

Corporate Governance Report

VBG Group AB (publ) is a Swedish limited liability company whose Series B shares have been listed on the Stockholm Stock Exchange since 1987, where they are traded on the Nasdaq Stockholm Mid Cap list. VBG Group AB has applied the Swedish Corporate Governance Code (the Code) since 1 January 2009.

The Code is a part of corporate Sweden's self-regulation and is based on the "comply or explain" principle. This means that companies that apply the Code can choose not to comply with certain rules but must explain the reason for each non-compliance.

Division of responsibility

Responsibility for management and control of the Group is divided between the shareholders at the Annual General Meeting, the Board of Directors, its elected committees and the President under the provisions of the Swedish Companies Act, other laws and ordinances, rules governing stock market companies, the Articles of Association and the Board's internal governance documents.

Shareholders

The share capital in VBG Group AB amounted to SEK 65,490,060 on 31 December 2018, distributed among 2,440,000 Series A shares and 23,756,024 Series B shares, where each series A share carries ten votes and each series B share carries one vote, except for the 1,191,976 Series B shares bought back by VBG Group AB in 2002. This amounts to a total of 25,004,048 shares outstanding with a total of 46,964,048 votes.

At the end of 2018, VBG Group AB had a total of 4,308 shareholders. At year-end, the ten largest shareholders controlled 81.5% of the outstanding share capital, 77.8% of the total number of issued shares and 90.2% of the votes. The stake held by the largest shareholder, the Herman Krefling Foundation for Allergy and Asthma Research, amounted to 22.6% of the outstanding share capital and 28.3% of the votes. Other shareholders with more than 10% of the votes were the SLK Employees' Foundation and the VBG-SLK Foundation, whose holdings of Series A shares represented 24.2% and 10.4% of the votes, respectively.

More detailed information on the share, the ownership structure, and so on is provided on pages 24–25.

Articles of Association

The Articles of Association state that VBG Group AB is a public company whose object is to "engage – on its own or through wholly and partly owned companies – in industrial activities, preferably in the area of automotive components and truck equipment, and other activities consistent therewith".

General Meeting of Shareholders

The highest decision-making body in VBG Group AB is the General Meeting of Shareholders. The Annual General Meeting (AGM), which is held within six months of the end of the fiscal year, adopts the financial statements, resolves on a dividend, elects the Board of Directors and the auditors and establishes their fees, appoints the Nominating Committee, considers other statutory matters and votes on proposals from the Board of Directors and the shareholders.

Notice convening the Annual General Meeting is given not earlier than six and not later than four weeks prior to the meeting. The notice contains information on notification of intention to attend and right to participate in and vote at the meeting, an itemized agenda with the matters to be discussed, and information on the proposed dividend and the main content of other proposals. Shareholders or proxies can vote for the full number of shares held or represented.

Notice convening an Extraordinary General Meeting where the Articles of Association will be addressed shall be given not earlier than six weeks and not later than four weeks prior to the meeting. Notice convening other Extraordinary General Meetings shall be given not earlier than six weeks and not later than two weeks prior to the meeting.

Proposals to the meeting should be addressed to the Board of Directors and submitted in good time before notice convening the meeting is given. Information on shareholders' rights to have matters addressed at the meeting is provided on the website, vbgroup.com

Annual General Meeting 2018

VBG Group AB's Annual General Meeting was held on 25 April 2018 and all the presentations were made in Swedish. Notice of the meeting, the agenda, and the minutes with the President's illustrations from his address are available on the website. The entire Board of Directors, the chairman of the Nominating Committee, the Group Management in the person of the President and the CFO, and the company's auditor were present at the meeting. Shareholders were given an opportunity to ask questions during the meeting. It was not possible to follow or participate in the meeting from another location with the aid of communication technology. No change is planned in this respect for the 2019 AGM.

The AGM decided to adopt the Board's proposal for a raised dividend of SEK 3.25 per share (1.75) for fiscal year 2017, with a record date of 27 April 2018. The AGM decided to re-elect Board members Peter Hansson, Anders Birgersson, Johnny Alvarsson, Peter Augustsson, Louise Nicolin and Jessica Malmsten, and to elect Mats R. Karlsson as a new member of the Board. Mats R. Karlsson has an MSc Industrial Engineering and Management from Linköping University of Technology and is currently Senior Advisor in his own company. Mats has previously worked as the CEO of Axel Johnson International AB and prior to that served as CEO of AxFlow, a subsidiary of the Axel Johnson Group. He has previously worked as the President of Humicool Europe for Munters and Business Area Manager at Primus Sievert.

