

CORPORATE GOVERNANCE REPORT

OPERATIONS

Corporate governance within BE Group is based on Swedish law, primarily the Swedish Companies Act, the rules and regulations for issuers applied by the Nasdaq OMX Nordic Exchange Stockholm, including the Swedish Code of Corporate Governance ("the Code"), and rules and recommendations issued by relevant organizations. The Board of Directors of BE Group has prepared this corporate governance report in compliance with the Annual Accounts Act and the rules stipulated by the Code.

SHAREHOLDERS

Ownership and share capital

At the end of 2010, BE Group had 11,129 shareholders. The principal owners of the Company were Swedbank Robur fonder (9.7 percent of share capital) and IF Skadeförsäkring AB (6.5 percent of share capital). At the end of 2010, foreign investors owned 12.4 percent of share capital. The ten largest shareholders had a total shareholding equal to 40.5 percent of share capital. Please refer to page 7 of the Annual Report for further details concerning shareholders as of December 31, 2010.

The Company's share capital on December 31 amounted to SEK 102,040,816 allocated among 50,000,000 shares. All shares in the Company convey equal rights in every respect and, as is explained in the Board of Directors' Report on page 33, no limit is imposed regarding the number of votes a shareholder may exercise at the Annual General Meeting. Please refer to page 6 of the Annual Report for disclosures concerning the Company's holdings of treasury shares as of December 31, 2010.

Annual General Meeting

The shareholders' rights to take decisions regarding the affairs of BE Group are exercised at the AGM. Shareholders who are listed in the share register on the record date and have registered to attend by the deadline stated on the notice of meeting are entitled to participate in the AGM, in person or by proxy.

Resolutions at the AGM are normally passed by simple majority. The Swedish Companies Act requires a specific attendance to achieve a quorum or a qualified voting majority concerning certain business. The AGM must be held within six months of the end of the financial year.

The AGM considers business including dividends; adoption of the Income Statement and Balance Sheet; discharge of liability for directors and the CEO; election of directors and, when applicable, appointment of auditors; approval of fees to the members of the Board and auditors, adoption of executive remuneration guidelines; and, when applicable, adoption of principles for appointing the Nominating Committee. Shareholders are given the opportunity at the AGM to ask questions about the Company and business performance for the relevant year. All directors, management and the auditors are normally present at the meeting to answer such questions.

2010 Annual General Meeting

The 2010 AGM was held on April 27. The Chairman of the Board Carl-Erik Ridderstråle was elected Chairman of the AGM. The AGM resolved to adopt the Income Statement and Balance Sheet and the Consolidated Income Statement and Balance Sheet as presented, that no dividend would be paid to shareholders and that the Company's retained profits, along with the profits for 2009, be carried forward.

The meeting discharged the members of the Board and the CEO from responsibility and approved the fees to be paid to the members of the Board and the auditor. As proposed by the Nominating Committee, the following persons were elected to the Board for the period concluding with the next AGM: Chairman Carl-Erik Ridderstråle (re-elected) and

directors Roger Bergqvist (re-elected), Cecilia Edström (re-elected), Joakim Karlsson (re-elected), Lars Olof Nilsson (re-elected), Lars Spongberg (re-elected) Roger Johansson (re-elected) and Marita Jaatinen (newly elected). It was noted in the record that the local trade unions had appointed Thomas Berg and Kerry Johansson as employee representatives to the Board of Directors, and Susanne Olsson and Tord Bengtsson as their alternates.

The 2010 AGM also resolved to adopt executive remuneration policies. Please refer to pages 34 of the Annual Report for a more detailed presentation. The AGM also voted to implement Share Savings Scheme 2010 for key Group personnel, and in that connection resolved to authorize the Board to acquire and transfer treasury shares in the open market and transfer acquired treasury shares to participants in Share Savings Scheme 2010. Further disclosures about Share Savings Scheme 2010 are provided on page 34 of the Annual Report.

