

Corporate Governance Report 2015

Beijer Electronics AB is a Swedish public limited company quoted on NASDAQ OMX Nordic Stockholm Small Cap List, under the ticker symbol BELE. Beijer Electronics applies the Swedish Code of Corporate Governance. The complete version of the Code is available at www.bolagsstyrning.se.

The Corporate Governance Report for the financial year 2015 has been prepared in accordance with the Code's recommendations, and Beijer Electronics is reporting an instance of non-compliance with the Code for 2015. Clause 7.2 of the Code stipulates that the Audit Committee shall consist of a minimum of three Board members. The Board of Directors judges that two members is sufficient to effectively manage Beijer Electronics' most important risk and audit matters. The current members are both non-affiliated to the company, management and major shareholders, and have lengthy and extensive experience of these areas in other listed companies.

The company's Auditors have performed a statutory review of the Corporate Governance Report.

Shareholders and Articles of Association

There were 3,547 (3,379) shareholders at the end of the year. The largest shareholder is Stena Sessan Rederi AB with 29.8% of the votes. Of total share capital at year-end, some 12% (12) was held by foreign investors. Share capital is 6,355,862 SEK divided between 19,067,586 shares. Share capital shall be a minimum of 2,000,000 SEK and a maximum of 8,000,000 SEK. Each share has a quotient value of approximately 0.33 SEK. All shares have one vote and equal entitlement to the company's assets and profits. For more information on the share and shareholders, see pages 76–77. Information on shareholders is updated semi-annually and is also available at the group's website, www.beijerelectronics.com/ir.

Beijer Electronics' Articles of Association have no special stipulations regarding the appointment or dismissal of Board members or amendments to the Articles of Association. For such resolutions at shareholders' meetings, the majority requirements stated in the Swedish Annual Accounts Act apply.

AGM 2015

Beijer Electronics' AGM was held on April 22, 2015. 111 shareholders attended the Meeting personally or by proxy, representing some 69% of the votes. Chairman of the Board Anders Ilstam was elected Chairman of the Meeting. All ordinary Board members and the company's Auditors attended the Meeting.

Chairman of the Board Anders Ilstam reported on the work of the Board of the Directors in the financial year 2014. Beijer Electronics' interim CEO and President Anna Belfrage reviewed significant events in 2014 and the company's progress in the first quarter of 2015. Lars-Ola Lundkvist, Westermo's CEO, presented the subsidiary's historical growth in 2014 and progress in the first quarter 2015. The Auditors reported their observations of the company's accounting records and administration to the Meeting, and presented a review of their work over the past year. The minutes of the Meeting are available from Beijer Electronics and have been published on the company's website.

Some of the resolutions of the meeting follow:

- To pay 1.25 SEK per share as dividend for the financial year 2014, in accordance with the Board of Directors' proposal.
- The Board of Directors shall consist of six (6) members with no deputies.
- To re-elect the Board members Ulrika Hagdahl, Anders Ilstam, Maria Khorsand, Bo Elisson and Christer Öjdemark in accordance with the Nomination Committee's proposal. Bert Åke Eriksson declined re-election.
- To elect Johan Wester as new Board member in accordance with the Nomination Committee's proposal
- To re-elect Anders Ilstam as Chairman of the Board in accordance with the Nomination Committee's proposal.
- That fees to the Chairman of the Board and other Board members are 1,625,000 SEK.
- To adopt the Board of Directors' proposed guidelines for remunerating senior executives.
- To authorize the Board of Directors to decide to increase the company's share capital by a maximum of 635,334 SEK through the new issue of a maximum of 1,906,002 shares on one or more occasions in the period until the next AGM.

Nomination Committee for the AGM 2016

The Nomination Committee was presented on October 6, 2015 and has five members, with one representative of each of the four largest shareholders at the time of publication (holdings on the last business day of August 2015), and the Chairman of the Board. Martin Svalstedt, representing Stena Sessan Rederi AB, leads the work of the Nomination Committee. The Nomination Committee's duty is to prepare proposals for Board members, the Chairman of the Board, fees to Board members and Auditors, and Chairman of the next AGM. The Nomination Committee remains in place until a new Committee is appointed. The Nomination Committee held two meetings where minutes were taken. A number of informal telephone and email discussions were also held. All Board members have been interviewed by the Nomination Committee. The Nomination Committee also reviewed the results of the evaluation of the Board of Directors undertaken in order to improve the Board's working methods and effectiveness.

