

C O R P O R A T E G O V E R N A N C E R E P O R T 2 0 1 1

1. INTRODUCTION

The company has been implementing the Swedish Code for Corporate Governance since 2005 and here submits its Corporate Governance Report for 2011. The follow-up during 2011 has resulted in G & L Beijer having no discrepancies to report.

2. ANNUAL MEETING

The shareholders' right to make decisions on G & L Beijer's affairs is exercised at the Annual Meeting of shareholders or, where appropriate, at an Extraordinary General Meeting. The Meeting makes decisions about the Articles of Association and, at the Annual Meeting, the shareholders elect Board Members and the Chairman of the Board of Directors. The shareholders also elect the Auditors 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 Managing Director. The Annual Meeting of shareholders also passes resolutions on the appointment and work of the Election Committee and takes decisions about principles for the remuneration of and employment terms for the Managing Director and other Senior Executives.

3. PREPARATION OF APPOINTMENT OF BOARD OF DIRECTORS AND AUDITORS

An Election Committee was appointed in October 2011. The duties of the Election Committee is to submit proposals for Board Members, Chairman of the Board, Chairman of the Annual Meeting of shareholders and for the remuneration of the Board of Directors and Auditors to be submitted to the Annual Meeting of shareholders on 26 April 2012. The Members of the Election Committee were appointed from the Company's largest owners.

The year's Election Committee consists of the following members:

Peter Rönström (Lannebo Fonder), Chairman of the Election Committee
Peter Jessen Jürgensen (Chairman of the G & L Beijer Board of Directors)
Philippe Delpeche (Carrier)
Per Trygg (SEB's fonder)

The Election Committee has carried out its work as follows:

It has evaluated the work, composition and competence of the Board of Directors.

4. INFORMATION ABOUT THE BOARD MEMBERS

In accordance with the Articles of Association, the Board of Directors shall comprise not less than four and not more than eight Members. Below follows information about the Board Members:

- Peter Jessen Jürgensen (born 1949), Chairman.
Board Member since 1999.

Education and work experience:

Graduate engineer and MBA in Denmark. Engineer in Atlas. Work in the family company, HJJ, as Managing Director of the subsidiary, Ajax, and later as Managing Director of IKI and Managing Director of TTC in Denmark.

Other significant assignments:

- Chairman of Bio Aqua ApS and Scanfort A/S

- Board Member of IKI Invest A/S, Labotek A/S, Profort A/S News Cap A/S and G & L Beijer A/S.

Shareholding, privately and via companies, in G & L Beijer AB: 447,626 A shares and 809,200 B shares.

The Election Committee is not of the opinion that Peter Jessen Jürgensen is independent of the largest shareholders. However, he is independent of the company and the Executive Management.

- Anne-Marie Pålsson (born 1951), Board Member.

Board Member since 2003.

Education and work experience:

Anne-Marie Pålsson is a MA graduate from the University of California and has a PHD in economics from the University of Lund. During her professional career, Anne-Marie Pålsson has worked in the academic world. She is an Associate Professor at the University of Lund. Anne-Marie Pålsson holds a number of board assignments and was a Member of the Swedish Parliament during the period 2002-2010.

Other significant assignments:

- Vice Chairman of Länsförsäkringar Skåne.

- Board Member of Länsförsäkringar AB.

- Executive Member of Kungliga Ingenjörsvetenskapsakademien and Kungliga Skogs- och Lantbruksakademien.

Shareholding in G & L Beijer AB: 1,500 B shares.

The Election Committee is of the opinion that Anne-Marie Pålsson is independent of the company, the Executive Management and large shareholders.

- Joen Magnusson (Born 1951), Board Member.

Board Member since 1985.

Managing Director of G & L Beijer AB.

Education and work experience:

MBA, Lund.

Employed in Teglund Marketing AB, Statskonsult AB, Skrinet AB. Managing Director of G & L Beijer AB since 1993.

Other significant assignments:

- Board Member/Chairman of a number of companies within the Beijer Group.

Shareholding, privately and via companies, in G & L Beijer AB: 472,756 A shares and 137,266 B shares.

The Election Committee is not of the opinion that Joen Magnusson is independent of either the company, the Executive Management or large shareholders.

- Bernt Ingman (Born 1954), Board Member.

Board Member since 2006.

Education and work experience:

MBA graduate.

CFO of Munters for eight years.

CFO of Husqvarna AB during the period 2006-2011

Other significant assignments:

- Chairman of Schneidlerföretagen AB.

Shareholding in G & L Beijer AB: 3,000 B shares.

The Election Committee is of the opinion that Bernt Ingman is independent of the company, the Executive Management and large shareholders.

- William Striebe (born 1950), Board Member.

Board Member since 2009.

Vice President of Carrier Corporation

Education and work experience:

Master of Laws degree from University of Connecticut Law School, BA in history, Fairfield University. Vice President of Business Development within Carrier Corporation since 2005. From 1990 to 1993, William Striebe was legal adviser to Carrier Corporation's operations in Europe, the Middle East and Africa. At the end of 1993, he was appointed Vice-President within legal matters for Carrier's North-American operation. William Striebe returned to Europe in 1996 as Vice-President with responsibility for business development and legal matters. In 2002, William Striebe moved to the head office Carrier's parent company, UTC, where he worked in business development.

