

# CORPORATE GOVERNANCE REPORT

FinnvedenBulten AB (publ) is a Swedish public limited company with its registered office in Göteborg, Sweden. FinnvedenBulten has been listed on NASDAQ OMX Stockholm since 20 May 2011. The Company conforms with the NASDAQ OMX Stockholm's regulatory framework for issuers and applies the Swedish Code of Corporate Governance (the "Code"). The Code is available on the website of the Swedish Corporate Governance Board at [www.bolagsstyrning.se](http://www.bolagsstyrning.se). The Code applies to all Swedish companies with shares listed on a regulated market in Sweden and shall be fully applied at the first AGM held during the year following market listing. FinnvedenBulten started adapting to the Code in connection with its 2011 AGM and has since then implemented it. The Company need not obey all rules in the Code but has options for selecting alternative solutions which it may deem to better suit to its circumstances provided that any non-compliance and alternative solutions are described and the reasons explained in the corporate governance report.

This corporate governance report was prepared in accordance with the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance. It has been checked by the company's auditors.

## ANNUAL GENERAL MEETING

Under the Swedish Companies Act the shareholders' meeting is the Company's highest decision-making body. At shareholders' meetings, shareholders exercise their voting rights in key issues, such as the adoption of income statements and balance sheets, appropriation of Company profits, authorisation to release the members of the board of directors and the CEO from liability for the financial year, election of Board members and auditors and remuneration for the Board of Directors and the auditors.

Besides the AGM, extraordinary shareholders' meetings may be convened. In accordance with the Articles of Association, shareholders' meetings shall be convened through announcements in Post- och Inrikes Tidningar and by posting the convening notice on the Company's website. An announcement shall be placed in Dagens Industri announcing that the meeting has been convened.

## Board members elected at 2012 AGM

The following table presents an overview of the Board of Directors. See pages 80-81 for more information.

Name	Board role	Elected/ Appointed	Audit committee	Compensation committee	Independent of company and executive management	Independent of major shareholders
<b>Board members</b>						
Roger Holtback	Chairman	2005	–	Member	Yes	No
Hans Gustavsson	Member	2005	Member	Member	Yes	Yes
Arne Karlsson	Member	2010	Chairman	–	Yes	Yes
Johan Lundsgård	Member	2012	Member	Chairman	Yes	No
Adam Samuelsson	Member	2005	Member	–	Yes	No
Katarina Olsson	Employee representative	2011	–	–	–	–
Tony Frunk	Employee representative	2011	–	–	–	–
<b>Deputies</b>						
Maria Knutsson	Employee representative	2011	–	–	–	–
Thure Andersen	Employee representative	2011	–	–	–	–

## Right to Attend AGMs

All shareholders who are registered directly in one of Euroclear Sweden AB's share registers five weekdays prior to the shareholders' meeting and who notify the Company of their intention to attend (with possible assistants) the shareholders' meeting at the latest by the date specified in the convening letter shall be entitled to attend the shareholders' meeting and vote according to the number of shares they hold. Shareholders may attend shareholders' meetings in person or through a proxy, and may also be accompanied by two assistants.

## Initiatives from shareholders

Shareholders who wish to have a question addressed at the AGM must submit a written request to the Board which shall be received by the Board no later than seven weeks prior to the AGM.

## Largest shareholders

At the end of 2012 the Company had a total of 1,757 shareholders. The five largest shareholders controlled 63.5% of capital and votes by the end of the year. The single largest shareholder, Nordic Capital Fond V, controlled 34.6% of the capital and votes.

## 2013 Annual General Meeting

The Annual General Meeting (AGM) of FinnvedenBulten AB (publ) will be held at Svenska Mässan in Gothenburg, Sweden, on April 24, 2013. More information is available at [www.finnvedenbulten.com](http://www.finnvedenbulten.com)

## BOARD OF DIRECTORS

The Board of Directors is the highest decision-making body after the shareholders' meeting. Under the Swedish Companies Act, the Board of Directors is responsible for the Company's management and organisation, which means the Board of Directors is responsible for setting goals and strategies, providing procedures and systems for the evaluation of established goals, constant assessment of the Company's financial position and profits and for evaluating operating management.