Norges Bank with its holding of 169,114 shares (0.4% of the votes at the meeting) voted against the resolution but without making a reservation against it. Norges Bank was represented by proxy Erik Andersson.

Peter Hansson was re-elected Chairman and Johnny Alvarsson was re-elected Deputy Chairman.

The fee paid to the Board of Directors was raised to SEK 1,795,000 (previously SEK 1,505,000), of which SEK 500,000 (475,000) to the Chairman of the Board, SEK 315,000 (300,000) to the Deputy Chairman and SEK 220,000 (210,000) each to the other Board members. Of the total fee, SEK 100,000 was paid to the Audit and Compensation Committees, to be distributed by the Board of Directors. No fee was paid to the President.

Furthermore, Öhrlings PricewaterhouseCoopers was re-elected as auditor, with Fredrik Göransson as auditor in charge, for a period of one year.

The AGM authorized the Board to resolve on one or more occasions up until the 2019 AGM that repurchased shares can be transferred, notwithstanding the shareholders' pre-emption rights, and that non-cash payment can be made for such transferred shares. This authorization enables the Board to use the Company's own shares as payment for acquired companies.

The AGM resolved to introduce a long-term incentive program (LTI 2018). LTI 2018 encompasses 54 senior executives and other key personnel in the Group, who are offered to acquire a total of not more than 375,000 warrants which each

provides entitlement to subscribe to one new Series B share in VBG Group AB. The subscription price for the shares shall be set at 120% of the volume-weighted average price for VBG Group AB's share during a measurement period in connection with the acquisition of the warrants by participants.

In order to conduct LTI 2018, the AGM resolved on a directed issue of warrants, notwithstanding the shareholders' pre-emption rights, to one of VBG Group AB's wholly owned subsidiaries. To enable additional participants to take part, or participants who are prevented from taking part when the program starts, not more than 375,000 and not more than 75,000 warrants will be issued respectively in two series. The AGM's decision to transfer warrants to participants, under the terms and conditions that apply for the incentive program, applies to not more than 375,000 warrants.

The Swedish Shareholders' Association, through Mats Ekberg, made a reservation against the resolution, with the motivation that it was rather advantageous and that the subscription price should instead be 135%.

Furthermore, the AGM resolved to appoint a Nominating Committee consisting of Reidar Öster (private), Peter Hansson (Chairman of VBG Group), Peter Trygg (SEB Asset Management SA) and Johan Lannebo (Lannebo Fonder), with Reidar Öster as Chairman.

On 25 April 2018, it was announced that the 2019 AGM would take place in Vänersborg on 24 April 2019 at 5:00 p.m.

Nominating Committee

The Nominating Committee is appointed by the AGM and, for the 2019 AGM, consists of the following members:

- Reidar Öster, private, Chairman of the Nominating Committee
- Peter Hansson, Chairman of VBG Group AB
- Per Trygg, SEB Asset Management SA
- Johan Lannebo, Lannebo Fonder

The task of the Nominating Committee is to present proposals to the AGM on behalf of the shareholders for election of a Chairman and other members of the Board of Directors as well

as proposals for fees and other remuneration for Board work and auditors' fees. The Nominating Committee shall also submit nominations for election of an auditor based on discussions in the VBG Group's Audit Committee and the Board of Directors.

When the Nominating Committee nominates a Chairman and other members of the Board of Directors, it shall issue a statement to the effect that the nominated individuals are to be regarded as independent in relation to the company and the executive management as well as major shareholders in the company. The Nominating Committee's proposals shall be given to the VBG Group in good enough time so that the proposal can be presented in the notice convening the AGM and at the same time on the VBG Group's website.

The Nominating Committee strives for an even gender balance and diversity in terms of breadth of qualifications, experience and background among Board members, which is also reflected in the current composition. The Nominating Committee applies rule 4.1 of the Swedish Corporate Governance Code as its policy for diversity on the Board.

The majority of the members of the Nominating Committee are independent in relation to the company, the executive management and the shareholder with the most votes, the Herman Krefting Foundation for Allergy and Asthma Research.

Ahead of the 2019 AGM, Chairman of the Board Peter Hansson declined re-election; the Nominating Committee proposes that the number of Board members be decreased by one to six members with no deputies. The Nominating Committee proposes the re-election of Johnny Alvarsson, who is also proposed as the new Chairman of the Board, and Peter Augustsson, Louise Nicolin, Jessica Malmsten, Mats R Karlsson and Anders Birgersson (President). The Nominating Committee proposes that the AGM not elect a Deputy Chairman.