Name	Owner's Representative Of	Share of Votes Aug. 31, 2015
Martin Svalstedt	Stena Sessan	29.79%
Claes Murander	Lannebo Fonder (Lannebo Micro Cap, Lannebo Micro Cap II)	14.18% (9.09% + 5.09%)
Per Trygg	SEB Fonder (SEB Investment Management, SEB Micro Cap Fund)	13.89% (7.24% + 6.65%)
Arne Lööw	Fjärde AP-fonden	6.05%
Anders Ilstam, Chairman of the Board		
Total		63.91%

In its work on appointing the Board of Directors for the forthcoming term of office, the Nomination Committee appraised the work of the Board. The Nomination Committee judges that members are highly committed, their attendance was high and that the members of the Board of Directors represent broad competence, with thorough industrial and financial knowledge, as well as knowledge of international circumstances and markets.

When preparing its proposal for the Board of Directors, the Nomination Committee especially considered the demands made by the company's strategic development, international operations, governance, control and monitoring on the Board's competence and composition. The Board of Directors' requirements for versatility and breadth in terms of competence, experience and background, and the Board of Directors' ongoing need for regeneration was also considered. The Nomination Committee's proposal for the Board of Directors to the AGM was presented on January 26, 2016. The Nomination Committee proposes that the Board of Directors consist of six members. The Nomination Committee is proposing that Maria Khorsand, Ulrika Hagdahl, Bo Elisson, Christer Öjdemark, Johan Wester and Anders Ilstam are re-elected as Board members. The Nomination Committee is also proposing that current Chairman Anders Ilstam remains as Chairman of the Board.

The Nomination Committee judges that the proposed Board of Directors has an expedient composition in terms of the company's operations, development work and other circumstances to be able to address the needs the company's operations will set.

The rules stipulating independence of Board members in accordance with the Swedish Code of Corporate Governance have been observed. According to the Nomination Committee, all proposed Board members, apart from Johan Wester, are not affiliated to Beijer Electronics' major shareholders. All Board members are not affiliated to Beijer Electronics.

The Board of Directors

The Board of Directors has the ultimate responsibility for the company's organization and administration and reaches decisions on strategic matters. In the financial year 2015, Beijer Electronics AB's Board of Directors had six members appointed by the AGM.

Beijer Electronics has not set any specific age limit for Board members, nor any time limit for how long a Board member can serve on the Board of Directors. For detailed information on Board members, see the group's website and page 71.

The role of the Chairman of the Board

Apart from leading the Board of Directors' work, the Chairman of the Board of Beijer Electronics continuously monitors progress by maintaining ongoing contact with the Chief Executive Officer on strategic matters. The Chairman of the Board represents the group on ownership-related matters.

The Board of Directors' working methods

The Board of Directors' work conforms to a yearly plan. Decisions are taken by the Board after an open discussion led by the Chairman. The Chief Financial Officer of Beijer Electronics, also Compliance Officer for the Code of Corporate Governance, serves as Secretary of the Board of Directors. Apart from the Board meeting following

election, which is held coincident with the AGM, the Board normally meets five times per year (scheduled meetings). Extra meetings are convened when necessary. The Board of Directors' and Chief Executive Officer's rules of procedure are adopted yearly at the Board meeting following election. Each meeting follows an agenda, with supporting documentation provided to Board members in good time before each Board meeting.

The Annual Accounts, proposed appropriation of profits and the financial statement are considered each financial year in the first scheduled Board meeting of the financial year. Coincident with this process, the company's Auditors submit a report to the Audit Committee regarding the Auditors' observations and judgments of the audit conducted. The Chief Executive Officer is assigned to submit Interim Reports approved by the Board of Directors at scheduled meetings later in the financial year. Each scheduled meeting also includes several other matters on its agenda, including a report on the current results of operations.

The Board of Directors appraises its own work and that of the Chief Executive Officer on an ongoing basis. In addition, a formal appraisal is conducted led by the Chairman of the Board. In 2015, the appraisal was completed in the form of a survey presented to each Board member. Board members sent their responses to an external party, independent of the Board of Directors and the company, who collated the answers. The appraisal was then presented to the Chairman and to other Board members in connection with the Board meeting in December.

Work of the Board in 2015

In the financial year 2015, the Board of Directors held eight (9) Board meetings in addition to the Board meeting following election. Extensive contact was maintained between the company, the Chairman of the Board and other members between Board meetings. The company's Auditors attended the first Board meeting of the year, reporting their observations on the group's internal controls and financial statement. The Auditors met the Board of Directors' Audit Committee on two other occasions.

