

Corporate Governance Report

GROUP CONTROL

Beijer Alma AB is a Swedish public limited liability company listed on the OMX Nordic Exchange Stockholm. Accordingly, Beijer Alma's corporate governance is based on Swedish legislation, rules and regulations, including the Swedish Companies Act, the listing agreement and the company's Articles of Association. From July 1, 2008, Beijer Alma is subject to the Swedish Code of Corporate Governance.

Deviations from code regulations

Beijer Alma deviates from provision 2.4 of the Swedish Code of Corporate Governance, which stipulates that the company's directors may not serve as the Chairman of the Nomination Committee. In deviation from this provision, the Nomination Committee has appointed the Chairman of the Board, Anders Wall, as the Chairman of the Nomination Committee since it believes that Anders Wall's expertise, Board experience and extensive network of contacts will best serve the company in the role of Chairman of the Nomination Committee.

Shareholders

According to Euroclear Sweden AB's (formerly VPC AB) shareholder register, Beijer Alma had 3,261 shareholders at year-end 2008. The number of shares was 27,431,100, of which 3,330,000 were Class A shares and 24,101,100 were Class B shares. Each Class A share entitles the holder to ten votes and each Class B 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 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 attendance at the Meeting are entitled to participate in the Annual General Meeting and take part in voting in accordance with their total shareholdings. A total of 332 shareholders participated in the Annual General Meeting held on April 8, 2008, representing 64.2 percent of the company's share capital and 84.9 percent of the company's votes.

The Annual General Meeting selects directors for a period of one year based on a proposal presented by the Nomination Committee.

Nomination Committee

The 2008 Annual General Meeting appointed a Nomination Committee to submit proposals concerning the Board of Directors, the Chairman of the Board, directors' fees and the Chairman of the 2009 Annual General Meeting. The individuals appointed were Anders Wall, in the capacity of principal owner and Chairman of the Board, Director Thomas Halvorsen and three representatives for the next largest shareholders. These representatives were Caroline af Ugglas (Livförsäkrings AB Skandia), Ulf Hedlundh (Svolder AB) and Jan Andersson (Swedbank Robur Fonder AB). The members of the Nomination Committee represented approximately 65 percent of the company's votes. The Chairman of the Board, Anders

Wall, 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 proposal will be included in the notice for the 2009 Annual General Meeting.

Board of Directors

In accordance with its Articles of Association, 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 eight regular members and one deputy member. The company's President and Chief Executive Officer is the deputy member. Other salaried employees in the Group also participate in the meetings of the Board of Directors as reporters. The minutes of the Board meetings are taken by independent legal counsel. At the 2008 Annual General Meeting, seven directors were re-elected and one new director was elected.

The composition of the Board of Directors is presented in Note 2. Directors Anders Wall and Johan Wall represent shareholders controlling more than 10 percent of votes and capital. Thomas Halvorsen, Göran W Hultdtgren and Anders Wall have been members of the Board for more than 12 years. None of these individuals, or any other regular members of the Board, have any significant business dealings, financial dealings, terms of employment, customer relations or similar connections with the Beijer Alma Group. Accordingly, the Board deems none of its regular members to be dependent on the company or company management.

In 2008, the Board of Directors held eight meetings during which minutes were taken. The attendance of the members of the Board at these meetings is presented in the table below. One of these meetings was held at Habia's German subsidiary, where local management presented its operations. One of the Board meetings dealt exclusively with strategy issues. Beijer Alma's auditors reported their findings from the audit and their assessment of the Group's internal control procedures at two Board meetings. The auditors also provided information concerning accounting changes and how these changes affect Beijer Alma.

At the beginning of 2008, the work of the Board focused on growth issues. Discussions were held concerning the company's growth rate, the conditions for growth within existing operations, attractive geographic markets for growth and new operations. During the second half of the year, the Board's discussions were impacted by the impending financial crisis. The crisis and issues concerning the impact of the crisis on Beijer Alma and how the company should handle the new situation became central. Issues concerning economic and exchange-rate trends, corporate acquisitions and capital expenditures were also addressed by the Board during the year.

The Board of Directors adopted a written work plan that regulates such considerations as the following:

- The minimum number of Board meetings (seven) in addition to statutory meetings 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

Directors

	Elected in	Dependent on owners	Dependent on company	Remuneration Committee	Participation in Board meetings	Holding of Class A shares	Holding of Class B shares
Anders Wall, Chairman	1992	X		Chairman	8(8)	1,974,000	1,536,120
Johan Wall, Deputy Chairman	1997	X			8(8)		3,000
Anders G. Carlberg, Director	1997				8(8)		3,000
Thomas Halvorsen, Director	1992			Member	8(8)		3,000
Göran W Hultdtgren, Director	1983				8(8)	304,800	234,210
Peter Nilsson, Director	2008				6(6)		
Marianne Nivert, Director	2002				7(8)		6,000
Anders Ullberg, Director	2007				8(8)		15,000

- Minute-taking at Board meetings
- Delegation of decisions to the President
- President's authority to sign interim reports

This work plan is reviewed and updated annually. In addition, the division of duties between the Board and the President, as well as their responsibilities and authorities, are regulated by a directive. The Board also has formal requirements pertaining to information about the performance of the Group and its companies. This information is used to generate a monthly report that contains key events and trends concerning order bookings, invoicing, earnings, cash flow, financial position and the number of employees in the Group and its subsidiaries. The report also includes trend diagrams for order bookings, invoicing and contribution margins. These trend diagrams respond quickly to changes, thereby providing early warning signals.