The proposal of the Nominating Committee regarding fees to the Board and the committees entails a total reduction to SEK 1,750,000 (currently SEK 1,795,000), since the number of Board members is decreasing by one. Allocation of the fees is proposed as follows: SEK 600,000 (500,000) to the Chairman of the Board and SEK 250,000 (220,000) each to the other Board members.

Board members as of the 2018 AGM

Board members	Function	Elected	Committee work	Independent in relation to the company	Independent in relation to major shareholders
Peter Hansson	Chairman	2001	Compensation Committee / Audit Committee	Yes	No
Johnny Alvarsson	Deputy Chairman	2004	Compensation Committee / Audit Committee	Yes	Yes
Peter Augustsson	Board member	2011	Audit Committee	Yes	Yes
Louise Nicolin	Board member	2014	Audit Committee	Yes	Yes
Jessica Malmsten	Board member	2016	Audit Committee	Yes	Yes
Mats R Karlsson	Board member	2018	Audit Committee	Yes	Yes
Anders Birgersson	Board member, CEO and President	2001	Audit Committee	No	No
				Total	6/7
				5/7	
Employee representatives			Function	Elected	
Jouni Isoaho, IF Metall			Board member	2016	
Cecilia Pettersson, Unionen/Swedish Association of Graduate Engineers/Ledarna			Board member	2011	
Karin Pantzar, Unionen/Swedish Association of Graduate Engineers/Ledarna			Deputy	2010	

Information on the members of the Board is provided on pages 108–109.

Of the total fee, SEK 100,000 is to be paid to the Audit Committee and SEK 50,000 to the Compensation Committee, to be distributed by the Board of Directors. No fee is paid to the President.

Furthermore, the Nominating Committee proposes to the 2019 AGM the re-election of Öhrlings PricewaterhouseCoopers as auditor, with Johan Malmqvist as auditor in charge, for a period of one year. Fredrik Göransson, the current auditor in charge is leaving the position in conjunction with the 2019 AGM in accordance with the seven-year rule in effect. Fees to auditors are proposed to be paid as billed, upon approval, for work performed.

Since Reidar Öster, who was chair of the Nominating Committee for many years, has announced that he is stepping down in conjunction with the AGM, the shareholders who represent more than 75% of the total number of votes in VBG Group AB proposes to the 2019 AGM to appoint to the Nominating Committee:

- Göran Bengtsson, Herman Krefting Foundation for Allergy and Asthma Research, also as the Chairman of the Nominating Committee
- Johnny Alvarsson, Chairman of VBG Group AB
- Johan Lannebo, Lannebo Fonder
- Per Trygg, SEB Asset Management SA

Composition of the Board of Directors

The members of the Board of Directors are elected annually by the AGM for the period up until the next AGM. VBG Group AB has not established a specific age limit for the Board members nor a time limit for how long someone may sit on the Board.

The 2018 AGM elected Board members Peter Hansson, Johnny Alvarsson, Anders Birgersson (President), Peter Augustsson, Louise Nicolin, Jessica Malmsten and Mats R Karlsson. Peter Hansson was elected Chairman of the Board and Johnny Alvarsson was elected Deputy Chairman. There is a presentation of the Board members and their assignments on pages 108–109.

In addition to the seven members elected by the AGM, the trade unions Unionen/Swedish Association of Graduate Engineers/Ledarna and IF Metall each appointed one member and one deputy member.

The number of members elected by the AGM who are independent in relation to the company, according to the requirements for listing on the stock exchange, is judged to be six. Furthermore, five are also judged to be independent of the company's major shareholders and all seven members meet the requirements relating to experience. The President is the only Board member who works actively in the company.