The AGM also resolved to authorize the Board of Directors to decide to transfer treasury shares by reason of the resolution on Share Savings Schemes for 2008 and 2009 and to authorize the Board of Directors to decide on the acquisition and transfer of treasury shares to allow BE Group to adjust the Company's capital structure and enable financing of acquisitions. Further details of the authorization are given in the Board of Director's Report on page 33.

Nominating Committee

As resolved by the 2007 AGM, the Nominating Committee must consist of five members: the Chairman of the Board and one representative each of the four largest shareholders in the Company in terms of voting rights, as of August 31 each year.

The names of the four shareholder representatives and the shareholders they represent shall be announced as soon as the Nominating Committee has been appointed and at least six months before the AGM. Unless the members agree otherwise, the member who represents the largest shareholder in terms of voting rights shall be Chairman of the Nominating Committee. If a member of the Nominating Committee resigns before the process is complete, a substitute nominated by the same shareholder may take that member's place. If there is a significant change in the ownership structure of the Company after August 31, but before the date that falls two months prior to the next AGM, and a shareholder who thus became one of the four largest shareholders in terms of voting rights requests a seat on the Nominating Committee, the Nominating Committee shall provide a seat to the shareholder, either by resolving that the shareholder shall replace the shareholder with the least percentage of voting rights after the change in ownership or by resolving to increase the Nominating Committee by one additional member, on the condition that the Committee shall consist of no more than six members.

The Nominating Committee ahead of the 2011 Annual General meeting consists of KG Lindvall (Swedbank Robur Fonder), Chairman, Tomas Ramsälv (Odin Funds), Thomas Ehlin (Nordeas Funds), Anders Oscarsson (AMF Pension and AMF Funds), and Carl-Erik Ridderstråle (Chairman of the Board of BE Group).

The Nominating Committee is tasked with submitting to the AGM its nominations for Chairman of the Board and other directors accompanied by a justified statement regarding the proposal; proposing fees and other remuneration for Board assignments for each director, including any remuneration for committee service; proposing nominations for independent auditors and their fees (if applicable); and nominating an individual to serve as the chairman of the AGM. The Nominating Committee is also charged with assessing the independence of directors in relation to the Company and major shareholders and with certain other tasks pursuant to the Code.

NAME	REPRESENTING	OWNERSHIP SHARE IN BE GROUP, %
KG Lindvall	Swedbank Robur Fund	9.7
Tomas Ramsälv	Odin Funds	5.0
Anders Oscarsson	AMF Pension and AMF Funds	4.4
Thomas Ehlin	Nordeas Funds	2.5
Carl-Erik Ridderstråle	Chairman of the Board	1.0
Total:		22.6

The Nominating Committee has met four times between its formation and publication of the notice of the 2011 AGM. As a basis for its proposals to the 2011 AGM, the Nominating Committee assessed whether the current Board is suitable for its purpose and meets the requirements on the Board of Directors imposed by the Company's position and future direction. The assessment was based on material including relevant sections of the evaluation of Board activities performed under the Chairman's guidance.

New recruitments to the Board are based on a list of qualifications adopted by the Nominating Committee.

THE BOARD AND ITS WORK

Composition

Under the Articles of Association, the Board of Directors of BE Group must consist of at least three and no more than ten directors elected by the AGM for a term that lasts until the first AGM held after the year the director was appointed. The Articles of Association do not allow