The Board of Directors is also responsible for ensuring that the annual report and the consolidated accounts are prepared in time. The Board of Directors also appoints the CEO.

Members of the Board of Directors are appointed annually by the AGM for the period until the end of the next AGM. According to the Company's Articles of Association, the part of the Board of Directors elected by the shareholders' meeting shall consist of a minimum of three and a maximum of 10 members without deputies. In addition, employee representatives have been appointed.

### Chairman of the Board

The Chairman of the Board is elected by the AGM and has special responsibility for leading the work of the Board of Directors and for ensuring that the Board of Directors' work is efficiently organised.

### Board's procedures

The Board of Directors follows written rules of procedure, which are revised annually, and are adopted by the constituting board meeting every year. Among other things, the rules of procedure regulate Board practice, functions and the division of work between the members of the Board and the CEO. At the time of the constituting Board meeting, the Board of Directors also establishes instructions for financial reporting and instructions for the CEO.

The Board of Directors meets five times a year in addition to the constituting Board meeting in accordance with an annual predetermined schedule. Besides these meetings, additional meetings can be arranged to discuss issues which cannot be postponed until the next ordinary meeting. Besides the meetings of the Board, the Chairman of the Board and the CEO constantly discuss the management of the Company.

At present, the Company's Board of Directors consists of five ordinary elected members and two ordinary employee representatives and two deputies for these. Board members are presented in more detail in the section headed 'Board of Directors, senior executives and auditors'.

### Board meetings in 2012

Attendance of Board members at Board meetings in 2012.

Board member	Attendance/ total meetings
Roger Holtback	9/9
Ulf Rosberg (Resigned 2012-04-26)	4/9
Arne Karlsson	9/9
Hans Gustavsson	8/9
Johan Lundsgård (Elected 2012-04-26)	5/9
Adam Samuelsson	9/9
Katarina Olsson	8/9
Tony Frunk	8/9
<b>Deputies</b>	
Maria Knutsson	7/9
Thure Andersen	7/9

### Board assessment, 2012

An annual assessment is made of the work of the Board. The purpose of this assessment is to develop work procedures and enhance efficiency.

### AUDIT COMMITTEE

FinnvedenBulten has an audit committee consisting of four members: Arne Karlsson (chairman), Ulf Rosberg (resigned 26 April 2012), Hans Gustavsson, Johan Lundsgård (elected 26 April 2012) and Adam Samuelsson.

The members of the committee may not be employed by the Company. The Chairman of the Board may be a member of the committee, but may not be its chairman. The audit committee shall consist of at least three Board members. The majority of the committee members shall be independent of the Company and the company management. At least one of the members who is independent of the Company and the company management shall also be independent of the Company's major owners and possess auditing or accountancy expertise. The audit committee shall without it affecting the responsibilities and tasks of the Board of Directors monitor the Company's financial reporting, monitor the efficiency of the Company's internal controls, internal auditing and risk management, keep informed of the auditing of the annual report and the consolidated accounts, scrutinise and monitor the impartiality of the auditors and pay close attention to whether the auditors are providing other services besides audit services for the Company, and assist in drawing up proposals for the shareholders' meeting's decision on choice of auditors. The audit committee shall meet regularly with the Company's auditors. The committee has no special decision-making powers.

Board member	Attendance/ total meetings
Arne Karlsson	7/7
Ulf Rosberg (Resigned 2012-04-26)	4/7
Johan Lundsgård (Elected 2012-04-26)	3/7
Hans Gustavsson	6/7
Adam Samuelsson	7/7

### REMUNERATION COMMITTEE

FinnvedenBulten has a remuneration committee consisting of three members: Ulf Rosberg (resigned 26 April 2012), Johan Lundsgård (chairman, elected 26 April 2012), Roger Holtback and Hans Gustavsson. The remuneration committee shall prepare matters concerning remuneration principles, remuneration and other employment terms for the CEO and all member of the Company management. The Chairman of the Board may be chairman of the committee. Other members of the committee shall be independent of the Company and the company management. The members of the committee must together have the necessary knowledge and experience in matters relating to the remuneration of senior management.