Attendance at Board meetings in 2018

Board members	Board of Directors	Audit Committee	Compensation Committee
Peter Hansson	12 (12)	2 (2)	2 (2)
Johnny Alvarsson	12 (12)	2 (2)	2 (2)
Peter Augustsson	11 (12)	2 (2)	
Louise Nicolin	12 (12)	2 (2)	
Jessica Malmsten	12 (12)	2 (2)	
Mats R Karlsson	6 (8)	1 (1)	
Anders Birgersson	12 (12)	2 (2)	
Employee representatives			
Jouni Isoaho, IF Metall	11 (12)	2 (2)	
Cecilia Petterson, Unionen/Swedish Association of Graduate Engineers/Ledarna	11 (12)	2 (2)	

The work of the Board of Directors

The work of the Board follows an annual plan designed to satisfy the need of the Board for information. In all other respects, the work of the Board is subject to the special rules of procedure the Board has adopted governing the division of responsibilities between the Board, its committees and the President. According to the adopted rules of procedure, the Board of Directors holds seven ordinary meetings per year, including the statutory meeting following the AGM, plus Extraordinary Meetings whenever the situation warrants. Company officers take part in Board meetings as rapporteurs, and the company's CFO also serves as secretary.

The company's auditor reports his observations every year based on his review and gives his assessment of the company's internal control.

Role of the Chairman

The Chairman organizes and leads the work of the Board of Directors so that it complies with the Swedish Companies Act, other laws and ordinances, rules governing stock market companies (including the Code) and the Board's internal governance documents.

The Chairman monitors the company's operations via continuous contacts with the President and is responsible for ensuring that other Board members receive relevant information and documents. The Chairman also ensures that an annual evaluation is conducted of the work of the Board and the President, and that the results of this evaluation are communicated to the Nominating Committee.

According to the by-laws of the shareholder in the VBG Group AB with the most votes, the Herman Krefting Foundation for Allergy and Asthma Research, the company's Chairman shall be a member of the board of the Foundation.

Board committees

The Board of Directors appointed both an Audit Committee and a Compensation Committee for the period up until the 2019 AGM.

Compensation Committee

At the statutory Board meeting in April 2018, the Board of Directors appointed a Compensation Committee consisting of Peter Hansson, Chairman, and Johnny Alvarsson. The Committee had two meetings during 2018 where it discussed remuneration and other terms of employment for the President and senior executives in the Group. The President was co-opted, but did not participate in the discussion when remuneration to the President was addressed.

The principle applied within the Group is that the manager's manager should approve decisions in compensation matters. A presentation was made at the AGM of the Board's proposal for guidelines for remuneration to the President and other senior executives. The AGM adopted the guidelines in accordance with the Board's proposal. Information on the Board's proposal to the 2019 AGM for guidelines for remuneration to the President and senior executives is provided in the Directors' Report on page.

Information on remuneration in 2018 is provided in Note 6 and on page 84.

Audit Committee

At the statutory Board meeting in April 2018, the Board of Directors appointed an Audit Committee consisting of the entire Board with Johnny Alvarsson as Chairman. In 2018, the Audit Committee held two meetings of record, one before and one after the statutory Board meeting.

The Audit Committee has a supervisory role with regard to the company's system for internal control and risk management of the financial reporting. The Committee's Chairman maintains ongoing contact with the company's auditors in order to ensure that the company's internal and external accounting meets the

requirements made on a listed company and to discuss the scope and content of the audit work.

The committee had consultations with and received reports from the company's external auditors on two occasions during 2018. The auditors' reports have not occasioned any special measure on the part of the Audit Committee with a bearing on the financial reporting.

Board activities in 2018

Prior to each Board meeting, an agenda is sent out to the Board members along with in-depth information on the business at hand. Twelve meetings were held during the 2018 fiscal year (twelve the preceding year), of which four (February, April, August and October) were held in conjunction with the publication of the company's quarterly reports. One meeting in March was held to adopt the 2017 Year-end/Annual Report and the annual statutory Board meeting was held immediately after the AGM. The Board held a strategy meeting in September, when they also visited the major international vehicle exhibition, IAA, in Hannover, Germany. The business plan for 2019 was adopted at the December meeting. The other four Board meetings in March, May, June and December dealt in particular with issues related to acquisitions.

Operational activities

The President is responsible for the VBG Group AB's day-to-day administration, and rules established by the Board of Directors govern the President's power of decision regarding investments and financing matters.

President and CEO

President Anders Birgersson, MSc. Eng., has been employed by the VBG Group AB since 2001 and has been active in the engineering industry since 1984 with a focus on logistics, production, product development and senior management at ABB, SKF and ESAB.

As VBG Group AB's President, Anders Birgersson is also a member of the boards of the Herman Krefting Foundation for Allergy and Asthma Research, the SLK Employees' Foundation and the VBG-SLK Foundation, in keeping with the by-laws of the owner foundations.

The President holds 1,017 shares and 20,000 warrants.

