

# CORPORATE GOVERNANCE REPORT

Bulten AB (publ) is a Swedish public limited company with its registered office in Göteborg, Sweden. Bulten 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. Bulten 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 President and 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.

## 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 2014 the Company had a total of 5,289 (3,153) shareholders. The five largest shareholders controlled 42.0% (54.3) of capital and votes by the end of the year. The single largest shareholder, Volito AB, controlled 20.9% (17.7) of the capital and votes.

## 2015 Annual General Meeting

The Annual General Meeting (AGM) of Bulten AB (publ) will be held at Svenska Mässan in Göteborg, Sweden, on 29 April 2015 at 17.00 CET. More information is available at [www.bulten.com](http://www.bulten.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 President and 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 members elected at 2014 Annual General Meeting.

The table below presents an overview of Board members as of 31 December 2014. For more details about the Board, see pages 84-85 of this annual report.

NAME	BOARD ROLE	ELECTED/ APPOINTED	RESIGNED	AUDIT COMMITTEE	REMUNERATION COMMITTEE	INDEPENDENCE IN RELATION TO COM- PANY AND SENIOR EXECUTIVES	INDEPENDENCE IN RELATION TO MAJOR SHAREHOLDERS
<b>Board members</b>							
Roger Holtback	Chairman	2005	-	-	Member	Yes	Yes
Ann-Sofie Danielsson	Member	2014	-	Member	-	Yes	Yes
Hans Gustavsson	Member	2005	-	-	Member	Yes	Yes
Hans Peter Havdal	Member	2013	-	-	-	Yes	Yes
Arne Karlsson	Member	2010	-	Chairman	-	Yes	Yes
Johan Lundsgård	Member	2012	-	Member	Chairman	Yes	No
Adam Samuelsson	Member	2005	-	Member	-	Yes	Yes
Katarina Olsson	Employee representative	2011	2014	-	-	-	-
Tony Frunk	Employee representative	2011	-	-	-	-	-
<b>Deputies</b>							
Peder Johansson	Employee representative	2013	2014	-	-	-	-
Thure Andersen	Employee representative	2011	-	-	-	-	-

## 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 President and CEO. At the time of the constituting Board meeting, the Board of Directors also establishes instructions for financial reporting and instructions for the President and CEO together with instructions for the Board's audit committee and remuneration committee.

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 President and CEO constantly discuss the management of the Company.

At present, the Company's Board of Directors consists of seven ordinary elected members and one ordinary employee representative and one deputy for these. Board members are presented in more detail in the section headed 'Board of Directors, senior executives and auditors'.

## Board meetings in 2014

Attendance of Board members at Board meetings in 2014.

DIRECTOR'S NAME	ATTENDANCE/ TOTAL NUMBER OF MEETINGS
Roger Holtback	13/13
Ann-Sofie Danielsson (elected 20-04-2014)	8/13
Arne Karlsson	13/13
Hans Gustavsson	13/13
Hans Peter Havdal	13/13
Johan Lundsgård	12/13
Adam Samuelsson	13/13
Katarina Olsson (resigned 30-06-2014)	7/13
Tony Frunk	13/13
Deputies	
Peder Johansson (resigned 30-06-2014)	6/13
Thure Andersen	13/13

## Board assessment, 2014

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

## AUDIT COMMITTEE

Bulten has an audit committee consisting of four members: Arne Karlsson (chairman), Ann-Sofie Danielsson, Johan Lundsgård 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 man-

agement, 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.

COMMITTEE MEMBER	ATTENDANCE/ TOTAL NUMBER OF MEETINGS
Arne Karlsson	6/6
Ann-Sofie Danielsson (elected 20-04-2014)	3/6
Johan Lundsgård	5/6
Hans Gustavsson (resigned 20-04-2014)	2/6
Adam Samuelsson	6/6

## REMUNERATION COMMITTEE

Bulten has a remuneration committee consisting of three members: Johan Lundsgård (chairman), Roger Holtback and Hans Gustavsson. The remuneration committee shall prepare matters concerning remuneration principles, remuneration and other employment terms for the President and 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.

