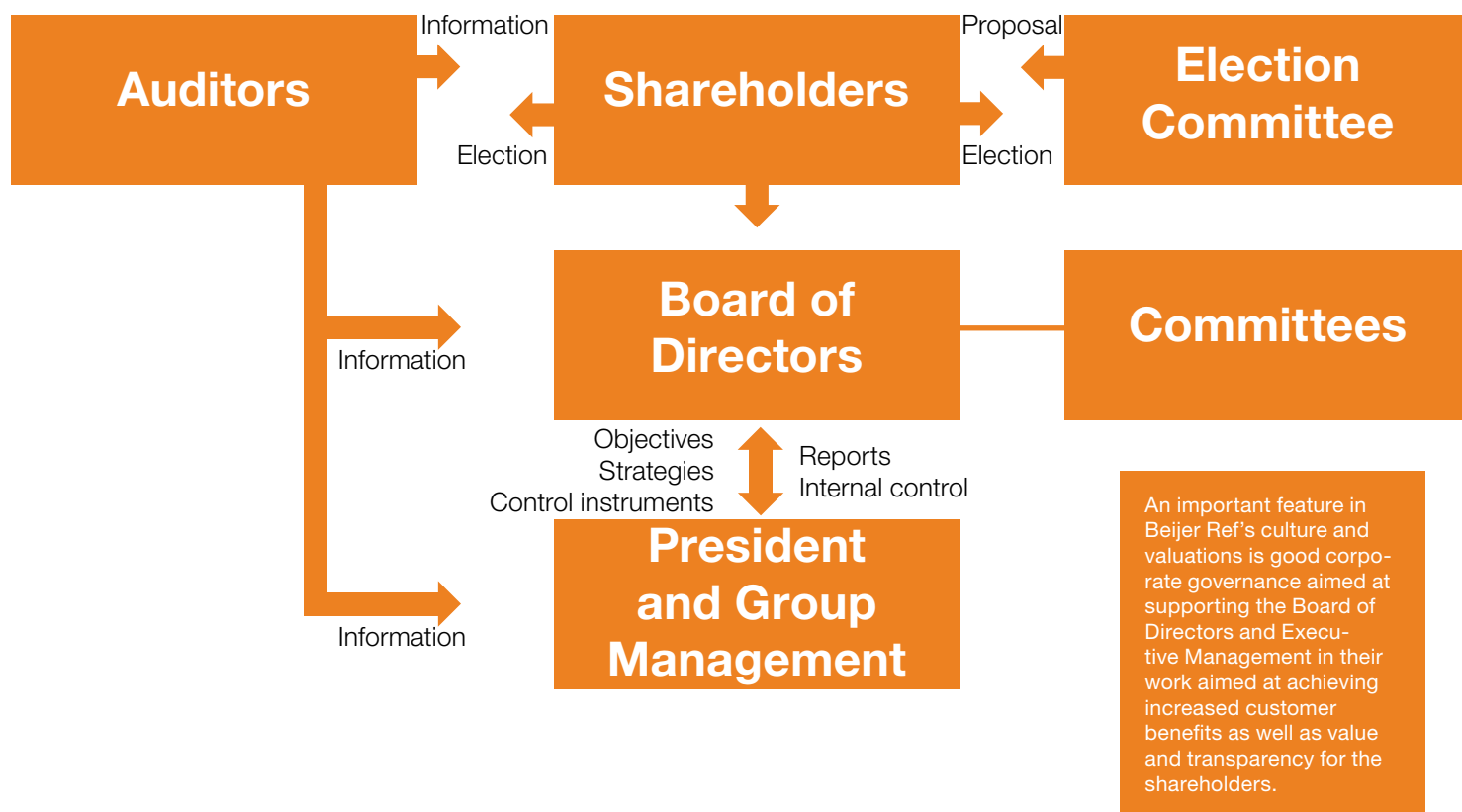


corporate governance

Corporate governance and corporate responsibility

Beijer Ref is a Swedish public limited company quoted on the NASDAQ OMX Stockholm Mid-Cap list. Beijer Ref applies the Swedish Code for Corporate Governance and here submits its Corporate Governance Report for 2015. The report has been reviewed by the company's Auditor.