Group and Division Management

Group Management comprises four persons from the Parent Company: Anders Birgersson, President and CEO; Claes Wedin, CFO; Bo Hedberg, Senior Vice President of Business Development; and Christina Holgerson, Senior Vice President of HR and Corporate Responsibility; as well as Clas Gunneberg, Executive Vice President of VBG Group and Division Manager, Mobile Climate Control; Anders Erkén, Executive Vice President of VBG Group and Division Manager, VBG Truck Equipment with responsibility for the Edscha Trailer Systems and Ringfeder Power Transmission divisions.

Group Management holds regular monthly meetings and deals with such matters as earnings performance and reports prior to and after Board meetings, strategy and business planning, discussions of goals, investments, internal control, policies and review of the market situation, the economic trend and other external factors that affect the business. Furthermore, Group and division-related major projects are discussed and decided on.

Information on Group Management is provided on pages 110–111.

Internal governance processes

Governance of the VBG Group is based on the vision, business concept and strategies of the Group and its divisions. Under the Board of Directors, the CEO and the Group Management, responsibility for operational activities has been decentralized to the four divisions. Responsibility for the coordination of certain functions such as accounting and finance, HR, IT, legal affairs, intellectual property, and acquisition-related matters rests with the Parent Company.

Over the short term, the Group works on one annual business plan (operations and finance) per division, which are then monitored both for each period and for rolling twelve months. With each quarterly report, the divisions and the Group provide an outlook for the remainder of the fiscal year. This provides the Parent Company and the Board with the documentation for any decisions on adjustments or the need for necessary measures. For the longer planning horizon, the business plans also contain bigger activities and financial information for an additional two years, which is important for strategic governance and financial planning by the Group over the longer term.

Different business processes such as marketing, sales, purchasing and production are used to manage the operational activities in each division in order to achieve the activity goals that have been established.

Earnings are followed up through regular financial reports, and the results of adopted measures are followed up through supplementary follow-up reports.

Auditors

The auditing firm of Öhrlings PricewaterhouseCoopers AB (PwC) was elected by the 2018 AGM as auditor for a period of one year, with authorized public accountant Fredrik Göransson as auditor in charge.

The annual audit includes a statutory audit of VBG Group AB's annual accounts, a statutory audit of the Parent Company and all significant subsidiaries (where required), an audit of 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 a part of the work, with a bearing on the financial reporting.

In the autumn, a meeting and dialogue is held with executive management and, where necessary, the Chairman of the Audit Committee for analysis of the organization, operations, business processes and balance sheet items for the purpose of identifying areas involving an elevated risk of errors in the financial reporting. A general review of the year-end report is performed for the period January–September, including meetings with the Audit Committee to take up material issues prior to the report. In October and November, an "early warning" review is conducted, and a report on this is presented to company management. Review and audit of the year-end and annual reports is performed in January–March.

During 2018, in addition to the audit assignment, the VBG Group consulted PwC on taxes, transfer price matters and accounting matters. The amount of remuneration paid to PwC in 2018 is shown in Note 7 on page 85.

PwC is obliged to assess its independence prior to providing independent advice to the VBG Group in addition to its auditing assignments.

Report on internal control

This section contains the Board's annual report on how internal control is organized in so far as it pertains to financial reporting. The point of departure for the description has been the Code's

rules and the guidance provided by working groups within the Confederation of Swedish Enterprise and FAR.

The Board's responsibility for internal control is described in the Swedish Companies Act, and the internal control regarding financial reporting is covered by the Board's reporting instruction to the President. The VBG Group's financial reporting complies with the laws and rules that apply to companies listed on the Stockholm Stock Exchange and the local rules that apply in each country where business is conducted.

Besides external rules and recommendations there are internal instructions, directions and systems, as well as an internal division of roles and responsibilities aimed at good internal control in the financial reporting.

Control environment

The control environment is the foundation for internal control. VBG Group AB's control environment consists of organizational structure, instructions, policies, guidelines, reporting and defined areas of responsibility. The Board has overall responsibility for the internal control of the financial reporting. The Board of Directors has adopted written rules of procedure that clarify the Board's responsibility and define the division of labor between the Board and its committees. In its role as Audit Committee, the Board of Directors has the principal task of ensuring that established principles for financial reporting and internal control are complied with and that good relations are maintained with the company's auditors. The Board of Directors has prepared an instruction for the President and agreed on the economic reporting to the Board of Directors of VBG Group AB.