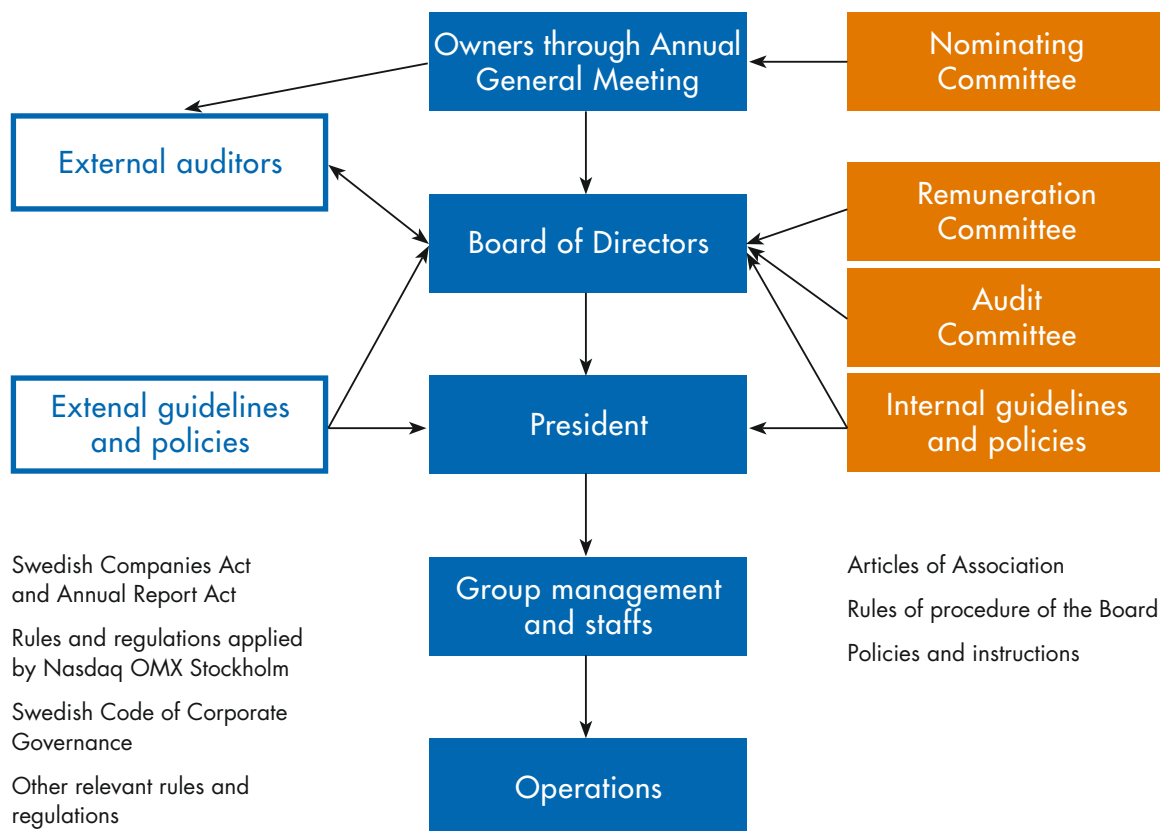
election of alternate directors and lack provisions on the appointment and discharge of directors, as well as on the amendment of the Articles of Association.

Until December 31, 2010, the Board of the Company consisted of eight members elected by the AGM of April 27, 2010. Carl-Erik Ridderstråle (Chairman), Roger Bergkvist, Cecilia Edström, Marita Jaatinen, Roger Johansson, Joakim Karlsson, Lars Olof Nilsson and Lars Spongberg, along with two employee representatives, Thomas Berg and Kerry Johansson and their alternates, Tord Bengtsson and Susanne Olsson. In connection with Roger Johansson assuming the position of President of BE Group on January 1, 2011, he resigned his membership of the Board.

Please refer to pages 86–87 of the Annual Report for a more detailed presentation of the directors. All eight directors elected by the AGM are independent in relation to BE Group and executive management according to the terms of the Code. All members re-elected by the AGM are considered independent in relation to BE Group's principal owners.

Rules of procedure of the Board

Each year, the Board adopts written rules of procedure that clarify its responsibilities and regulate the division of labor within the Board and its committees including the role of the Chairman, decision-making procedures, meeting schedules, procedures for calling Board meetings, agendas and minutes, as well as the Board's work in connection with accounting, auditing and financial reporting. The rules of procedure also govern how the Board will obtain information and documentation as a basis for exercising its responsibilities and to enable it to make well-founded decisions. The Board has also adopted sets of instructions for the CEO and for financial reporting to the Board and has adopted other special policies.



