

Corporate Governance Report 2009

1. INTRODUCTION

G & L Beijer AB has been implementing the Swedish Code for Corporate Governance since 2005. The follow-up during 2009 has resulted in G & L Beijer having no discrepancies to report.

This Corporate Governance Report has not been examined by the company's auditors.

2. PREPARATION OF APPOINTMENT OF BOARD OF DIRECTORS AND AUDITORS

An Election Committee was appointed in October 2009. 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 28 April 2010. 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)

Erik Sjöström (Skandia Liv)

The Election Committee has carried out its work as follows:

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

3. INFORMATION ABOUT THE BOARD 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.

- *Paul Friis* (born 1939), Board Member.

Board Member since 2002.

Education and work experience:

Paul Friis is a graduate engineer of DTU and has worked within ITT, Teleselskaberne Denmark, currently Teledanmark, in different posts and later in leading positions. Paul Friis later worked as Divisional Director in Siemens in Denmark and, thereafter, as Managing Director of NKT Elektronik until 1995. Thereafter, Paul Friis has devoted his time to board work.

Other significant assignments:

- Board Member of G & L Beijer A/S

Shareholding in G & L Beijer AB: 12,500 B shares.

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

- *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 is 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 has been a Member of the Swedish Parliament since 2002.

Other significant assignments:

- Vice Chairman of Länsförsäkringar Skåne

- Board Member of Länsförsäkringar AB, Hagströmer & Qviberg, Riksrevisionen, Institutet för Framtidsstudier.

- Deputy Board Member of Riksbankens jubileumsfond.

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

Shareholding in G & L Beijer AB: 1,000 B shares.

The Election Committee is of the opinion that Anne-Marie

Pålsson is independent of the company, the Executive Management and large shareholders.

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- *Joel 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 of Beijer Electronics AB

- 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 135,916 B shares.

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

- *Bernt Ingman* (Born 1954), Board Member.

Board Member since 2006.

CFO of Husqvarna AB.

Education and work experience:

MBA graduate

CFO of Munters for eight years

Other significant assignments:

- Chairman of Schneiderföretagen 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.

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 Carrier's parent company, UTC, head office where he worked with business development.

Shareholding in G & L Beijer AB: 0

Independent in relation to the company and its Executive Management. Not independent in relation to large shareholders.

- *Philippe Delpech* (born 1962), Board Member

Board Member since 2009.

President of Carrier Commercial Refrigeration.

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.

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

Independent in relation to the company and its Executive Management. Not independent in relation to large shareholders.

4. INFORMATION ABOUT AUDITORS

At the Annual Meeting of shareholders in 2009, the Authorised Public Accountants, Mikael Eriksson and Lars Nilsson, both practicing at PricewaterhouseCoopers in Malmö, were elected for the term until the end of the Annual Meeting of shareholders held during the third financial year after the election of auditors, i.e. 2012.

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5. WORK OF THE BOARD OF DIRECTORS

During 2009, 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 2009 focused extensively on matters relating to the integration and co-ordination of the Carrier ARW operation as well as matters relating to divestment of the Beijer Tech business area.

The company's auditors were present at Board Meetings which discussed 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 and 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, Poul Friis, Anne-Marie Pålsson, Philippe Delpéch and Joen Magnusson participated in all Board Meetings. Bert Ingman was unable to attend one Meeting. William Striebe participated in one Meeting during 2009.

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.

6. 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.

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

The Board of Directors has handled 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.

8. SHARE AND SHARE PRICE RELATED INCENTIVE SCHEMES

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

9. 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 for the two business areas are appended as well as comments by the Head of the respective 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.

10. 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 constituted support for the Election Committee with regard to the proposal for Board Members and remuneration levels.