Board member	Attendance/ total meetings
Ulf Rosberg (Resigned 2012-04-26)	1/3
Johan Lundsgård (Elected 2012-04-26)	2/3
Roger Holtback	3/3
Hans Gustavsson	3/3

### NOMINATION COMMITTEE

The nomination committee shall consist of four members, one representative for each of the three major shareholders as at the last banking day in September who wish to appoint a member to the nomination committee and the Chairman of the Board of Directors. The term the three major shareholders refers to the three major

shareholders registered and ownership-grouped by Euroclear Sweden AB as at the last banking day in September. If there is a major change in ownership, the new major owner shall have the right, provided that a request is made, to appoint a member to the nomination committee.

Instructions for the nomination committee were adopted at the AGM held on 26 April 2012. Among other things the nomination committee shall submit proposals for the chairman of the AGM, the number of elected members of the Board, the chairman and other members of the Board, fees for each of the elected members of the Board and for members of the Board's committees, the number of auditors (should this be appropriate) and auditors' fees (where necessary). Claes Bodell was appointed chairman of the nomination committee.

Nomination committee	Company
Roger Holtback Chairman of the Board	FinnvedenBulten AB
Claes Bodell	Nordic Capital Fond V
Karl-Axel Granlund	Volito AB
Fredrik Grevelius	Investment AB Öresund

## THE CEO AND OTHER SENIOR EXECUTIVES

The CEO reports to the Board of Directors and is primarily responsible for the Company's day-to-day administration and operations. The division of responsibilities between the Board of Directors and CEO is set out in the rules of procedure governing the activities of the Board and the instructions for the CEO. The CEO is also responsible for drafting reports and compiling information from management in preparation for Board meetings and for presenting the material at the meetings. Under the instructions for financial reporting, the CEO is responsible for financial reporting in the Company and is thus required to ensure that the Board obtains sufficient information to enable it to continuously evaluate FinnvedenBulten's earnings and financial position. The CEO is therefore required to keep the Board informed of the Company's development, sales, results and financial position, liquidity and credit situation, important business events and other circumstances that cannot be assumed to be irrelevant for the Company's shareholders and directors. Board members are presented in more detail in the section headed 'Board of Directors, senior executives and auditors'.

## REMUNERATION FOR MEMBERS OF THE BOARD AND SENIOR EXECUTIVES

### Remuneration for Board members

Fees and other remuneration for elected members of the Board, including the chairman, are fixed by the AGM. The AGM held on 26 April 2012 decided that a total fixed remuneration of SEK 1,800,000 shall be paid to the board of directors for the period until the next AGM, whereof SEK 600,000 shall be paid to the chairman and SEK 300,000 shall be paid to each of the other board members who are elected at a shareholders meeting and not employed by the company. A total fixed remuneration of SEK 50,000 shall be paid to the member of the board who will have special responsibility for Finnveden Metal Structures AB, a condition for the payment is that such member is a board member who is elected at a shareholders' meeting and is not employed by the company. The AGM also decided on a fixed fee of SEK 250,000 for the audit committee, of which SEK 100,000 should be paid to the chairman of the audit committee and

SEK 50,000 to each of the other members of the audit committee. The members of the remuneration committee will receive no fees. A reimbursement of administrative expenses of SEK 20,000 plus VAT for each quarter of a year shall be paid to a company associated to the Chairman. The members of the Company's Board shall not be entitled to any benefits once they retire as members of the Board.

For further information about remuneration to Board members, see note 6.

### Remuneration for senior executives

By the decision of the AGM on 26 April 2012, the following guidelines shall apply to remuneration and other employment terms and conditions for the CEO and other senior management. Salaries and other terms and conditions of employment shall be adequate for FinnvedenBulten to constantly attract and retain skilled senior managers at a reasonable cost to the Company. Remuneration in FinnvedenBulten shall be based on principles of performance, competitiveness and fairness. The salaries of senior managers are made up of a fixed salary, bonuses, pension and other benefits. Every senior manager shall be offered a fixed salary in line with market conditions and based on the senior manager's responsibility, expertise and performance. In addition, the AGM may resolve to offer long-term incentive programs such as share and share price-related incentive programs. These incentive programs are intended to contribute to long-term value growth and provide a shared interest in value growth for shareholders and employees. All senior managers may be offered cash bonuses now and again. In the case of the CEO such bonuses may amount to a maximum of 60 percent of the annual fixed salary, but at present it amounts to 50 percent of the annual fixed salary. In the case of the other senior managers bonuses may not exceed 40 percent of their annual fixed salaries. Bonuses shall primarily be based on developments in the Group as a whole or developments in the division or unit which the person in question is responsible for.