Remuneration Committee

The Remuneration Committee is appointed yearly by the Board of Directors. The Remuneration Committee consults on the Board of Directors' decisions on remuneration of the Chief Executive Officer, decides on remuneration to other senior executives and consults on proposals for potential incentive plans. The Remuneration Committee collects decision support data and views from other Board members, the CEO and CFO. The Committee also collects comparative decision support data externally. In 2015, the members of the Remuneration Committee were Anders Ilstam and Johan Wester. In the financial year 2015, the Remuneration Committee held one (1) meeting where minutes were taken. Guidelines for remunerating senior executives for the financial year 2016 will be approved at the AGM in April.

Audit Committee

The Audit Committee includes Maria Khorsand and Christer Öjdemark, with Christer Öjdemark acting as Chairman. The duty of the Committee is to analyze and discuss the company's

risk management, controlling and internal controls, and financial reporting. The Committee maintained contact with the company's Auditors to discuss matters including the orientation and scope of audit work. The Audit Committee has adopted guidelines for other services apart from auditing the company can purchase from the company's auditors. The complete guidelines are available at the company's website.

Remuneration to the Board and Management in 2015

In 2015 the Chief Executive Officer of the parent company, also President of the group, and other senior executives drew basic salary and other benefits that are reported in Note 7, page 46–47. Other senior managers mean the eight people that made up group management in 2015 alongside the Chief Executive Officer.

Remuneration to the CEO

Apart from contracted basic salary, from the financial year 2016 onwards the Chief Executive Officer is also entitled to performance-related pay. Performance-related pay is based on the group's operating profit and is a maximum of six months' salary. Pension and other customary benefits are additional.

Each year, 35% of gross salary including bonus is provisioned as pension assurance for the CEO. This pension is defined contribution and becomes payable at age 65. According to agreement, the CEO has a notice period from the company's side of 18 months, which cannot be claimed for termination initiated by the CEO. The notice period from the Chief Executive Officer's side is six months. No other remuneration upon termination has been agreed.

The company has provisioned an amount corresponding to 12 months' salary and benefits for Anna Belfrage who was interim CEO and President up until the end of September 2015, in accordance with the terms and conditions of her employment contract.

Remuneration to other senior executives

Other senior executives have basic salary with a performance-related component. The performance-related component is based partly on the group's and partly on each business area's operating profit and sales growth. Yearly performance-related pay is a maximum of six months' salary. Other senior executives have defined contribution pension agreements on market terms. Other customary benefits are additional. Maximum notice periods of 12 months for termination from the company's side have been agreed for other senior executives. This applies to all apart from one, who has a six month notice period and nine months' severance pay on termination from the company's side.

Incentive plans

The purpose of incentive plans is to promote senior management's commitment to the group's progress and thus increase value for the group's shareholders. In recent years, the group offered senior executives the opportunity to acquire warrants, as well as participation in a long-term incentive program where 3% of group profit is set aside

to be distributed to the 30 individuals included in the program after three years. Both programs have now been terminated, and no new incentive schemes were introduced in 2015.

Directors' fees

The Directors' fees resolved by the AGM in April 2015 were 1,625,000 (1,625,000) SEK in 2015 and are allocated according to the table on page 46.

Management and corporate structure

The Chief Executive Officer is responsible for Beijer Electronics' ongoing administration, which covers all matters that are not reserved for the Board and administered by management. Instructions approved by the Board of Directors formalize the Chief Executive Officer's authorization to make decisions regarding investments, company acquisitions and divestments and finance matters.

Senior Executives currently consists of the Chief Executive Officer, four Regional Directors, the Operations Director, the CFO, the HR Director and the CEO of Westermo.

Group management meetings are held regularly to discuss the group's strategic and operational progress and to monitor results of operations. For more information on senior executives, see the group's website and page 73.

In 2015, Westermo reported to a dedicated Executive Board for the company which includes two members of Beijer Electronics' Board of Directors and the CEO as Chairman.

Business areas

Beijer Electronics' operations are organized into two business areas, IAS and IDC. In terms of external reporting, the group's operations are also divided into these two business areas.

Internal control over financial reporting

In tandem with adopting the Interim Report for the third quarter and annual Financial Statement, the company's Auditors report their observations from auditing and evaluating the company's internal controls. The company's Auditors participate in Board meetings and special meetings with the Audit Committee, which enables Board members to ensure that internal control is satisfactory and that reporting to the Board is effective.

