

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 company's Articles of Association and 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 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. In addition, this could be regarded as a natural choice considering Beijer Alma's ownership structure.

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. The Nomination Committee, which addresses matters pertaining to the composition of the Board proposed to the Annual General Meeting that the Board of Directors comprise seven ordinary members and one deputy. The Annual General Meeting unanimously passed the motion.

Shareholders

According to Euroclear Sweden AB's shareholder register, Beijer Alma had 4,176 shareholders at year-end 2010. The number of shares was 30,131,100, of which 3,330,000 were Class A shares and 26,801,100 were Class B shares. Anders Wall, with family and companies, has a shareholding corresponding to 35.4 percent of the company's total number of votes and the Anders Wall Foundation has 13.0 percent. There are no other shareholders whose votes exceed 10 percent of the total number of votes.

During the acquisition of Beijer Tech AB in 2010, a private placement of 2,700,000 Class B shares was implemented under the authorization granted to the Board of Directors during the 2009 Annual General Meeting. 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.

General Shareholders Meeting

The company does not apply any specific provisions concerning the function of the General Shareholders Meeting,

either based on stipulations in the Articles of Association or on any shareholder agreements of which the company is aware. The Articles of Association have no particular stipulations regarding the appointment and dismissal of Board members or changes to the Articles of Association. Nor do the Articles of Association limit the number of votes that each shareholder can make at a General Shareholders 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 partake in voting in accordance with their total shareholdings.

A total of 268 shareholders participated in the Annual General Meeting held on March 23, 2010, representing 58.8 percent of the total number of shares and 76.2 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, Anders Ullberg, Anders Wall and Johan Wall, as well as Deputy Director Bertil Persson. To elect Marianne Brismar as a new member.
- 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 2010 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 2011 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 Mats Gustafsson (Lannebo Fonder).

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 2011 Annual General Meeting.

Board of Directors

Under 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 may also participate in the meetings of the Board of Directors as reporters. 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 2010, the Board of Directors held ten 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 the meetings was held at Beijer Tech in Malmö and one in China, which included visits to Lesjöfors' and Habia's units there. During these meetings, the local management teams presented their 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.

During the year, the focus of the Board's work shifted from matters concerning cost-saving measures to growth issues. Corporate acquisitions have been a fixture on the agenda for each Board meeting and two corporate acquisitions were completed in 2010.

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 the individual 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. The report also includes trend diagrams for order bookings, invoicing and contribution margins. These trend diagrams rapidly indicate any 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 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 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 2011. The Remuneration Committee held one meeting in 2010, which was attended by all members.

Directors on the Board

Director	Elected in	Independent of majority owners	Independent of the company	Remuneration Committee	Audit Committee	Participation in Board Meetings	Holding of Class A shares	Holding of Class B shares
Anders Wall, Chairman	1992		X	X	X	10 (10)	1,974,000	1,536,120
Johan Wall, Deputy Director	1997		X		X	8 (10)		3,000
Marianne Brismar, Director	2010	X	X		X	6 (6)		10,000
Anders G Carlberg, Director	1997	X	X	X	X	10 (10)		3,000
Göran W Hultgren, Director	1983	X	X		X	10 (10)	304,800	234,710
Peter Nilsson, Director	2008	X	X		X	7 (10)		0
Marianne Nivert, Director	2002	X	X		X	4 (4)		6,000
Anders Ullberg, Director	2007	X	X	X	X	10 (10)		15,000

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, Habia Cable and Beijer Tech, 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, Habia Cable and Beijer Tech. Lesjöfors' operations are organized into three business areas, Habia's operations into three 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 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 attesting procedures. 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 that are 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. 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.

In 2010, operational work focused on increasing capacity as demand gradually improves. The Group and company managements jointly conducted regular analyses of the demand scenario and capacity needs, and accordingly, added resources to meet the growing demand. The aim has always been to retain as many of the cost-saving measures that were implemented during the financial crisis as possible.

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 Group's companies, business areas and processes are exposed. This risk assessment results in control objectives that support the fact that the company's financial reporting fulfills the basic requirements.

The identified risks are managed 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.

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.

Audit Report

*To the annual meeting of the shareholders of
Beijer Alma AB (publ)
Corporate identity number 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 for the year 2010. The annual accounts and the consolidated accounts of the company are included in the printed version of this document on pages 35–62. 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 Annual Accounts Act when preparing the annual accounts and the application of international financial reporting standards IFRSs as adopted by the EU and the 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 reasonable 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 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 exa-

mined significant decisions, actions taken and circumstances of the company in order 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 Companies Act, the 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 Annual Accounts Act and give a true and fair view of the company's financial position and results of operations in accordance with generally accepted accounting principles in Sweden. The consolidated accounts have been prepared in accordance with international financial reporting standards IFRSs as adopted by the EU and the Annual Accounts Act and give a true and fair view of the group's financial position and results of operations. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and the consolidated accounts.

We recommend to the annual meeting of shareholders that the income statement and balance sheet 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 statutory 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, 2011

Öhrlings PricewaterhouseCoopers AB

Bodil Björk
Authorized Public Accountant