For further information about remuneration to senior executives, see note 6.

## EXECUTIVE MANAGEMENT

The executive management team comprises the CEO, Executive Vice President and the CFO. The team meets regularly with the Vice President Corporate Communications, Group Chief Accountant and Vice President Business Development as deputy members. Both the CEO and Executive Vice President are the division heads, so there is close contact with business operations.

## DIVISIONS

FinnvedenBulten is divided into two operating divisions. These divisions operate as separate subsidiaries and, in turn, they own shares in subordinate subsidiaries. FinnvedenBulten's divisions have responsibility for development of their own business and for meeting established financial targets.

## INTERNAL CONTROLS

This section contains the Board's annual report on how financial reporting is organized. The basis for this description is the Swedish Code of Corporate Governance's rules and guidelines prepared by the Confederation of Swedish Enterprise and FAR.

The Board's responsibility for internal controls is established in the Swedish Companies Act and internal controls regarding financial

reporting are covered by the Board's reporting instructions for the CEO. FinnvedenBulten's financial reporting complies with the laws and rules for companies listed on the Stockholm stock exchange and the local rules that apply in all of the countries where business is carried out.

In addition to external rules and recommendations there are internal instructions, guidelines and systems as well as internal delegation of responsibility and authority that has the overall aim of providing good control over financial reporting.

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### **Control environment**

The control environment forms the basis for internal controls. FinnvedenBulten's control environment comprises, among other things, an organization structure, instructions, policies, guidelines, reporting and defined areas of responsibility. The Board has overall responsibility for internal controls for financial reporting. The Board has established written procedures outlining the Board's responsibility and regulating the Board's and its committee's division of responsibilities. The Board has appointed an audit committee with the task of safeguarding established principles for financial reporting and compliance with internal controls. This committee is also responsible for maintaining appropriate relations with the company's auditors. The Board has also prepared instructions for the CEO and has agreed how economic reporting shall be submitted to the Board of FinnvedenBulten AB (publ). The Group's CFO shall report the results of internal controls to the audit committee. The results of the audit committee's work in the form of observations, recommendations and proposals for decisions and measures are reported regularly to the Board. FinnvedenBulten AB's significant steering documents in the form of policies, guidelines and manuals, as they relate to financial reporting, are kept up-to-date and communicated through established channels to the companies in the Group. Systems and procedures have been established to supply the executive management team with the necessary reports about business results in relation to established targets. Appropriate information systems have been established to ensure that reliable and up-to-date information is provided so that senior executives can perform their assignments correctly and efficiently.

### **Risk assessment**

FinnvedenBulten's risk assessment regarding financial reporting aims to identify and evaluate the significant risks that affect internal controls for financial reporting of the Group's companies, business areas and processes.

The significant risks identified in the Group's internal control activities that affect internal controls for financial reporting are handled through control structures that are based on reporting of non-compliance based on established targets or norms for, for example, assessments of inventories and other significant assets.

### **Internal controls for financial reporting**

Financial reports are prepared monthly, quarterly and annually for the Group, its divisions and subsidiaries. In connection with reporting, extensive analysis and comments are prepared along with updated

forecasts aimed at ensuring, among other benefits, that financial reporting is accurate. Finance staff and controllers with functional responsibility for accounts, reports and analysis of financial development work at Group, divisions and unit level.

FinnvedenBulten's internal control activities aim to ensure that the Group meets its objectives for financial reporting.

Financial reporting shall:

- Be correct and complete, and meet all applicable laws, rules and recommendations
- Provide a fair description of the company's business
- Support a rational and informed valuation of the business

In addition to these three objectives, internal financial reporting shall support correct business decisions at all levels of the Group.