According to the Swedish Companies Act, the Board is responsible for internal controls. This responsibility includes issuing annual financial reports. The Board of Directors receives the reports and sets standards on their content and presentation to ensure quality each year. This implies that financial reporting should be expedient by applying applicable accounting standards and other requirements of listed companies. The CEO presents a financial report to the Board of Directors at least once monthly, presented in a manner specified by the Board of Directors in advance. This enables the Board of Directors to monitor any divergences in terms of reporting or content.

Work of the Board of Directors in 2015

Ordinary, Board member	Elected Yr.	Position	Attendance			Affiliation to		
			Audit Committee	Remuneration Committee	Board Meetings	Fees, SEK	Beijer Electronics	Major Shareholders
Anders Ilstam	2002	Chairman		1/1	9/9	550,000*	no	no
Bo Elisson	2013	Member			9/9	225,000	no	no
Bert Åke Eriksson	2002	Member			3/9		no	yes
Ulrika Hagdahl	2006	Member			9/9	225,000	no	no
Maria Khorsand	2010	Member	2/2		9/9	255,000**	no	no
Christer Öjdemark	2013	Member	2/2		9/9	275,000*	no	no
Johan Wester	2015	Member		1/1	6/9	255,000**	no	yes

*Of which 50,000 SEK for Committee work.

**Of which 30,000 SEK for Committee work.

The fees indicated in the above table refer to fees authorized by the AGM in April 2015.

Bert Åke Eriksson resigned and Johan Wester was elected in connection with the AGM 2015.

Board members Ulrika Hagdahl and Bo Elisson charged 375,000 SEK and 500,000 SEK respectively for consulting assignments in the subsidiary Westermo.

Control environment, risk assessment and control structures

Beijer Electronics structures and organizes its operating activities proceeding from decentralized responsibility for profitability. The base of internal controls in a decentralized operation consists of a well-secured process intended to define targets and strategies for each business.

Defined decision-paths, authorizations and responsibilities are communicated through internal instructions, regulations and policies adopted by the Board of Directors. The group's primary financial controlling documents are the overarching 'Corporate Manual', a reporting manual and audit manual, including instructions for each financial statement. Beijer Electronics has an established control structure to manage the risks the Board of Directors and management consider significant to internal controls regarding the group's accounting organization.

Accounting managers at all levels play a key role in terms of integrity, skills and the ability to create the environment necessary to achieve transparent and accurate financial reporting. Another important overall control activity is the monthly update on results that is conducted via the internal reporting system, and analyzed and subject to comment in reports to the Board. Monitoring the results of operations includes reconciliation against previously determined targets, the most recent forecast and monitoring established key financial ratios.

In accordance with the Code's stipulations, the Board of Directors has taken a view on the need for a dedicated internal audit function, and concluded that at present, there is no need to create such resources within the Beijer Electronics group. Coincident with its evaluation of this need, the Board of Directors considered the group's size, risk outlook and the control functions already established within the group, which include regular internal audits operated by the central finance function.

Financial reporting and information

Beijer Electronics' communication processes are intended to supply the market with relevant, reliable, accurate and up-to-date information on the group's progress and financial position.

Financial information is regularly submitted in the form of financial statements, interim reports, annual reports and press releases on important news and events that can materially affect the share price. Presentations and teleconferences for financial analysts, investors and the media are held on the day of publication of annual and quarterly reports. All reports, presentations and press releases are published on the group's website and intranet.

Insider policy

Beijer Electronics' Board of Directors has adopted an insider policy supplementing Swedish market abuse legislation. This policy states the rules on registering insiders, their holdings and reporting, alerts and prohibition of trading in financial instruments. The complete insider policy is available from the company's website.

Code of Conduct

Beijer Electronics' operations should be conducted with high standards of integrity and ethics. The group has adopted a number of values that function as a framework for employees and promote good judgment and consistent decision-making. The company's Board of Directors approves the Code of Conduct each year for the group's operations, which also includes guidelines for the group's behavior in society in order to ensure its long-term value-creating ability. The document is available in full on the group's website.

Values

Beijer Electronics' values – Commitment, Drive and Trust – constitute a long-term commitment linked to its business concept, goals and strategy, guiding employees in daily activities. 'Commitment' reflects commitment to maximize customer benefit and closeness in relationships with customers, collaboration partners and employees. 'Drive' illustrates proactivity and a go-ahead approach in attitudes and technology development. 'Trust' represents honesty and conduct that inspires trust.