The Board's responsibilities include monitoring the CEO's work by means of regular follow-up of operations during the year, checking that the organization, management and guidelines for managing BE Group's affairs are appropriate and ensuring the existence of adequate internal control.

The Board's responsibilities also involve setting strategies and targets, developing special policies, making decisions regarding large-scale acquisitions and divestments of operations, making decisions on other major investments, determining investments and loans in accordance with the Group's finance policy, issuing financial reports, evaluating operational management and planning succession.

The Board safeguards the quality of financial reporting, in part through adopted guideline documents such as the instructions to the CEO, the instructions for financial reporting to the Board and the information and insider policy and in part by dealing with reports from the Audit Committee in the form of formal minutes and observations, recommendations and proposals for resolutions and measures.

The Board also safeguards the quality of financial reporting through the careful examination of interim reports, the annual accounts and the year-end report at Board meetings. The Board has delegated to management responsibility for assuring the quality of press releases with financial content and presentation material used at meetings with the media, shareholders and financial institutions.

The Chairman of the Board, Carl-Erik Ridderstråle, organizes and presides over the activities of the Board to ensure compliance with the Swedish Companies Act, other laws and regulations, regulations applicable to publicly traded companies (including the Code) and the Board's internal guidelines.

The Chairman monitors operations through ongoing contacts with the CEO and is responsible for ensuring that the other members of the Board receive satisfactory information and data on which to make decisions. The Chairman ensures that directors regularly update and deepen their understanding of BE Group and otherwise are given the training required for the efficient exercise of Board responsibilities. The Chairman also ensures that Board performance is evaluated annually and that relevant sections of the assessments are provided to the Nominating Committee. The Chairman represents BE Group in matters of ownership.

The Board has a Remuneration Committee and an Audit Committee. The purpose of Board committees is to ensure in-depth and efficient Board performance and to prepare items of business in their respective areas. The committees have no authority to make decisions. The members of the committees are appointed annually by the Board at its statutory meeting following its election/re-election by the AGM. Instructions to the Audit Committee are included in the agenda of the Board.

Work of the Board in 2010

According to the current rules of procedure, the Board shall meet on six occasions per year, in addition to its statutory meeting. Additional meetings shall be held as necessary. The Board held a total of 11 meetings in 2010, of which four were held over the telephone and two per capsulam.

Over the year, the work of the Board focused in particular on strategy discussions regarding the development of the Company over the next three years, issues relating the general economic situation and related matters involving cost savings, acquisitions, investments, financial issues and market communications.

The CEO and CFO were present at all Board meetings and reported on the development of the Group. Apart from the members of the Board, other officers of BE Group participated in Board meetings to present reports on particular issues and when otherwise deemed appropriate. Attorney Hans Petersson acted as secretary at the Board meetings.

The following table provides a report of attendance by elected directors at the six meetings prior to the AGM and the five meetings after the AGM. As shown, attendance at Board meetings during the year was excellent.

MEMBER	BOARD OF DIRECTORS	REMUNERATION COMMITTEE	AUDIT COMMITTEE
Carl-Erik Ridderstråle	11/11	5/5	
Roger Bergqvist	11/11		
Cecilia Edström	11/11		6/6
Marita Jaatinen ¹⁾	4/5		
Roger Johansson	11/11		
Joakim Karlsson	10/11		5/6
Lars Olof Nilsson	11/11		6/6
Lars Spongberg	11/11	5/5	

¹⁾ Elected to the Board by the AGM in April 2010.

Audit Committee

The Audit Committee is tasked with supervising accounting, financial reporting and internal control procedures. Each year, the Company's auditors, in consultation with the Company's CFO, formulate a proposed audit policy and presents this to the Audit Committee. Once the proposal has been reviewed and commented on by the Committee, a final proposal is submitted for approval by the Board.

Committee activities are oriented towards assuring the quality and accuracy of financial accounting and reporting, internal financial control efforts, Group compliance with applicable regulations and, where applicable, transactions between the Group and related parties. The Committee also works to comprehend and optimize the management of the Company's financial and operational risks.

