



Corporate Governance
Report 2018

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AGES Industri AB (publ), where AGES Class B shares are listed on Nasdaq Stockholm First North Premier since 16 May 2014. The company's Class A shares are not listed.

Corporate governance in Swedish listed companies is regulated by a combination of written rules and practices. Legislation mainly consists of the Swedish Companies Act and the Swedish Annual Accounts Act, as well as the rules that apply in the regulated market on which the company's shares are listed for trading. In addition, all listed Swedish companies are covered by the Swedish Code for Corporate Governance ("the Code") since 2008. Guidelines concerning the Code can be found on the website of the Swedish Corporate Governance Board (www.bolagsstyrning.se). The Code complements legislation by setting stricter requirements in certain areas, but simultaneously makes it possible for companies to deviate from these in certain circumstances if this is believed to lead to better corporate governance, provided that an explanation is given about the deviation.

CORPORATE GOVERNANCE AGES INDUSTRY AB

The purpose of AGES Industri's corporate governance is to create a clear division of roles and responsibilities between the owners, board, board committees and senior management and create long-term value for shareholders and other stakeholders.

Corporate governance in AGES Industri is primarily based on application of the Swedish Companies Act, Nasdaq Stockholm First North Premier's regulations, the Code and internal guidelines and rules.

SHARE CAPITAL OCH SHAREHOLDERS

The share capital at the end of 2018 stood at SEK 35.1 million, shared between a total of 7,028,974 shares on the balance sheet date, of which 1,822,200 were Class A shares and 5,206,774 were class B shares. One Class A share carries 10 votes per share and one Class B share carries one vote. All shares have equal rights to the company's assets and dividends. At the end of 2018, AGES had 1,383 shareholders. The ten largest shareholders held 84.7 per cent of equity and 95.4 per cent of the votes. As at the balance sheet date, two shareholders each controlled more than 10 per cent of both the equity and votes in the company. Anna Benjamin and her companies control 28.7 per cent of the shares and 57.9 of the votes. Pomona-gruppen AB holds 29.9 per cent of the shares and 29.7 per cent of the votes.

GENERAL MEETING OF SHAREHOLDERS

The general meeting of shareholders is the forum at which shareholders exercise their influence over the company and it is the company's highest decision-making body, being superior to the company's Board

of Directors and CEO. In accordance with the Articles of Association, a general meeting of shareholders must be called through a notice in the official gazette Post- och Inrikes Tidningar and on the company's website. An announcement of the notice must be published in the Dagens Industri newspaper.

ANNUAL GENERAL MEETING

The Annual General Meeting convenes once a year to, among other things, adopt the annual financial statements and consolidated financial statements, discharge the Board of Directors and CEO from liability and pass a resolution on appropriation of profits for the financial year just ended. The Annual General Meeting also elects the Board of Directors and, if required, the auditor. All shareholders who are directly registered in the share register and who have registered their attendance in time can attend the meeting and use their voting rights. Shareholders who are unable to attend in person may be represented by a proxy.

ANNUAL GENERAL MEETING 2018

AGES Industri AB's Annual General Meeting was held on 3 May 2018 and was attended by 25 shareholders, whose combined holdings corresponded to 94 per cent of the votes and 73 per cent of the outstanding shares. AGES's Board of Directors and management, together with the auditors and representatives of the Nomination Committee, were present at the meeting. The following key decisions were made:

- ▶ Adoption of the financial results and balance sheets for 2017, allocation of profits and discharge from liability for the Board of Directors and CEO.
- ▶ Fredrik Rapp, Anna Benjamin, Tommy Gunnarsson, Petter Fägersten were re-elected to the Board of Directors.
- ▶ Newly elected Board members. Stefan Jonsson was elected as Chairman of the Board and ordinary Board member and Håkan Lindor was elected as ordinary Board member.
- ▶ Election of auditor Ernst & Young AB, with Anders Johansson as the Auditor in Charge.
- ▶ Anders Rudgård was re-elected as Chairman of the Nomination Committee and Fredrik Rapp was also re-elected to the Nomination Committee, while Ulf Hedlundh was elected as a new member.
- ▶ Guidelines for remuneration of senior executives.
- ▶ Decision on authorisation for new issue.