The President and the Group's CFO reports the results of his internal control work to the Chairman of the Audit Committee, who subsequently brings relevant issues and observations to the attention of the Audit Committee for possible decision on proposed measures.

VBG Group AB's essential governing documents in the form of policies, guidelines and manuals are, to the extent they pertain to the financial reporting, kept continuously updated and communicated via relevant channels to the companies in the Group.

Systems and procedures have been created to provide the management with the necessary reports concerning business results in relation to established objectives. The necessary information systems are in place to ensure that reliable and up-to-date information is available for the management to be able to perform its duties in a correct and efficient manner.

Risk assessment

The VBG Group's risk assessment regarding the financial reporting is aimed at identifying and evaluating the most significant risks that affect the internal control of the financial reporting in the Group's companies, divisions and processes. The most significant risks identified in the Group's internal control of the financial reporting are managed by control structures based on reporting of non-compliances with adopted standards, for example, valuation of inventories and other significant assets.

Internal control of the financial reporting

Financial reports are prepared monthly and quarterly in the Group, the divisions and their subsidiaries. In conjunction with this reporting, analyses are conducted with comments and updated forecasts aimed at ensuring that the financial reporting is accurate. Accounting functions and business controllers with functional responsibility for accounting, reporting and analysis of financial developments are found in the Parent Company and at division and major unit levels.

The VBG Group's internal control work is aimed at ensuring that the Group fulfills its financial reporting goals. The financial reporting shall:

- be accurate and complete and comply with relevant laws, rules and recommendations.
- provide a fair and true description of the company's business.
- support a rational and informed valuation of the business.

In addition to fulfilling these three goals, internal financial reporting shall provide support for correct business decisions at all levels in the Group.

Information and communications

Internal information and communications have to do with creating an awareness among the Group's employees concerning external and internal governance instruments, including powers and responsibilities. Information and communications regarding internal governance instruments for financial reporting are available for all concerned employees. Important tools for this are the VBG Group's manuals and courses.

Control activities

The Group's companies are organized in four divisions. Each division management has a CFO/business controller who has a central role for analysis and follow-up of the division's financial reporting and earnings. The Parent Company has a Head of Consolidated Accounts for continuous analysis and follow-up of the Group's, the divisions' and the subsidiaries' financial reporting. The Parent Company's CFO is responsible for optimizing cash management (the Group's handling of cash, cash equivalents and foreign currency), receives weekly reports and communicates with all the companies in the Group. A finance conference is held each year to which key persons from the subsidiaries are invited in order to review important areas in financial reporting, cash management and so on. All the companies are linked up to and report to the Group's consolidation system.

Follow-up

The Board of Directors is informed on a monthly basis about the Group's development in terms of sales, earnings and other key events and activities via a written report from the President. On a quarterly basis, in connection with the interim report, the Board of Directors receives comprehensive information regarding the Group's and divisions' performance, earnings, financial position and cash flow via a report package comprising outcomes, forecasts and comments.

MISCELLANEOUS

Internal audit

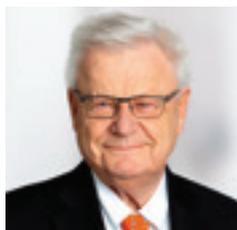
VBG Group AB has a relatively simple operational structure with four divisions, each consisting of small or medium-sized legal entities with varying platforms for internal control. Governance and internal control systems established by the company are monitored regularly with regard to compliance by the CFO/controllers at the division and Parent Company level. Continuous analyses of the companies' reporting and economic outcomes are also performed for the purpose of determining trends.

In view of the above, the Board of Directors has chosen not to have a special internal audit.

Investor relations

The VBG Group's information to shareholders and other stakeholders is provided via the annual report, year-end report, interim reports and press releases as well as via the company's website, vbggroup.com. Some ten or so meetings with investors, analysts shareholders' clubs around Sweden were held during 2018.