Shareholding in G & L Beijer AB: 0

The Election Committee is of the opinion that William Striebe is independent in relation to the company and its Executive Management but not independent in relation to large shareholders.

- Philippe Delpech (born 1962), Board Member

Board Member since 2009.

President of Carrier Europe, Middle East, Africa.

Education and work experience:

MBA from ESCP European School of Management, Paris, Economics degree from INSEAD Asia, Economics degree from DECF IAE in France and graduate engineer from ENIT, France. President of Carrier Commercial refrigeration since 2008 and of HVAC Europe, Middle East, Africa since 2010.

Philippe Delpech started his career within Carrier in 2001 as Vice-President, Commercial Air Conditioning & Services EMEA & General Manager Northern Europe. From 2003, Philippe Delpech held different appointments with Carrier in Asia before he returned to Europe in 2006.

Before Philippe Delpech joined Carrier in 2001, he held different positions in Danfoss, ABB, Aerospatiale, Turbomeca and SKF.

Shareholding in G & L Beijer: 0

The Election Committee is of the opinion that Philippe Delpech is independent in relation to the company and its Executive Management but not independent in relation to large shareholders.

- Harald Link (born 1955), Board Member

Board Member since 2010.

Education and work experience:

Master of Business Administration from University of St. Gallen, Switzerland.

Chairman and CEO of B.Grimm Group, Bangkok, Thailand. Previously Executive in the same company. Harald Link has held leading positions in the B.Grimm & Co R.O.P. group for more than 30 years.

Other significant assignments:

- Chairman of Amata Power Ltd, Amata B.Grimm

Power Ltd, Amata Power (Bien Hoa) Ltd, B.Grimm Energy Corporation and Carrier (Thailand) Ltd.

- Board Member of Siemens Ltd, Carl Zeiss Ltd, Merck Ltd, Siam City Cement Public Co Ltd and True Corporation Public Co Ltd.

Shareholding in G & L Beijer: 0.

The Election Committee is of the opinion that Harald Link is independent in relation to the Executive Management but not independent in relation to large shareholders.

5. INFORMATION ABOUT AUDITORS

G & L Beijer's Auditors are the authorised public accounting firm PricewaterhouseCoopers AB, with the Authorised Public Accountants, Mikael Eriksson and Cecilia Dorselius. Mikael Eriksson is the auditor in charge. PricewaterhouseCoopers AB is elected for a term until the 2012 Annual Meeting of shareholders.

6. WORK OF THE BOARD OF DIRECTORS

During 2011, the Board of Directors of G & L Beijer held five Ordinary Meetings, of which one was a strategy meeting. The company's economic and financial position, as well as the investment operations, are discussed at every Ordinary Board Meeting. The work during 2011 focused extensively on matters relating to the acquisition of, among other, Toshiba's distribution operation as well as matters relating to continued expansion, financing and internal control.

The company's auditors were present at Board Meetings which discussed the report for the third quarter and the annual accounts. 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 Board of Directors has a working procedure which is determined annually at the Inaugural Board Meeting following the Annual Meeting of shareholders. At the same time, the Board determines instructions for the Managing Director.

Peter Jessen Jürgensen, Anne-Marie Pålsson, Philippe Delpéch and Joen Magnusson participated in all Board Meetings. William Striebe, Bernt Ingman and Harald Link participated in four Board Meetings.

The Board of Directors constitutes an Audit Committee and fulfils its tasks. Board Members who are included in the Executive Management do not participate in the Audit Committee's work. The majority of the 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 in relation to the company's largest shareholders.

7. INFORMATION ABOUT THE MANAGING DIRECTOR

The Managing Director of G & L Beijer AB, Joen Magnusson, has no significant shareholdings or partnerships in companies with whom G & L Beijer AB has important business connections.

8. REMUNERATION AND OTHER TERMS OF EMPLOYMENT FOR THE EXECUTIVE MANAGEMENT

The Board of Directors handles matters relating to the remuneration of the Senior Executives and the Board of Directors as a whole constitutes the Remuneration Committee. The Managing Director does not participate in decisions relating to his own remuneration. 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.

9. SHARE AND SHARE-PRICE-RELATED INCENTIVE SCHEMES

The company has no share-related and share-price-related incentive schemes linked to the Executive Management.

10. QUALITY ASSURANCE

The Board of Directors continually studies the company's financial reports which are sent to the Board in connection with Board Meetings. In addition to the financial reporting for the Group, financial reports are appended as well as comments by the Managing Director and the Head of the business area. At every Meeting, the Managing Director reports on the financial outcome for the current period which is discussed and analysed.

The Board of Directors always meets the company's Auditors at the Board Meeting that discusses the annual accounts, but usually also in connection with the Meeting held in December. At these Meetings, the Auditors give an account of their observations and view on the internal control. The Board of Directors puts questions and discusses issues relating to the audit and to the quality of the financial reporting at these Meetings.

11. EVALUATION OF THE BOARD OF DIRECTORS' WORK

The Chairman of the Board of Directors is responsible for the evaluation of the Board's work, including the achievements of the individual Members. This is made annually in accordance with an established process. The evaluation focuses on, among other things, the availability of and requirement for specific competence as well as working procedures. The evaluation also constitutes support for the Election Committee with regard to the proposal for Board Members and remuneration levels.