

# Corporate Governance Report

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

## GROUP CONTROL

### 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 Chairman of the Nomination Committee since he is the company's principal owner and the Nomination Committee 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. 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. President Bertil Persson has been elected Deputy Director.

### Shareholders

According to Euroclear Sweden AB's (formerly VPC AB) shareholder register, Beijer Alma had 3,686 shareholders at year-end 2009. 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 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 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 take part in voting in accordance with their total shareholdings. A total of 202 shareholders

participated, either personally or by proxy, in the Annual General Meeting held on March 31, 2009. These shareholders represented 59.3 percent of the total number of shares and 75.3 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 a dividend of SEK 5.00 per share.
- To re-elect Directors Anders G. Carlberg, Göran W. Hultgren, Peter Nilsson, Marianne Nivert, 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 225,000. To pay the Chairman of the Board a fee of SEK 500,000, plus an assignment fee of SEK 350,000 for duties other than those involving normal Board work.
- Principles for remuneration and employment terms for senior executives.
- Procedures for the work and appointment of the Nomination Committee.
- To authorize the Board to make decisions concerning share issues totaling not more than 3,000,000 Class B shares or of convertible debentures corresponding to the same number of Class B shares.

### Nomination Committee

The 2009 Annual General Meeting appointed a Nomination Committee to submit proposals concerning the Board of Directors, the Chairman of the Board of Directors, directors' fees and the Chairman of the 2010 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 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 proposals will be presented in the notice of the 2010 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 seven 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. Seven directors were elected at the 2009 Annual General Meeting. 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. In 2009, 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 unit in Söderfors and another at Lesjöfors' unit in Lesjöfors. At these meetings, local management presented the companies' 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. The work of the Board during the year focused on the financial crisis and how the Group companies were handling this situation. Much of the Board's

work was devoted to addressing cost savings and their impact on the company's short-term delivery capacity and future growth potential. Other issues addressed by the Board during the year included economic and exchange-rate trends, corporate acquisitions and investments.

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

- 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
- Minute-taking at Board meetings
- Delegation of decisions to the President
- The 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 CEO, the Chairman of the Board handles strategic issues and participates in the recruitment of key personnel in

#### Directors

	Elected in	Dependent on owners	Dependent on company	Remuneration Committee	Audit Committee	Participation in Board meetings	Holding of Class A shares	Holding of Class B shares
					X			
Anders Wall, Chairman	1992	X		X	X	8(8)	1,974,000	1,536,120
Johan Wall, Deputy Director	1997	X			X	7(8)		3,000
Anders G. Carlberg, Director	1997			X	X	6(8)		3,000
Göran W Hultgren, Director	1983				X	7(8)	304,800	234,210
Peter Nilsson, Director	2008				X	7(8)		0
Marianne Nivert, Director	2002				X	8(8)		6,000
Anders Ullberg, Director	2007			X	X	8(8)		15,000



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 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, Anders G. Carlberg and Anders Ullberg were appointed to prepare proposals regarding the President's salary, bonus, pension benefits and other remuneration. The Committee also prepares proposals concerning remuneration to Group management and subsidiary managers and approves proposals by the President regarding remuneration to Group management and subsidiary managers 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 2010. The Remuneration Committee held one meeting in 2009, which was attended by all members.

#### **Audit Committee**

The Audit Committee comprises the entire Board of Directors.

#### **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 three business areas. The total number of profit centers in 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" address 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 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 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. In 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.

Much of the operational work performed in 2009 pertained to cost-saving measures. Group and subsidiary management jointly conducted ongoing analyses of the Group's demand situation and capacity requirements and thereafter adapted the organization to cope with declining demand.

#### **Internal control**

The Board of Directors' internal control responsibilities are governed by the Swedish Companies Act and the Swedish Code of Corporate Governance. 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 Beijer Alma's 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 principles 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 cooperation with the subsidiary management groups to develop and strengthen the Group's internal control through such measures as establishing regulations and policies.

For the Group's internal control to function, it is important to identify the most significant risks to which the operations are exposed. This is accomplished through various controls implemented at the profit center, business area or Group level. The risks

are quantified and then either accepted, reduced or minimized. The Group's operational work to ensure internal control of financial reporting includes extensive deviation analysis. Deviations from historical data, forecasts and plans are analyzed.

Follow-ups are carried out at all levels to ensure internal control. The Board is responsible for this follow-up work.

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 2009. The company's annual accounts and consolidated accounts are included in the printed version of this document on pages 29–51 and page 56. 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 the 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 policies 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 consolidated 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 standards in Sweden. The consolidated accounts have been prepared in accordance with the 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 appropriated 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 18, 2010

Öhrlings PricewaterhouseCoopers AB

Bodil Björk  
*Authorized Public Accountant*