Board of Directors



MEMBERS	PETER HANSSON	ANDERS BIRGERSSON	JOHNNY ALVARSSON	LOUISE NICOLIN
Position on the Board	Chairman	Board member	Deputy Chairman	Board member
Current position	Owner of PKH-konsult AB since 2014 Professional board member.	President and CEO of VBG Group AB since 2001.	Chairman of Manava konsult AB since 2017.	President and owner of Nicolin Consulting AB since 2011.
Education	MSc. (Political Science) and BSc., University of Gothenburg. Management training, Centre d'Etudes Industrielles, Geneva.	MSc. Eng., Mechanical Engineering, Chalmers University of Technology. Business Administration, University of Skövde.	MSc. Eng., Industrial Economics, Institute of Technology at Linköping University.	MSc. Eng., Molecular Biotechnology, Uppsala University. Executive MBA, Stockholm School of Business. International Directors Program (IDP-C), Insead, Fontaine-bleau.
Elected	2001 (Board member) 2008 (Chairman of the Board)	2001	2004	2014
Born	1947	1958	1950	1973
Other Board assignments	Chairman of the boards of Borås Bil Förvaltning AB and several of its subsidiaries. Board member of the Herman Krefting Foundation for Allergy and Asthma Research, the World Childhood Foundation and Bra Bil Sverige AB.	Board member of Elos Medtech AB, Sparbanken Lidköping AB, the Herman Krefting Foundation for Allergy and Asthma Research, the VBG-SLK Foundation and the SLK Employees' Foundation.	Chairman of FM Mattsson Mora Group AB, Manava Konsult AB and Dacke Industri AB. Board member of Beijer Alma AB, Instalco Intressenter AB and Sdip-tech AB.	Chairman of AB Better Business World Wide, Sweden. Board member of Volati AB, Dellner Couplers AB, Enzymatica AB, Simris Alg AB and UppdragsHuset Sverige AB.
Work experience	CEO of the Gothenburg Opera 2006–2014. President of Volvo Cars Sweden 1995–2006. Previously held senior management positions at Volvo Lastvagnar Norden AB since 1972.	Has worked in the engineering industry since 1984 in logistics, production, product development and senior management. Production Manager, President and Business Area Manager in the ESAB Group 1997–2001. Production Manager and Technical Manager in the SKF Group 1989–1997. Production and logistics in the ABB Group 1979–1988.	President and CEO of Indutrade AB, 2004–2017. President of the listed companies Elektronikgruppen BK AB 2000–2004 and Zeteco AB 1988–2000. Chief Engineer at Ericsson Telecom, 1975–1987.	Consulting assignments for such companies as AstraZeneca, Maquet Critical Care, Octapharma, Recipharm, GE Healthcare, Pfizer and Pharmadule 1998–. Marketing Manager and Business Area Head at Plantvision 2007–2011. Engineering Consultant at Semcon 1998–2000.
Remuneration¹, SEK	525,000	—	390,000	220,000
Attendance at Board meetings	12 (12)	12 (12)	12 (12)	12 (12)
Own shareholding and shareholding of related parties	200	1,017	1,000	—
Independent of the company	Yes	No	Yes	Yes
Independent of major shareholders	No	No	Yes	Yes

¹ Remuneration approved at the 2018 AGM.

**PETER AUGUSTSSON**

Board member

**JESSICA MALMSTEN**

Board member

**MATS R KARLSSON**

Board member

**CECILIA PETERSSON**

Board member and employee representative white-collar employees

**JOUNI ISOAHO**

Board member and employee representative blue-collar employees

Chairman of Peter Augustsson Development AB since 2005.

Senior Manager Customer Relationship Management Volvo Bil AB since 2017.

Chairman of Mats R Karlsson & Partners AB since 2017.

Employee in the purchasing and logistics division of VBG Truck Equipment. Employed since 1998.

International Welding Specialist (IWS) at VBG Truck Equipment. Employed since 1996.

MSc. Eng., Mechanical Engineering, Chalmers University of Technology.

MSc. Eng., Electronic Engineering, Chalmers University of Technology.

MSc. Eng., Industrial Economics, Institute of Technology at Linköping University.

Three-year economics program.

Upper secondary welding education, Artur Lundqvistskolan.

2011

2016

2018

2011

2016

1955

1964

1958

1968

1959

Chairman of Smoltek Nanotech Holding AB, AXsensor AB, Mechanum Sverige AB, QLT Marine AB, Climate Arena Sweden AB and Fortaco Group Oy. Board member of Walleniusrederierna AB, Ljunghäll Group AB and Mechanum Stockholm AB.

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Chairman of the Board of Ideation AS and Enequi AB. Board member of Fire Fighting Systems AS.

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Has worked in the automotive and component industry since 1978. Saab Automobile AB 1998–2005. SKF AB 1994–1998. Volvo Personvagnar AB 1978–1994.

Has held various senior positions in business and operations development. GöteborgsOperan AB, 2007–2017. Volvo Personbilar Sverige AB and Volvo Personvagnar Norden AB, 2001–2007. Volvo Personvagnar AB 1987–2001.