Shareholder influence through the Annual Meeting

The shareholders' influence is exercised through participation in the Annual Meeting of shareholders which is Beijer Ref's highest decision-making body. The Meeting makes decisions about the Articles of Association and, at the Annual Meeting, the shareholders elect Board Members, the Chairman of the Board of Directors and the Auditor, and determine their remuneration. In addition, the Annual Meeting deals with resolutions on the adoption of the profit and loss account and the balance sheet, on the distribution of the company's profit and on the discharge from liability towards the company for the Board Members and the CEO. The Annual Meeting of shareholders also passes resolutions on the appointment and work of the Election Committee and takes decisions about principles for remuneration and terms of employment for the CEO and other senior executives. Beijer Ref's Annual Meeting of shareholders is generally held in April.

2015 Annual Meeting of shareholders

The 2015 Annual Meeting of shareholders was held on 9 April 2015 in Malmö. The meeting was attended by 118 shareholders, personally or through proxies. Together, they represented approximately 86 per cent of the total votes. Four shareholders, Carrier, Peter Jessen Jürgensen, Joen Magnusson and Per Bertland, together represented around 66 per cent of the votes represented at the Meeting. Bernt Ingman was elected as Chairman of the Meeting. All Board Members elected by the Meeting were present with the exception of Harald Link and Bill Striebe.

The full Minutes are published on Beijer Ref's website. The resolutions passed by the Meeting included:

- A dividend in accordance with the Board of Directors' and the CEO's proposals of SEK 5.00 per share for the 2014 financial year.
- Re-election of the Board Members: Peter Jessen Jürgensen, Bernt Ingman, Joen Magnusson, Philippe Delpech and William Striebe. Bernt Ingman was elected as Chairman of the Board of Directors.
- Election of the Board Members Monica Gimre and Frida Norrbom Sams.
- Anne-Marie Pålsson and Harald Link did not stand for re-election.
- Determination of remuneration of the Board of Directors and the Auditor.
- Principles for remuneration of, and other terms of employment for, the CEO and other Senior Executives.
- Process for the appointment and work of the Election Committee.
- Re-election of PricewaterhouseCoopers AB as the Company's Auditor for 2015.

The next Annual Meeting of Beijer Ref's shareholders will be held on 7 April 2016 in Malmö. For further information about the next Annual Meeting, see page 66 in this Annual Report.

For information about shareholders and the Beijer Ref share, see pages 8-9 and Beijer Ref's website.

Election Committee

The Election Committee represents the company's shareholders and nominates Board Members and Auditors, and proposes their remuneration.

Election Committee ahead of the 2016 Annual Meeting of shareholders

The Election Committee was appointed in October 2015. The Members of the Election Committee were appointed from the Company's largest owners and consist of: Peter Rönström (Lannebo Fonder), also Chairman of the Election Commit-

tee, Bernt Ingman (Chairman of the Beijer Ref Board of Directors), Muriel Makharine (Carrier), Johan Strandberg (SEBs fonder) and Joen Magnusson (Member of the Beijer Ref Board of Directors).

The 2015 Election Committee has held 5 (3) meetings. The Election Committee has carried out its work by evaluating the work, composition and competence of the Board of Directors.

Proposal for the 2016 Annual Meeting of shareholders

The Election Committee has worked out the following proposal to be submitted for resolution by the 2016 Annual Meeting: The Election Committee has decided to propose to the Annual Meeting of shareholders:

- the re-election as Board Members of: Peter Jessen Jürgensen, Bernt Ingman, Joen Magnusson, William Striebe, Monica Gimre and Frida Norrbom Sams
- the re-election of Bernt Ingman as Chairman of the Board of Directors
- the election of Ross B. Shuster
- the re-election of PricewaterhouseCoopers AB as the Company's Auditor for 2016.

Philippe Delpech will not stand for re-election.

Board of Directors

The Board of Directors has the overall responsibility for Beijer Ref's organisation and administration. In accordance with the Articles of Association, the Board of Directors shall consist of not less than four and not more than eight Members and no Deputy Members. The Board Members are elected annually by the Annual Meeting of shareholders for a term until the end of the next Annual Meeting of shareholders.

The Board of Directors' composition in 2015

In 2015, Beijer Ref's Board of Directors consisted of seven Members elected by the Annual Meeting of shareholders. The CEO attends all Board Meetings and, when required, other employees attend the Board Meetings as persons reporting on specific issues.

For further information about the Board Members, see pages 30-31 and Note 6, page 52.