The Audit Committee also maintains regular contact with BE Group AB and the Group's auditor to generate a continual exchange of opinions and information between the Board and the auditor concerning audit issues, assessing audit performance and adopting guidelines for services other than audits that BE Group is permitted to procure from BE Group's auditor. The Audit Committee consists of Lars Olof Nilsson (Chairman), Joakim Karlsson and Cecilia Edström and meets the legal requirements imposed in terms of expertise in accounting or auditing.

The work of the Committee is regulated by a special set of instructions adopted by the Board as part of its agenda. The Audit Committee met six times in 2010 and once in 2011. The meetings of the Audit Committee are minuted and reported orally at Board meetings.

Remuneration Committee

In 2010, the duties of the Remuneration Committee mainly dealt with matters related to salaries and other terms of employment, pension benefits and the bonus system for the CEO and the managers reporting directly to him, as well as remuneration issues of a policy nature.

In addition, the Committee prepared decision input in certain other remuneration issues that are of a policy nature or otherwise of material significance, such as incentive and profit sharing schemes. The Remuneration Committee was also tasked with drafting executive remuneration policies the Board will present to the AGM for resolution.

In 2010, the Remuneration Committee's assignment was adapted to comply with the rules concerning such committees in the revised Code that came into effect on July 1, 2010. As a consequence, following that date, the Committee has also been tasked with monitoring and assessing variable remuneration programs for senior executives that were ongoing or terminated during the year and with monitoring and assessing the application of the guidelines for remunerations for senior executives that shall, by law, be adopted by the AGM, as well as current remuneration structures and levels in the Company.

The Remuneration Committee consists of Carl-Erik Ridderstråle (Chairman) and Lars Spongberg. The work of the Committee is regulated by a special set of instructions adopted by the Board as part of its agenda. The Remuneration Committee met five times in 2010, at which both

members were present. Committee members have also been in regular communication concerning new hires and other salary issues.

Meetings of the Remuneration Committee are minuted and reported orally at Board meetings.

Board remuneration

The fees for the directors elected by the AGM are determined by the AGM on the basis of the Nominating Committee's proposal. Employee representatives to the Board of Directors do not receive directors' fees. In accordance with a resolution by the 2010 AGM, a fee of SEK 400,000 was paid to the Chairman of the Board for the period extending from the 2010 AGM until the 2011 AGM. The other directors were each paid a fee of SEK 200,000 for the same term of office.

In addition, the members of the Audit Committee were paid fees totaling SEK 120,000, of which SEK 60,000 was paid to the Chairman of the Committee and SEK 30,000 each to the other members. No fees were paid to the members of the Remuneration Committee. No directors' fees are paid to BE Group employees who sit on subsidiary Boards of directors.

MEMBER SEK	BOARD OF DIRECTORS	REMUNERATION COMMITTEE	AUDIT COMMITTEE
Carl-Erik Ridderstråle	400,000	–	–
Roger Bergqvist	200,000	–	–
Cecilia Edström	200,000	–	30,000
Marita Jaatinen	200,000	–	–
Roger Johansson	200,000	–	–
Joakim Karlsson	200,000	–	30,000
Lars Olof Nilsson	200,000	–	60,000
Lars Spongberg	200,000	–	–
Total:	1,800,000	–	120,000

GROUP MANAGEMENT

For most of 2010, BE Group's management consisted of six individuals: Lars Bergström, President and CEO, Torbjörn Clementz, CFO and Deputy CEO, Per Horstmann, Vice President, Purchasing and Production, Per Gullstrand, Business Area Manager CEE, Matti Tiira, Business Area Manager Finland and President of BE Group Oy Ab and Stefan Eklund,

Business Area Manager Sweden and President of BE Group Sverige AB.

Lars Bergström left his assignment as President and CEO effective from December 31, 2010 and was succeeded on January 1, 2011 by Board member Roger Johansson, who simultaneously left the Board. A more detailed presentation of the CEO and other members of Group Management is given on page 88 of the Annual Report.

