

Corporate Governance Report



Patrik Nolåker, Ulf Gundemark, Claes Mellgren, Leif Andersson and Per-Olof Andersson.
Gunilla Spongh is missing from the picture

The corporate governance of AQ Group AB (publ.) involves ensuring that the company is managed in a way that is as efficient as possible for the shareholders through a combination of written rules and practice. AQ Group AB complies with applicable aspects of the Swedish Code of Corporate Governance, which applies to Swedish companies whose shares are traded on a regulated market (NASDAQ OMX).

The principle of the Code is to comply or explain. AQ Group deviates from the code in the following instances:

- Nomination committee: according to the Code, this shall consist of a majority of non-Board members and no more than one of the members of the nomination committee may be dependent on the company's major shareholders. AQ's biggest shareholders have taken the view that the company's ownership structure, with two owners between them holding approximately 60% of the shares in the company, is best served in the nomination committee by these owners together with other shareholders.
- Audit and remuneration committees: related issues are dealt with by the full Board of Directors.

The Corporate Governance Report is not audited by the company's auditors.

Shareholders

At the year-end, AQ Group had 2,044 (2,172) shareholders. Information about the share trend, ownership structure, dividends, etc. may be found in the Directors' Report.

Legislation and Articles of Association

AQ Group is required primarily 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 Swedish Securities Market Act. AQ Group shall also operate in accordance with the provisions specified in AQ Group's Articles of Association.

Shareholders' general meetings

A notice of a shareholders' general meeting is issued no earlier than six weeks 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, as well as a numbered agenda of the matters to be considered. Registration for the meeting takes place in writing to the company's address or by email. Proposals for the meeting shall be addressed to the Board (with the address of the company's head office) and submitted in a timely manner 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.



Annual General Meeting in Västerås, 23 April 2015.

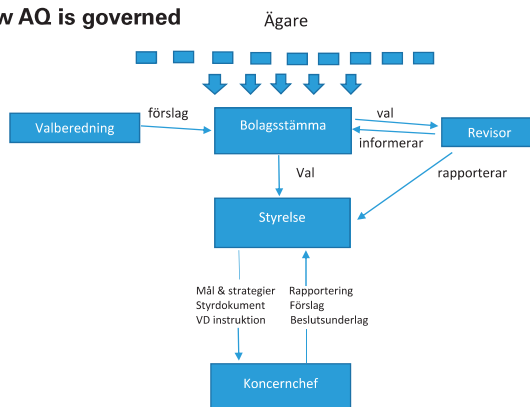
The Annual General Meeting shall be held no later than four months after the end of the financial year. At the AGM, decisions are made regarding approval of the balance sheet and income statement, discharge from liability for the Board and CEO and allocation of the company's retained earnings.

Shareholders representing 67.3% of the total number of votes in the company participated in AQ Group's Annual General Meeting on 23 April 2015. The CEO, the Group management team and the Board were in attendance. 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 passed resolutions on remuneration to the Board, a mandate to the Board to decide on directed new share issue (max. 2,000,000 shares) and the election of officers.

AQ Group did not hold any extraordinary shareholders' general meetings.

The date and location of the next Annual General Meeting are published in conjunction with the year-end report.

How AQ is governed



APPOINTMENT OF OFFICERS

Nomination committee

The Annual General Meeting chooses a nomination committee that represents the company's shareholders. The nomination committee shall consist of three members, of which one has no ties to the company's Board. At the 2015 general shareholders' meeting, Per-Olof Andersson, Claes Mellgren and Johan Hagberg were selected.

Board of Directors

The nomination committee must submit proposals for the election of chairman and other Board members, as well as remuneration, divided between the chairman 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 in respect of the company's development and study 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 about age, other significant assignments, own and related parties' shareholdings, independent executive officers/shareholders, number of years on the Board (for re-elections) and any other information considered significant 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 proposals. If no change is proposed, special justification must be provided.

At the AGM, Leif Andersson, Gunilla Spongh, Ulf Gundemark, Ulf Gundemark and Claes Mellgren were elected as Board members. Per-Olof Andersson was elected as Chairman of the Board. Remuneration in the form of a director's fee was paid to the Board's external members at SEK 120,000 each.

