

Corporate governance report 2012

Introduction

AQ Group AB (publ) follows applicable aspects of the Swedish Code for Corporate Governance. The company is not among the companies that are required to apply the code, but strives to have governance that maintains a high standard. The code applies to Swedish Companies whose shares are traded on a regulated market.

The corporate governance report is not reviewed by the company auditors.

Shareholders

At year-end, AQ Group AB had 1 330 (1 492) shareholders. Information on share development, ownership structure, dividend, etc. is found in the directors' report.

Legislation and articles of association

AQ Group is primarily required to comply with the Swedish Companies Act and the rules resulting from the listing of the share on AktieTorget, which is not a regulated market, pursuant to the Securities Market Act. AQ Group shall also operate in compliance with the provisions specified in AQ Group's articles of association.

Annual General Meeting

Notice of the Annual General Meeting shall be sent no earlier than six and no later than four weeks before the meeting. The notice contains information about registration and the right to attend and vote at the meeting along with a numbered agenda of the matters to be considered. It is possible to register for the meeting in writing to the company's address of via fax or e-mail. Proposals for the meeting shall be addressed to the Board (with the address of the head office) and submitted in good time before the notice is issued. The notice and agenda are also published on the website. Shareholders or their proxies may vote for the full number of owned or represented shares.

The Annual General Meeting shall be held no later than 4 months after the end of the financial year. At the AGM, decisions are made regarding approval of the balance sheet and income statement, discharge from liability for the Board and MD and disposition of the company's retained earnings.

Shareholders representing 74% of the total number of votes in the company participated in AQ Group's Annual General Meeting on 24 April 2012. The managing director, Group management team, company auditors and the Board were in attendance at the meeting. During the meeting, shareholders were given the opportunity to ask questions and have them answered during the meeting. In addition to the decisions specified above, the AGM made decisions on remuneration to the Board, mandate to the Board to decide on directed new share issue (max. 2 000 000 shares) and the election of officers.

AQ Group has not had any general meetings between the Annual General Meetings for financial years 2011 and 2012.

The date and location of the next Annual General Meeting is published in conjunction with the Q3 report.

Appointment of officers

Nomination committee

The Annual General Meeting chooses a nomination committee that represents the company shareholders. The nomination committee shall consist of 3 members, of which 1 has no ties to the company Board. At the 2012 AGM, Claes Mellgren, Gunnar Ek and Per-Olof Andersson were elected.

Board

The nomination committee shall submit proposals for the election of chair and other board members as well as remuneration, divided between the chair and other members.

As the basis for its proposals, the nomination committee shall

- assess the degree to which the current board will meet future needs with respect to the company's development and become acquainted with the evaluation of the Board's work during the year
- establish qualification profiles for new members, and
- systematically search for new members.

When publishing the nomination committee's proposals, information shall be provided on age, other significant assignments, own and related parts' shareholdings, independent executives/shareholders, number of years on the board (if re-election) and any other information considered essential for the assessment of competence and independence.

At the AGM, the nomination committee shall provide a

statement regarding how the work was conducted and present and justify its proposal. If no change is proposed, special justification must be provided.

At the AGM for financial year 2011, Leif Andersson, Ulf Gundemark, Rune Glavare, Claes Mellgren and Per-Olof Andersson were elected as board members. Remuneration in the form of a director's fee was paid to the Board's external members at SEK 100 000 each.

Auditors

At the AGM for financial year 2010, a new auditor was chosen for a period of four years – Magnus Brändström, PwC. In conjunction with new election, the auditors in attendance shall introduce themselves, which also took place at this meeting.

Assignments of the Board

The Board shall do the following on behalf of the owners:

- set overall goals and strategy
- continually evaluate company management
- take responsibility for ensuring that procedures and systems are adapted to the company's operations and set future goals
- take responsibility for transparency in the external information
- ensure compliance with laws and regulations and that the company practices good ethics and
- convene general meetings

The overall assignment of the Board is to manage the company's affairs in such a way that the owners' interests in good, long-term return on capital are satisfied in the best possible way.

Board composition

According to the articles of association, the Board shall consist of no fewer than 3 but no more than 7 members and no more than 2 deputies. The members are elected annually by the AGM for the time up until the next AGM is held.

No more than one executive officer of AQ Group may serve as a member of the Board. The majority of the members must be independent in relation to the company and company management.

The Board shall have the size and composition required in terms of skills and experience for the company's operations and development and shall have the independence required for the Board to independently and effectively manage the company's affairs.

Board's work in 2012

During the year, there were five ordinary board meetings. Prior to the board meetings, the members were provided written material regarding the issues to be discussed at the meeting. During the year, the Board has given particular attention to strategic and financial issues.

Formal work plan for the Board

The work of the Board is governed by laws and regulations as well as by the formal work plan adopted annually. The formal work plan covers the work of the Board and gives instructions for the managing director and financial reporting.