The President leads operations in accordance with the Companies Act and within the parameters set by the Board. In consultation with the Chairman of the Board, the President prepares the data and materials the Board requires to make its decisions, presents matters and explains proposed decisions. The President is also responsible for BE Group's commercial, strategic and financial development, leading and coordinating daily operations in line with the Board's guidelines and decisions.

The President also appoints the members of Group Management in consultation with the Chairman of the Board. BE Group Management reviews operations at monthly meetings presided over by the President. The Group Management team also holds weekly conference calls to discuss operations.

AUDITORS

At the 2007 AGM, the KPMG Bohlins AB firm of auditors was elected auditor for BE Group for a period of four years. Alf Svensson, authorized public accountant, is the principal auditor.

The auditor maintains regular contact with the Chairman of the Board, the Audit Committee and Group Management. BE Group's auditor is tasked with auditing the Annual Report and accounting records as well as the management of the Company by the President and the Board of Directors. The auditor works according to an audit plan, into which the opinions of the Board have been incorporated, and has reported its observations to the Board. Reports have been submitted during the progress of the audit and in connection with the adoption of the 2010 Year-end Report on February 8, 2011.

The auditor also participates in the AGM, where he outlines the audit process and his observations in an audit report. Over the year, the auditor has also performed certain consulting assignments outside the scope of the audit – these have mainly involved advice on accounting matters. The external audit is conducted in accordance with the generally accepted accounting principles in Sweden. The auditing of documentation for the Annual Report for legal units outside Sweden is conducted in accordance with legal requirements and other applicable regulations in the relevant countries, in accordance with generally accepted accounting principles and accompanied by audit reports where so required by local legislation.



INTERNAL CONTROL AND RISK MANAGEMENT REGARDING THE FINANCIAL STATEMENTS FOR THE 2010 FINANCIAL YEAR

BE Group's Board of Directors complies with the Annual Accounts Act and the Code and accordingly provides a description of the key elements of the Company's system for internal control and risk management with regard to financial reporting.

The Board and its Audit Committee monitor the quality of the financial reports and BE Group's internal control systems and review BE Group's risk scenario. This is achieved by issuing instructions to the CEO, setting requirements for the contents of regular reports on financial conditions to the Board, and through reviews conducted together with the Board and auditors. The Board and Audit Committee review and assure the quality of financial reports, including year-end and annual reports and have delegated responsibility for assuring the quality of press releases of a financial nature and presentation materials used in meetings with the media, shareholders and financial institutions.

Aimed at giving the Board a basis for establishing the appropriate level of internal governance and control, BE Group carried out an audit of internal control in a number of focus areas in 2007. External consultant services were used to perform the audit, which has been followed up at the Group and local levels, resulting in a number of improvements in internal control. In 2008, 2009 and 2010, follow-ups were conducted in these areas as part of the external audit.

To further strengthen the internal audit environment, the Board resolved, towards the end of 2009, to appoint an Internal Audit Council tasked with systematically identifying areas for review and monitoring and reviewing the Group's internal control. The Internal Audit Council is headed by the Group's CFO and reports to the Board's Audit Committee. This has been done to strengthen the internal control function at both the Group and local level for the future.

The Internal Audit Council began its work during 2010. Within the framework of its efforts, a review was performed of the areas requiring auditing and a schedule set. The year's examination focused primarily on adherence to instructions regarding attestation, as well as on local and Group-wide requirements in relation to company law.

BE Group's internal control of financial reporting covers five main areas: establishment of a control environment, risk assessment, control activities, information and communications and follow-up.

Control environment

BE Group has a simple legal and operational structure and an established governance and internal control system. This allows the organization to react quickly to external changes. Operational decisions are taken at the Group or business area level, while decisions on strategy, business direction, acquisitions and general financial issues are taken by the Board of Directors and Group Management of BE Group. Internal control of financial reporting at BE Group is designed to work within this organization.