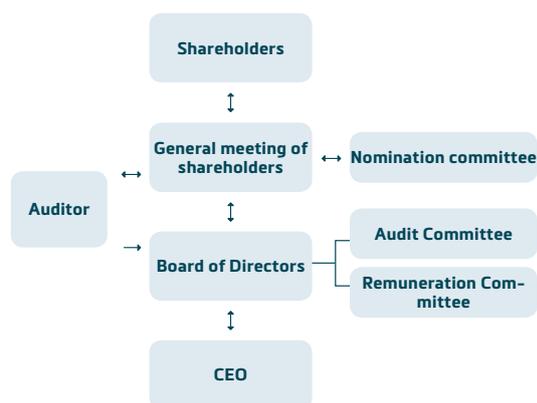
ANNUAL GENERAL MEETING 2019

AGES Industri AB's Annual General Meeting will be held on 7 May 2019 at 15:00 at the company's head office at Högskolan i Halmstad, Kristian IV:s väg 3. Further information can be found on page 79 of the Annual Report for 2018 and on www.ages.se.

NOMINATION COMMITTEE

The Nomination Committee is the general meeting's body responsible for preparing recommendations for appointments for ratification by the general meeting and its purpose is to establish a sound basis for the general meeting's consideration of these matters.

The Annual General Meeting in 2018 appointed a Nomination Committee comprising Anders Rudgård as chairman, Fredrik Rapp and Ulf Hedlundh. The task of the Nomination Committee prior to the Annual General Meeting in 2019 is to propose a Chairman of the Board of Directors and other Board members, auditors, and a chairman for the AGM, and also to propose fees for the Board of Directors, committees



and auditors. In its proposal to the Board, the Nomination Committee must propose Board members who are the most suitable candidates for the company, based on an overall assessment of relevant skills and experience, while also taking into consideration the need for diversity and breadth on the Board, as well as gender balance.

BOARD OF DIRECTORS

Composition of the Board of Directors

According to the Articles of Association, the Board of Directors must be composed of at least three and not more than eight members.

The Annual General Meeting in 2018 decided that the company should have six Board members. The Board of Directors has comprised Stefan Jonsson (Chairman), Fredrik Rapp, Petter Fägersten, Anna Benjamin, Tommy Gunnarsson and Håkan Lindor.

Fredrik Rapp, Petter Fägersten and Anna Benjamin are not considered to be independent in relation to major shareholders. Other Board members are judged to be independent in relation to both major shareholders and the company and its senior management.

Role of the Board of Directors

The Board of Directors is responsible for the organisation of the Company and management of the company's operations. The Board of Directors also issues guidelines and instructions to the CEO. The Board of Directors must also ensure satisfactory control of the organisation of the company with regard to reporting, management of funds and financial position. The Board of Directors follows rules of procedure that are revised annually and adopted at the first scheduled board meeting following election.

Chairman of the Board

The Chairman of the Board is responsible for ensuring that the Board's work is well organised, performed efficiently and that the Board fulfills its duties. The Chairman of the Board is elected by the general meeting.

Evaluation of the work of the Board of Directors and the CEO

The Chairman of the Board is responsible for the evaluation of the work of the Board of Directors, including assessments of the performances of individual Board members. This is carried out on an annual basis through a structured process. The evaluation findings are presented to the Nomination Committee and form the basis for the Nomination Committee's proposals for Board members and fees for the Board.

Work of the Board of Directors in 2018

The Board of Directors held nine meetings in the reporting period. The agenda for each ordinary meeting includes regular reporting items and decisions, as well as information on the business, in accordance with the Board of Directors' rules of procedure. The Board of Directors also

decides on issues of an overarching nature, such as the Group's strategy, structural and organisational matters, as well as major investments. One of the company's auditors participates in at least one Board meeting per year. The auditors' observations arising from the audit of the company's accounts, procedures and internal controls are presented at this meeting.

Audit Committee and Remuneration Committee

The Board of Directors has two committees, the Audit Committee and Remuneration Committee.

Audit Committee

The Audit Committee must prepare the work of the Board of Directors by performing quality assurance of the company's financial reporting, regularly meeting the company's auditor to inform themselves of the company's direction and scope as well as discussing the coordination of the external and internal audit and the view of the company's risks, establishing guidelines for services other than auditing that can be provided by the company's auditor, evaluating the audit work and informing the company's Nomination Committee of the outcome of the evaluation, as well as assisting the Nomination Committee in preparing its proposals for auditors and fees for the audit work. AGES's Audit Committee is composed of all the Board members, i.e. the entire Board of Directors.