COMMITTEE MEMBER	ATTENDANCE/ TOTAL NUMBER OF MEETINGS
Johan Lundsgård	7/7
Roger Holtback	7/7
Hans Gustavsson	6/7

## 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 '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 29 April 2014. 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 and other remunerations for each of the elected members of the Board and for members of the Board's committees, the number of auditors and auditors' fees. Karl-Axel Granlund was appointed chairman of the nomination committee.

COMMITTEE MEMBER	COMPANY
Roger Holtback, Chairman of the Board	Bulten AB
Karl-Axel Granlund	Volito AB
Mikael Norbäck	Investment AB Öresund
Ulf Strömsten	Catella Fondförvaltning AB

## THE PRESIDENT AND CEO AND OTHER SENIOR EXECUTIVES

The President and 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 President and CEO is set out in the rules of procedure governing the activities of the Board and the instructions for the President and CEO. The President and 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 President and 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 Bulten's earnings and financial position. The President and 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 29 April 2014 decided that a total fixed remuneration of SEK 2,800,000 shall be paid to the board of directors for the period until the next AGM, whereof SEK 700,000 shall be paid to the chairman and SEK 350,000 shall be paid to each of the other board members who are elected at a shareholders meeting and not employed by the company. A condition for payment is that such member is appointed by the general meeting and not employed by the company. The AGM also decided on a fixed fee of SEK 50,000 should be paid to the chairman of the audit committee in addition to the above. The members of the remuneration committee will receive no fees. 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 29 April 2014, the following guidelines shall apply to remuneration and other employment terms and conditions for the President and CEO and other senior management. Salaries and other terms and conditions of employment shall be adequate for Bulten to constantly attract and retain skilled senior managers at a reasonable cost to the Company. Remuneration in Bulten 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 President and 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 7.

## EXECUTIVE MANAGEMENT

From 1 July 2014 the executive management team comprises seven members: the President and CEO, Executive Vice President and CFO, Senior Vice President Technology and Business development, Senior Vice President Purchasing, Senior Vice President Marketing and Sales, Senior Vice President Production, and Senior Vice President Communication. The executive management team meets monthly to follow up business and financial results. Great importance is given to maintaining close contacts with the operational business.

## DIVISIONS

The business was originally divided into two operating divisions. These divisions were operated as separate subsidiaries and, in turn, they owned shares in subordinate subsidiaries. At the end of June 2014 the Finnveden Metal Structures division was divested and the remaining business thereafter comprises the former Bulten division together with the head office staffs including corporate and IT staff.

## INTERNAL CONTROLS

This section contains the Board's annual report on how internal control as it relates to 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 President and CEO. Bulten'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.

## Control environment

The control environment forms the basis for internal controls. Bulten'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 President and CEO and has agreed how economic reporting shall be submitted to the Board of Bulten 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. Bulten 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

Bulten'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 noncompliance 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 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 and unit level.

Bulten'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 Bulten's manuals, intranet and training activities.

## Control activities

The Group's CFO 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

Bulten's auditors are PricewaterhouseCoopers AB (PwC), with Fredrik Göransson as authorised public accountant in charge of the audit. PwC carries out the audit of Bulten AB (publ) and all essential subsidiaries. The annual audit includes a statutory audit of Bulten 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 2014, in addition to the audit assignment, Bulten consulted PwC on taxes, transfer price matters and accounting matters. The size of remunerations paid to PwC in 2014 is shown in note 8 on page 48.

PwC is obligated to examine its independence prior to decisions to provide independent advice to Bulten 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.bulten.com](http://www.bulten.com).

## INTERNAL AUDIT

Bulten 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 2014 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.

Göteborg, 26 March 2015

Roger Holtback <i>Chairman of the Board</i>	Ann-Sofie Danielsson <i>Board member</i>	Hans Gustavsson <i>Board member</i>
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Hans Peter Havdal <i>Board member</i>	Arne Karlsson <i>Board member</i>	Johan Lundsgård <i>Board member</i>
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Adam Samuelsson <i>Board member</i>	Tony Frunk <i>Employee representative</i>	Tommy Andersson <i>President and CEO</i>
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