### **Information and communication**

Internal information and communication aims to create awareness among employees of internal and external control instruments as well as authority and responsibility. Information and communication about internal control instruments for financial reporting are accessible for all employees. The key tools for this are FinnvedenBulten's manuals, intranet and training activities.

### **Control activities**

The Group's companies are organized in two divisions. Each division management team includes a head of finance who has the central role for analyzing and following up the division's financial reporting and results. The parent company has additional functions for regular analysis and follow-up of the financial reporting of the Group, divisions and subsidiaries.

### **Follow-up**

The Board is kept informed about, and itself assesses monthly, business development, earnings, financial position and cash flow via a reporting package that contains outcomes, forecasts and comments on key indicators.

### **Follow-up of financial information**

The Board publishes, and has responsibility for, the company's financial reporting.

The audit committee supports the Board by preparing activities that assure the quality of the company's financial reporting. This is partly achieved by the audit committee checking the financial information and the company's financial controls.

The Board is informed monthly about business development, earnings, financial position and cash flow. Outcomes and forecasts are assessed and monitored.

All of the Group's companies report financial information in accordance with an established format and established accounting principles. In connection with this reporting an analysis and risk assessment of the financial situation is carried out.

### **AUDITORS**

FinnvedenBulten's auditors are PricewaterhouseCoopers AB, with Bror Frid as authorised public accountant in charge of the audit. PwC carries out the audit of FinnvedenBulten AB (publ) and all subsidiaries. The annual audit includes a statutory audit of FinnvedenBulten AB's annual accounts, a statutory audit of the Parent Company and all

subsidiaries (where required), an audit of the internal report packages, an audit of the year-end closing and a general review of one interim report. Reviews of internal control are included as part of the work.

During the second quarter a meeting was held with the executive management for analysis of the organisation, operations, business processes and line items for the purpose of identifying areas involving an elevated risk of errors in the financial reporting. A meeting was also held with the audit committee for reconciliation of strategy and aims. The auditor also attends at least one Board meeting each year.

A general review of the year-end closing is performed for the period January–September. In October an early warning review is performed of the third quarter accounts, followed by an early warning meeting with the executive management where important questions for the annual closing are raised. A review and audit of the annual closing and annual accounts is performed in January–February.

During 2012, in addition to the audit assignment, FinnvedenBulten consulted PwC on taxes, transfer price matters and accounting matters. The size of remunerations paid to PwC in 2012 is shown in Note 7 on page 48.

PwC is obligated to examine its independence prior to decisions to provide independent advice to FinnvedenBulten in addition to its auditing assignments.

In accordance with the company's articles of association, the company shall have at least one, and at most two, auditors, and at most two deputy auditors. In accordance with the articles of association, the mandate period for the auditors shall be one year.

## COMMUNICATION

The company's information to shareholders and other interested parties is supplied via the annual report, interim reports and press releases. All external information is also available on the company's website, [www.finnvedenbulten.com](http://www.finnvedenbulten.com)

## INTERNAL AUDIT

FinnvedenBulten applies the Swedish Code of Corporate Governance with the following exceptions.

A special function for internal audits has not been established within the company. The Board makes an assessment each year whether to establish a function for internal auditing. In 2012 the Board decided that this was not necessary. In reaching this decision the Board decided that internal controls are primarily exercised through the following:

- Operational managers at various levels
- Local and central finance functions
- Monitoring by executive management team

The above points together with the size of the company persuade the Board that it is not economically viable to set up an additional administrative function.

Gothenburg, 21 March 2013

Roger Holtback      Hans Gustavsson      Arne Karlsson  
*Chairman of the Board      Board member      Board member*

Johan Lundsgård      Adam Samuelsson      Tony Frunk  
*Board member      Board member      Employee representative*

Katarina Olsson      Johan Westman  
*Employee representative      Chief Executive Officer*

## AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the annual meeting of the shareholders of FinnvedenBulten AB (publ), corporate identity number 556668-2141

It is the Board of Directors who is responsible for the Corporate Governance Statement for the year 2012 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the Corporate Governance Statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the Corporate Governance Statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Gothenburg, 21 March 2013

PricewaterhouseCoopers AB

Bror Frid  
*Authorised Public Accountant*