Remuneration Committee

The Remuneration Committee must prepare recommendations relating to remuneration and other employment terms and conditions for the company's senior management. AGES Industri AB's Remuneration Committee is composed of Chairman of the Board Stefan Jonsson and Board members Fredrik Rapp and Anna Benjamin.

CEO

The Board appoints a CEO to manage the day-to-day administration of the company. The current CEO, Anders Magnusson, took up the post on 11 September 2018.

SENIOR MANAGEMENT

Senior management in the reporting period comprised CEO Magnus Björn until 11 September 2018 and thereafter Anders Magnusson as the CEO and Johan Bladh as the CFO (for the whole reporting period).

GUIDELINES FOR REMUNERATION OF THE CEO AND SENIOR EXECUTIVES

The Annual General Meeting decides on the guidelines for determining salaries and other compensation for the CEO and other senior executives. The guidelines adopted by the Annual General Meeting in 2018 involved the following:

The terms and conditions must be on market terms. In addition to a fixed basic salary, senior executives may receive variable remuneration,

Composition of the Board of Directors and Committees as at 31 December 2018

Name	Elected	Function on the Board of Directors	Independent in relation to the company and senior management	Independent in relation to major shareholders	Attendance at board meetings 2018	Attendance in Remuneration Committee meetings 2018	Attendance in Audit Committee meetings 2018	Board fee including committee remuneration, SEK 2018
Stefan Jonsson	2018	Chairman	Yes	Yes	7 (7)	1 (1)	1 (1)	320,000
Anna Benjamin	2015	Board member	Yes	No ¹⁾	9 (9)	2 (2)	1 (1)	130,000
Petter Fägersten	2016	Board member	Yes	No ¹⁾	9 (9)	–	1 (1)	120,000
Fredrik Rapp	2013	Board member	Yes	No ¹⁾	9 (9)	2 (2)	1 (1)	130,000
Tommy Gunnarsson	2013	Board member	Yes	Yes	9 (9)	–	1 (1)	120,000
Håkan Lindor	2018	Board member	Yes	Yes	7 (7)	–	1 (1)	120,000

¹⁾ Anna Benjamin and Fredrik Rapp are not considered to be independent in relation to major shareholders in their capacity as shareholders. This is also the consensus regarding Petter Fägersten. Further information about the Board of Directors in 2018 is available at www.ages.se and also on page 76 of the printed copy of the Annual Report.

which must be limited and based on financial performance or return on equity compared with set goals. The variable component must not exceed an amount equivalent to three months' salary. Senior executives must have pensions on market terms and conditions and they must be premium-based. All members of the Group's senior management are required to give six months' notice of resignation. In the event of termination of employment of the CEO, severance pay corresponding to six months' salary shall be payable. The Board shall be entitled to deviate from the guidelines if there are exceptional reasons for doing so in individual cases. Under the current agreement between the company and the CEO, the notice period is six months from either side. In the case of termination of employment by the company, the CEO will be entitled to severance pay corresponding to six months' salary. The amount of severance pay is adjusted for income from other sources. In the case of resignation by the CEO, no severance pay is payable. Other senior executives are subject to a notice period from either side of six months. In the case of termination of employment by the company, the executive will be entitled to severance pay corresponding to 6 months' salary. The amount of severance pay is adjusted for income from other sources. In the case of resignation by the executive, no severance pay is payable.

CORPORATE GOVERNANCE AND SUSTAINABILITY

A Corporate Governance Report has been prepared by AGES Industri AB for the reporting period 2018. This is the first Corporate Governance Report published by AGES Industri AB and it is available on the company's website. The Corporate Governance Report for 2018 was subject to review by the auditor in accordance with the attached auditor's statement.

AGES Industri AB prepared a Sustainability Report for the third year. The Sustainability Report is available on the company's website www.ages.se.

AUDITOR

The auditor shall audit the company's Annual Report and accounts and the administration of the company by the Board of Directors and CEO. According to the Articles of Association, the Annual General Meeting shall appoint a registered public accounting firm or 1-2 auditors, at least one of whom must be an authorised public accountant. Fees to auditors will be paid against an approved invoice.