The formal work plan stipulates, amongst other things:

- that the Board shall meet at least five times per year and, in urgent cases, the meetings can be held by teleconferencing or videoconferencing
- that certain items shall be handled at each board meeting and that specific decisions shall be made at the inaugural meeting
- the Board members shall receive documentation regarding issues to be discussed at the board meetings well in advance of these meetings and each month shall receive a report regarding company operations and development
- that the auditors shall be invited to at least on board meeting report on the audit work without representatives from company management in attendance

Furthermore, the formal work plan describes how board minutes are to be prepared and distributed to the members and how the Board shall be informed in conjunction with press releases or the like. The formal work plan also contains guidelines for what decisions the Board can delegate to the managing director and executive management.



Accounting, auditing and internal control

General

External auditors are appointed by the Annual General Meeting. The auditors' task is to review the company's annual report and accounts and the management performed by the Board and the managing director on behalf of the shareholders. The internal financial statements that are prepared on a monthly basis were also submitted to the auditors.

AQ Group has not established any special internal audit committee (read below). The entire Board participates in the internal control of the financial statements and is jointly responsible for other aspects of internal control. The Board's reporting instructions require that Board members receive from the auditors an annual report on how the company's organisation is structured so that accounting, management of assets and the company's general financial conditions can be controlled in a satisfactory manner. The auditors have personally reported to the managing director, Board chair and parts of the management team on at least one occasion.

The Board's report on internal control, to the extent it relates to the financial statements

This report is prepared with the guidance of the Confederation of Swedish Enterprise (Svenskt Näringsliv) and FAR's recommendation from 17 October 2005 plus the Swedish Corporate Governance Board's (Svensk Bolagsstyrning) press release from 5 September 2006.

In accordance with the Swedish Companies Act and the Swedish Corporate Governance Code, the Board is responsible for the internal control. This report is not part of the formal annual accounts.

Control environment

The control environment is the foundation for the company's internal control. The Board of AQ Group has therefore committed itself to effective and regular financial reporting. The Board's reporting instructions to the managing director regarding financial reporting includes internal control. In each subsidiary, there is an internal division of roles and respon-

sibilities aimed at establishing effective internal control over financial reporting. AQ accounting departments in the subsidiaries regular informs company management of the economic development of their respective company. The Board is careful to ensure that all financial officers have strong integrity and conscious sense of ethics coupled with expertise in their area of responsibility. AQ works continuously with the development of efficient systems for administrative management. AQ has also drafted an operations handbook, which describes the organisation, responsibilities, authorities, policies, financial management and more.

In 2012, the financial officers of the Group were trained in and began using Cognos Controller. This is financial consolidation software that increases the reliability of economic reporting.

Risk assessment and control activities

On a monthly basis, AQ Group drafts suitable reports, with analyses and comments which include both the Group and individual subsidiaries.

This gives the Board an excellent tool for monitoring and controlling the current developments at AQ. Economic reports from company management is a standing item on all board meeting agendas.

AQ's long-term risk management strategy is governed by a policy established by the management team, with the CFO as chief compliance and reporting officer within the Group. The risks which exist and which the CFO must handle are described in more detail in note 2.12.

Information and communication

AQ's financial reporting complies with the laws and regulations applicable to companies listed on AktieTorget and the local regulations in each country in which the company operates. In addition to external rules and recommendation, there are internal instructions and guidelines. In addition to the manuals, guidelines and other instructions which the company communicates via internal media, the company financial officers receive external financial information.



Monitoring

In addition to the internal monitoring and reporting, AQ's external auditors continually report observations to the managing director and Board during the financial year. The aggregate information mentioned in this report gives the Board a good idea and a reliable basis for the declaration provided in accordance with point 3.6.2 in the Corporate Governance Code, related to financial reporting in the annual report.

Company management

The Board has delegated the operational responsibility for management of the company and the Group to the company's managing director. An instruction on the division of responsibilities between the Board and the managing director is approved annually by the Board. AQ's company management consists of the management team. In 2012, this team consisted of Claes Mellgren, MD, Cecilia Borg, Finance, Anna Nordanstig, Human Resources (on parental leave from August), Sture Berglund, Purchasing, Christer Hiljemark, Quality, Andreas Mehner, Market, and Hans Frisholt, Production and Acting Staff.

A proposal regarding remuneration to external members of the Board and executive officers is presented in the directors' report. Information is provided and decisions are made at the Annual General Meeting.

Remuneration to the managing directors of the subsidiaries is decided by the subsidiary's board following the principles adopted by the board of the parent company. AQ has no incentive programme in the form of options or other share-based programmes for executive officers or other persons within or outside of the company.

Information

AQ Group's information to shareholders and other stakeholders is presented via the annual report and interim reports on the company's (www.aqq.se) website and AktieTorget's website (www.aktietorget.se). Press releases and presentation material for the past few years are also found there. Distribution of information in the company follows the information policy adopted by the Board.

WE ARE RELIABLE

Фокус
върху
клиента

Простота

Бизнес
за предприемачи

Ценова
ефективност

Смелост и
уважение