The Chairman's responsibility

The Chairman is responsible for ensuring that the Board's work is well organised, carried out efficiently and that the Board of Directors fulfils its duties. The Chairman monitors the operation in a dialogue with the CEO. He is responsible for ensuring that the other Board Members receive the information and documentation necessary for high quality discussion and decisions, and monitors that the decisions of the Board of Directors are executed.

The Board of Directors' independence

The Board of Directors' assessment, which is shared by the Election Committee, relating to the Members' state of dependence in relation to Beijer Ref and the shareholders is stated in the table on pages 30-31. As the table makes clear, Beijer Ref complies with the demands of the Swedish Code for Corporate Governance that the majority of the Members elected by the Annual Meeting of shareholders are independent in relation to Beijer Ref and the Executive Management, and that at least two of these Members are also independent in relation to Beijer Ref's major shareholders.

Board of Directors' work during 2015

During 2015, the Board of Directors of Beijer Ref held six (5) Ordinary Meetings, of which one was a strategy meeting. The company's economic and financial position, as well as investment requirements, are discussed at every Ordinary Board Meeting. The work during 2015 focused extensively on matters relating to strategy and continued expansion.

The company's Auditors were present at the Board Meeting which discussed the annual accounts and a meeting held in October. Between the Board Meetings, there has been considerable contact between the company, its Chairman

and other Board Members. The Board Members have also been provided with continual written information regarding the company's operations, economic and financial position, as well as other information of importance for the company.

The measures taken by the Board of Directors to monitor and ensure that the internal control is working in connection with financial reporting and reporting to the Board of Directors, include asking for in-depth information within certain areas, undertaking in depth-discussions with the parts of the Executive Management and asking for descriptions of the methods used to provide internal control in connection with reporting.

The Board of Directors has a working procedure which is determined at the Inaugural Board Meeting following the Annual Meeting of shareholders. At the same time, the Board determines instructions for the CEO.

Joel Magnusson and Peter Jessen Jørgensen participated in five Board Meetings; Bill Striebe, Monica Gimre and Frida Norrbom Sams participated in four Board Meetings; Philippe Delpech participated in three Board Meetings; and Anne-Marie Pålsson and Harald Link participated in one Board Meeting. Bernt Ingman participated in all six Board Meetings.

Evaluation of the Members of the Board of Directors and the CEO in 2015

The Chairman of the Board of Directors is responsible for the evaluation of the Board's work, including the achievements of individual Members. This takes place through an annual, structured evaluation and with ensuing discussions in the Board. Here the compiled result from the questionnaire, including comments made, is presented by reporting individual answers to each question as well as medium and standard deviation. During 2015, the evaluation has been made through a web-based Board evaluation where the Board Members individually, and anonymously, comment on statements relating to the Board as a whole, the Chairman of the Board, the CEO's work in the Board of Directors and their own efforts. Among other things, the evaluation focuses on the improvement of the Board's efficiency and focus areas as well as the need for specific competence

and working methods.

The evaluation is also presented by the Chairman of the Board in the Election Committee and has formed the foundation for the proposal for Board Members and remuneration levels. In addition, the Election Committee has interviewed individual Board Members.

The Board, in addition to the above annual Board and CEO evaluation, continually evaluates the CEO's work by monitoring the operation's development towards the set targets.

Board of Directors' Committees

The Board of Directors has constituted an Audit Committee and fulfilled its tasks. The majority of the Board Members are independent in relation to the company and the Executive Management. More than one of the Members is independent in relation to the company, the Executive Management and to the company's major shareholders.

The Audit Committee held 5 (5) Meetings during 2015. The work focused mainly on:

- Accounting matters
- Review of interim reports, year-end report and annual report
- Review of reports from the company's Auditor elected by the Annual Meeting of shareholders, including the Auditor's audit plan
- Assistance in the preparation of a proposal for the Annual Meeting of shareholders' resolution about election of an Auditor.

The Board of Directors of Beijer Ref as a whole constitutes the company's Remuneration Committee and fulfils its tasks. The matter is prepared during the first Board Meeting of the year and is decided at the Board Meeting held in connection with the Annual Meeting of shareholders. The task of the Remuneration Committee includes monitoring and evaluating:

- All programmes for variable remuneration for the Executive Management
- The application of the company's guidelines for the remuneration of senior executives as well as applicable remuneration structures and remuneration levels in the company.