Clear regulations on delegation of authority and responsibilities are followed within BE Group, which follow Group structure. The foundations for internal control of financial reporting are the control environment and its organization, decision paths, documented and communicated authority and responsibilities and the culture that is the basis for the communications and activities of the Board and Group Management. There is an established set of instructions for the Board, which includes the distribution of duties within the Board as well as the tasks of the Chairman. There is, in addition, a set of instructions regulating the duties and authority of the President. Instructions have also been prepared for all business area managers and the presidents of all subsidiaries. Managers at various levels in the Company are responsible for continual internal control within their areas of responsibility.

Risk assessment

Risk assessment is based on a comprehensive risk analysis performed in connection with preparations for applying for listing on the Stockholm

Stock Exchange (now Nasdaq OMX, Stockholm). The general financial risks are defined and observed when the Group's financial targets are set.

Control activities

The risks identified with regard to financial reporting are managed through the Company's control activities, such as authorization controls in IT systems and signature authentication.

Detailed economic analysis of business performance including follow-up against business plans and forecasts supplements operations-specific controls and provides an overall assessment of reporting quality.

Information and communication

The Group maintains channels of information and communication that serve to safeguard completeness and accuracy in financial reporting. Policies, manuals and job descriptions are available on the Company intranet and/or in printed form.

Follow-up

The President is responsible for internal control being organized and followed up in accordance with the guidelines adopted by the Board. Financial control is exercised by the Corporate Finance Department. Financial reporting is analyzed monthly at the detailed level. The Board has followed up financial reporting at Board meetings and BE Group's auditor has reported its observations to the Board. The Board has received monthly financial reports and the Company's financial situation was discussed at every Board meeting.

The President is responsible for ensuring that independent and objective reviews are conducted with the aim of systematically assessing and proposing improvements to the Group's processes for governance, internal control and risk management.

Internal audit

BE Group has a simple legal and operational structure and an established governance and internal control system. The Board and the Audit Committee follow up BE Group's assessment of internal control by means including discussions with BE Group's auditors. Given the above, the Board has elected not to maintain a special internal audit unit.

ARTICLES OF ASSOCIATION

The Articles of Association establish matters including the object of BE Group's business, the number of directors and auditors, how notice to attend the AGM must be provided, how the agenda will be dealt with during the AGM and where meetings will be held. The current Articles of Association were adopted by the extraordinary meeting of shareholders held September 13, 2009 and are available on BE Group's website at www.begroup.com.

POLICY DOCUMENTS

The Board has adopted several guidelines and policies to safeguard BE Group's internal control. These include an Information and Insider Policy, an Executive Remuneration Policy, Ethical Guidelines, an Environmental Policy, an Internet and IT Policy and a Treasury Policy.

APPLICATION OF THE SWEDISH CODE OF CORPORATE GOVERNANCE

The Code is based on the "comply or explain" principle, which means a company may depart from the provisions of the Code provided that such departures can be explained in a satisfactory manner. BE Group fully applied the Code during the 2010 financial year and has not departed from Code rules in any respect.

REVIEW

This Corporate Governance Report has been prepared as an independent document in relation to the Annual Report and has been reviewed by BE Group's auditors in accordance with Chapter 6, paragraph 9 of the Annual Accounts Act. The Auditor's statement is enclosed with the Report.

AUDITORS' REPORT OF THE CORPORATE GOVERNANCE STATEMENT

To the annual meeting of the shareholders in BE Group AB (publ)
Corporate identity number 556578-4724

It is the Board of Directors who is responsible for the Corporate Governance Statement for the year 2010 on pages 80–84 and that it has been prepared in accordance with the Annual Accounts Act.

As a basis for our opinion that the Corporate Governance Statement has been prepared and is consistent with the annual accounts and the consolidated accounts, we have read the Corporate Governance Statement and assessed its statutory content based on our knowledge of the company.

In our opinion, the Corporate Governance Statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Malmö, March 28, 2011
KPMG AB

Signature on Swedish original

Alf Svensson
Authorized Public Accountant