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 President, 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 for such purposes as supporting the export sales of the subsidiaries. When necessary, the Chairman of the Board also participates in business negotiations, including negotiations concerning purchases or sales of subsidiaries. The Chairman of the Board represents the company in matters pertaining to ownership.

Remuneration Committee

Directors Anders Wall and Thomas Halvorsen were appointed to prepare proposals regarding the President's salary, bonus, pension benefits and other remuneration and, where applicable, to prepare proposals concerning incentive programs for members of senior management. Decisions in these matters are made by the Board of Directors. The company's remuneration principles are described in Note 1 and the Board of Directors' recommendation to the Annual General Meeting is that these remain unchanged for 2009. The Remuneration Committee held one meeting in 2008.

Audit Committee

The Board discussed the possibility of establishing an Audit Committee, but determined that it was still advantageous for the duties normally performed by such a committee to be handled by the regular members of the Board.

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. The other members of Group management, namely the presidents of the subsidiaries Lesjöfors and Habia Cable and the Group's Chief Financial Officer and Controller, assist him in this task. Beijer Alma's business operations are conducted through its subsidiaries Lesjöfors and Habia Cable. Lesjöfors' operations are organized

into three business areas and Habia's operations into four business areas. The total number of profit centers within Beijer Alma is approximately 40. 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 and Habia Cable comprise individuals from Group management. Habia's Board also includes external members. Work plans corresponding 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 in such areas as IT, the environment, quality, equality and authorization routines. Instructions to the presidents of the subsidiaries stipulate that the UN's and the OECD's »The Ten Principles« shall be followed. »The Ten Principles« deal with such issues as human rights, child labor, forced labor, the environment and corruption.

The subsidiaries report their order bookings, invoicing and stock of orders for each profit center on a weekly basis. Monthly financial statements are prepared for each profit center. These financial statements are analyzed at different levels within 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 and presented to the market on a quarterly basis. In addition to income statements and balance sheets, the monthly financial statements include key figures and other relevant information. Analyses are conducted in such areas as inventory levels, inventory turnover, accounts receivable and customer credit periods. To enable trends to be monitored over time, a number of graphs and diagrams are used. In connection with the monthly financial statements, an informal meeting is held between subsidiary and Group management.

The basic idea behind the Group's reporting and monitoring systems is that the systems should be characterized by transparency and decentralization. Within each subsidiary, considerable significance is given to improving and streamlining the company's processes. A key to succeeding in such endeavors is having access to relevant and accurate information that can be measured and monitored. Extensive efforts have been devoted to implementing and developing business systems to enable measurement of the profitability of individual businesses, 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 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 positive examples.

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.

This Corporate Governance Report is unaudited.

Audit report

*To the Annual General Meeting of
Beijer Alma AB (publ)
Corp. Reg. No. 556229-7480*

We have audited the annual accounts, the consolidated accounts, the accounting records and the administration of the Board of Directors and the President of Beijer Alma AB (publ) for the year 2008. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 29 to 54. The Board of Directors and the President are responsible for these accounts and the administration of the company as well as for the application of the Swedish Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards (IFRS) as adopted by the EU and the Swedish 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 high but not absolute 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 President and the significant estimates made by the Board of Directors and the President when preparing the annual accounts and consolidated accounts as well as evaluating the overall presentation of information in the annual accounts and the consoli-

dated accounts. As a basis for our opinion concerning discharge from liability, we examined significant decisions, actions taken and the circumstances of the company to be able to determine the liability, if any, to the company of any Board member or the President. We also examined whether any Board member or the President has, in any other way, acted in contravention of the Swedish Companies Act, the Swedish 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 Swedish Annual Accounts Act and give a true and fair view of the company's results of operations and financial position in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards (IFRS) as adopted by the EU and the Swedish Annual Accounts Act and give a true and fair view of the Group's results of operations and financial position. The statutory administration report is consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the Annual General Meeting that the income statements and balance sheets of the Parent Company and the Group be adopted, that the profit of the Parent Company be dealt with in accordance with the proposal in the administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Stockholm, February 16, 2009

Öhrlings PricewaterhouseCoopers AB

Bodil Björk
Authorized Public Accountant