External Auditors

The Annual Meeting of shareholders elects the external Auditor. Beijer Ref's Auditor is the registered public accounting firm, PricewaterhouseCoopers AB, with the Authorised Public Accountants, Lars Nilsson and Cecilia Andrén Dorselius. Lars Nilsson is the auditor in charge. PricewaterhouseCoopers AB was elected by the 2015 Annual Meeting of shareholders as Beijer Ref's auditor for a term until the 2016 Annual Meeting of shareholders.

Internal audit

A limited internal control organisation exists. The function has carried out a risk assessment, compiled focus areas and carried out a self-assessment procedure with the Group's companies. A fully-developed internal audit function does not exist in the Beijer Ref Group. In accordance with the regulations in the Swedish Code for Corporate Governance, the Board of Directors in Beijer Ref AB has considered the need for a specific internal audit function. The Board has found that, in the current situation, there is no need for this organisation within the Beijer Ref Group.

The background to the standpoint is the company's risk picture as well as the control functions and control activities which are built into the company's structure. These include proactive Boards of Directors in all companies, a high level of representation by local management teams, board representation by the management at the level above, etc.

Beijer Ref has defined internal control as a process which is influenced by the Board of Directors, the Audit Committee, the CEO, the Executive Management and other staff members and which has been designed to give a reasonable assurance that Beijer Ref's targets will be reached relating to: appropriate and efficient operation; reliable reporting; and compliance with applicable laws and regulations. The Internal Control process is based on the control environment which creates discipline and gives a structure for the components in the process: risk assessment; control structures; and monitoring. For further information about internal control relating to the financial reporting, see the Internal control section. For information about risk handling, see pages 28-29.

CEO and Group Management

Per Bertland is the CEO of the Beijer Ref Group. The CEO leads Beijer Ref's current operation. The CEO is assisted by a Group Management consisting of heads of business operation, purchasing and control function.

At the 2015 year end, the Group Management consisted of seven persons. For further information about the Group Management, see page 32-33.

Remuneration of senior executives

Senior executives consist of the CEO, CFO, COO of Beijer Ref and the COO of Beijer Ref Toshiba. The Board of Directors' proposal for the remuneration of senior executives is in line with the previous year. The remuneration consists of a fixed salary, variable salary, pension and other remuneration such as a company car. The total remuneration shall be on market terms and support the shareholders' interest by enabling the company to attract and retain senior executives. The fixed salary is renegotiated annually and takes into account the individual's area of responsibility, competence, performance and experience. The variable portion of the salary is based on financially quantifiable target fulfilment. The individual will receive a maximum amount equivalent to six months' salary. In addition to this, there is a three-year incentive scheme which can pay up to four months' salary per annum. For more detailed information, see Note 6, page 52 in this Annual Report.

Further information about corporate governance

The information published on www.beijerref.com includes:

- Previous years' corporate governance reports as from 2005
- Notice
- Minutes
- Year-End Report

Internal control

The Board of Directors' responsibility for internal control is regulated in the Swedish Companies Act and the Swedish Code for Corporate Governance.

Internal control relating to the financial reporting is aimed at giving reasonable security relating to the reliability in the external financial reporting in the form of quarterly reports, annual reports and

External control instruments

The external control instruments which form frameworks for corporate governance within Beijer Ref include:

- The Swedish Companies Act
- Swedish and international accounting legislation
- NASDAQ OMX Stockholm's rules and regulations
- The Swedish Code for Corporate Governance.

Internal control instruments

The internal binding control instruments include:

- Articles of Association
- The Board of Directors' working procedure
- Instruction for the President
- Authorisation and authority regulations
- Ethical guidelines
- Finance policy
- Finance manual
- Internal Control process
- Process for Whistle-blower

year-end reports and to ensure that the external financial reporting is complying with legislation, applicable reporting standards and other demands on listed companies.

Control environment and structure

Beijer Ref is a company with a strong owner influence. The owners are represented on the Board of Directors and in executive positions within the company. Beijer Ref is decentralised in its nature and the individual companies' own organisations fulfil important functions relating to company culture and the control environment through the short decision-making routes which exist and the strong presence of local management. The legal organisation extensively coincides with the operational organisation and there are, therefore, few decision-making venues which are disengaged from the responsibilities regulated in civil law which are vested in the different legal entities. The management focus is based on the work of the Board of Directors, which is the backbone of the Executive Manage-