DEVIATIONS FROM THE CODE

No deviations are reported for 2018.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

In accordance with the Swedish Companies Act and the Code, the Board of Directors is responsible for internal controls, which are aimed at protecting the company's assets and thereby the shareholders' investments.

FINANCIAL REPORTING

All AGES Industri units report their financial results every month. These reports are consolidated and form the basis for monthly reports, quarterly reports and operational follow-up. This operational follow-up is carried out in accordance with an established structure where invoicing, liquidity,

and other key ratios for the Group are collated and form the basis for analysis and measures by management and controllers.

CONTROL ENVIRONMENT

The basis for internal control over financial reporting consists of an overarching control environment. The main task of the Audit Committee is to monitor accounting and reporting processes and to ensure the quality of these reports and processes. Responsibility for maintaining an effective control environment and the ongoing work relating to risk management and internal controls over financial reporting rests with the CEO. Managers at various levels within AGES Industri have this responsibility within their respective areas. Responsibilities and powers are defined in the CEO's instructions, instructions concerning authorisation rights, manuals and other policies, procedures and codes. The Board of Directors establishes the Group's key policies concerning communication, financing and risk management. Senior management establishes other policies and instructions, and responsible corporate functions issue guidelines and monitor application of the regulations. The Group's accounting and reporting regulations are set out in a finance manual which is available to all finance personnel. Together with laws and other external regulations, the organisational structure and internal regulations constitute the control environment.

RISK ASSESSMENT AND CONTROL ACTIVITIES

There is a risk that material misstatement could occur in the financial statements in connection with accounting and measurement of assets, liabilities, income and expenses or deviations from information requirements. Each year, AGES's finance function carries out a risk analysis of the group's balance sheet and income statement items based on qualitative and quantitative risks.

Standard control activities include account reconciliation and supporting controls. The purpose of all control activities is to prevent, detect and correct any errors or deviations in financial reporting. The most significant risks concerning financial reporting identified as a result of the Group's internal control activities are managed through control structures that in all material respects are based on deviation reporting from established goals or standards.

FOLLOW-UP

The Group applies IFRS, which are defined in AGES's audit manual. The manual covers accounting and measurement regulations that must be followed by all companies within the Group, together with reporting instructions. Financial data is reported on a monthly basis by all legal entities.

Each Board member receives a monthly reporting containing consolidated income statements and balance sheets for the Group.

The Group's financial position is discussed at each meeting of the Board of Directors. The finance division and management perform a detailed analysis of financial reporting on a monthly basis.

It is the opinion of the Board of Directors that the company is in compliance with the Swedish Code of Corporate Governance.

Halmstad, 29 March 2019

Stefan Jonsson
CHAIRMAN OF THE BOARD

Fredrik Rapp
BOARD MEMBER

Petter Fägersten
BOARD MEMBER

Anna Benjamin
BOARD MEMBER

Tommy Gunnarsson
BOARD MEMBER

Håkan Lindor
BOARD MEMBER

Anders Magnusson
CEO

Auditor's Statement on the Corporate Governance Report

To the Annual General Meeting of AGES Industri AB (publ) AB, corporate identity number 556234-6204

ENGAGEMENT AND RESPONSIBILITIES

The Board of Directors is responsible for the Corporate Governance Report for 2018 on pages 70–72 and for ensuring that it is prepared in accordance with the Swedish Annual Accounts Act.

DIRECTION AND SCOPE OF THE AUDIT

Our review has been carried out in accordance with FAR's auditing standard RevU 16 Auditor's review of the Corporate Governance Report. This means that our review of the Corporate Governance Report has a different direction and is significantly less in scope than the direction and scope of an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides sufficient basis for our opinions.

OPINION

A Corporate Governance Report has been prepared. Disclosures in accordance with Chapter 6, Section 6, paragraph 2, items 2–6 of the Swedish Annual Accounts Act and Chapter 7, Section 31, paragraph 2 of the same Act are consistent with the financial statements and consolidated financial statements and are in accordance with the Swedish Annual Accounts Act.

Jönköping, 29 March 2019
Ernst & Young AB

Anders Johansson
AUTHORISED PUBLIC ACCOUNTANT



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