing legislation, applicable accounting standards and other rules for listed companies.

The Board of Directors has overall responsibility for the Group's internal control of financial reporting. The division of duties is regulated by the Board through a work plan. The Audit Committee, which comprises the entire Board of Directors, is responsible for ensuring compliance with the policies for financial reporting and internal control, and that the required contact is maintained with the company's auditor.

Responsibility for the daily operational work involved in internal control of financial reporting is delegated to the President.

Along with the Group's Chief Financial Officer and Controller, the President works in together with the subsidiary management groups to develop and strengthen the Group's internal control. The basis of internal control of financial reporting is the overall control environment. The organization structure of responsibility

and authority being clearly defined, conveyed and documented comprise key components of the control environment.

For the Group's internal control to function, it is important to identify and evaluate the most significant risks to which the Group's companies, business areas and processes are exposed. This risk assessment results in control objectives and activities designed to ensure that the financial reporting fulfills the basic requirements.

Control activities are implemented in all areas that impact financial reporting and follow the structures of the reporting process and accounting organization. The personnel in every profit center are responsible for accurate reporting and correct financial statements.

These financial statements are analyzed at the profit center, business area, subsidiary and Group levels. Extensive analysis of deviations is performed as part of these analyses.

Deviations from estimates and expected results are analyzed as are deviations from historical data and forecasts.

Reviews to ensure internal control are performed at all levels. The Board is responsible for these reviews. Taking into consideration the size, organization and financial reporting structure of the Group, the Board deems that no special internal audit function is warranted at present.

Excerpt from the Auditors' Report concerning the Corporate Governance Report:

"A corporate governance report has been prepared. The statutory administration report and corporate governance report are consistent with the other parts of the annual accounts and consolidated accounts."