Auditors

Helena Arvidsson Älgne, KPMG, was elected as auditor at the 2014 AGM for the upcoming four years.

The Board's duties

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

- set overall goals and strategy
- continuously evaluate company management
- assume responsibility for ensuring that procedures and systems are adapted to the company's operations
- assume responsibility for transparency in external information
- ensure that laws and regulations are obeyed
- that the company behaves ethically and calls a general shareholders' meeting





Board member, Gunilla Spongh with
CFO Mia Tomczak

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

Composition of the Board

According to the Articles of Association, the Board shall comprise a minimum of three and a maximum of seven members, with a maximum of two deputy members. Members are elected annually by the AGM for the period until the next AGM is held.

The majority of members must be independent in relation to the company and company management.

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

The Board's work in 2015

During the year there were five regular Board meetings and one strategy conference. Prior to the Board meetings, members were provided with written material regarding the issues to be discussed at the meeting. During the year, the Board has paid particular attention to strategic and financial issues.

The Board's rules of procedure

The work of the Board is governed by laws and regulations, as well as by the formal work plan adopted annually. The rules of procedures include guidelines for the work of the Board and provide instructions for the CEO and financial reporting.

The rules of procedure state, among other things, that:

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

The rules of procedure also describe how the Board minutes are to be prepared and distributed to members, and how the Board is to be informed in connection with, for example, press releases. The rules of procedure also contain guidelines on which decisions the Board can delegate to the CEO and company 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 accounting methods, as well as management performed by the Board and the CEO, on behalf of the shareholders. The internal financial statements that are prepared on a monthly basis were also submitted to the auditors.

The entire Board participates in the internal control of the financial statements and is jointly responsible for other aspects of internal control. In the Board's reporting instructions, there are requirements that the Board hold a meeting and talk with the company's auditor without having the managing director or CFO present. The head auditor has personally reported their observations with regard to accounting and internal control to the Board on two occasions during the year.

Control environment

The control environment is the basis of 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 CEO regarding financial reporting include internal control. In each subsidiary there is an internal allocation of roles and responsibilities aimed at establishing effective internal control over financial reporting. AQ's accounting departments in the various subsidiaries regularly inform company management about the financial performance of their respective companies. The Board takes care to ensure that all financial officers have strong integrity and a conscious sense of ethics coupled with expertise in their area of responsibility. AQ works continuously on the development of appropriate systems for administrative management. AQ has also drafted a financial handbook, which describes the organisation, responsibilities, authorisations, policies, financial management, etc.

Risk assessment and control activities

On a monthly basis, AQ Group produces appropriate reports with extensive analyses and comments, which are reported for both the Group and individual subsidiaries.

This gives the Board an excellent tool for monitoring and controlling current developments at AQ. Financial reporting from company management is a fixed 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 principally responsible for compliance and reporting within the Group. The risks that exist and that the CFO must deal with are described in more detail in Note 3.

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 recommendations, there are internal instructions and guidelines.

Monitoring

In addition to internal monitoring and reporting, AQ's external auditors continually report observations to the CEO and the Board during the financial year. The aggregated information mentioned in this report gives the Board a good perception and reliable supporting data in respect of the financial statements in the annual report.

Company management

The Board has delegated operational responsibility for management of the company and the Group to the company's CEO. A set of instructions on the division of responsibilities between the Board and CEO is approved annually by the Board. AQ's company management function consists of the management team, that in 2015 consisted of Claes Mellgren as CEO, Mia Tomczak as CFO, Anna Nordanstig in HR, Åsa Lostorp in purchasing, James Ahrgren in marketing and sales, while Per Lindblad covered IT and business development.

Remuneration for the MDs of the subsidiaries is decided by each subsidiary's Board in accordance with principles adopted by the Board of the parent company. AQ has no incentive scheme in the form of warrant schemes or other share-based schemes for executive officers or other persons within or outside 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 website (www.aqg.se) and AktieTorget's website (www.aktietorget.se). Press releases and presentation material for the last few years may also be found there. The distribution of information in the company complies with the information policy adopted by the Board.