President and CEO of Axel Johnson International, 2008–2016. President of AxFlow, 2004–2008. Business Area President of Munters Humicool Europe, 1998–2004. Business Area Manager, Primus-Sievert, 1993–1998. Head of Business Development at Sanitec, 1990–1993 and Atlas Copco, 1985–1990.

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220,000

220,000

220,000

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11 (12)

12 (12)

6 (8)

11 (12)

11 (12)

1,100

100

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Yes

Yes

Yes

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Yes

Yes

Yes

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DEPUTY MEMBER OF THE BOARD**Karin Pantzar**Vänernsborn, born 1977
Deputy Board member since 2010.
Employee representative white-collar employees.
Employed since 1998.**AUDITOR****Öhrlings PricewaterhouseCoopers AB****Fredrik Göransson**, Auditor in charge
Born 1973
Authorized Public Accountant
Auditor of the company since 2012.

Management



MANAGEMENT	ANDERS BIRGERSSON	CLAES WEDIN	BO HEDBERG
Current position	President and CEO	Senior Vice President and CFO	Senior Vice President of Business Development
Born	1958	1956	1957
Education	MSc. Eng., Mechanical Engineering, Chalmers University of Technology. Business Administration, University of Skövde.	MSc. Econ., School of Business, Economics and Law at Gothenburg University.	MSc. Eng., Mechanical Engineering, Luleå University of Technology.
Employed	2001	1997	1996
Work experience	Has worked in the engineering industry since 1984 in logistics, production, product development and senior management. Production Manager, President and Business Area Manager in the ESAB Group 1997–2001. Production Manager and Technical Manager in the SKF Group 1989–1997. Production and Logistics in the ABB Group 1979–1988.	Director of Finances at the Älvsborg County Council 1992–1997. CFO and Executive Vice President at Miller-Nohab 1986–1992. Controller and Business Analyst at Volvo Flygmotor 1982–1986. Economist at Union Carbide 1979–1982.	Various positions within the VBG Group, including Director of R&D and Marketing. Marketing Director at Mark IV Automotive 1994–1996. Various positions within Saab Automobile 1981–1994, including Platform Manager in the purchasing division.
Board assignments	Board member of VBG Group since 2001. Board member of Elos Medtech AB, Sparbanken Lidköping AB, the Herman Krefting Foundation for Allergy and Asthma Research, the VBG-SLK Foundation and the SLK Employees' Foundation.	Secretary of VBG Group AB (publ) since 1997.	—
Own shareholding and shareholding of related parties	1,017	2,000	2,012
Warrants	20,000	10,000	7,500


CHRISTINA HOLGERSON

Senior Vice President of HR and Corporate Responsibility

1965

Engineering, specializing in mechanical engineering, Nils Ericson Upper-Secondary School. Qualified Human Resources Specialist, FEI.

1986–1996 and from 2000

Various positions within the VBG Group, including Design Engineer, Quality Manager Purchasing and Quality and Environmental Manager. Many years of experience from the automotive industry, including in the Brink Group as Quality and Environmental Manager 1996–2000.

Board member of the Scandinavian Automotive Supplier Association (FKG) since 2012.

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5,000


ANDERS ERKÉN

Executive Vice President, VBG Group and Division Manager, VBG Truck Equipment, with overall responsibility for Edscha Trailer Systems and Ringfeder Power Transmission.

1964

MSc. Eng., Mechanical Engineering, Luleå University of Technology.

2007

Branch Manager, Imaje AB 2004–2007. Production and logistics in ESAB AB, 1990–2003.

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1,107

15,000


CLAS GUNNEBERG

Executive Vice President, VBG Group and Division Manager, Mobile Climate Control

1964

MSc. Eng., Mechanical Engineering, Chalmers University of Technology. Executive MBA, School of Business, Economics and Law at Gothenburg University.

2016

President and CEO, Mobile Climate Control, 2007–. Management consultant, StratFit Consulting, 2006–2007. President of Finnveden Metal Structures AB, 2002–2006. President of Dayco Automotive AB, 1999–2002. Plant Manager, Dayco Automotive AB, 1996–1999. Various positions at AB SKF, 1989–1996.

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15,000

Vänernborg, March 21, 2019

Peter Hansson
Chairman of the Board

Johnny Alvarsson
Board Deputy Chairman

Anders Birgersson
President and CEO

Peter Augustsson
Board member

Louise Nicolin
Board member

Jessica Malmsten
Board member

Mats R Karlsson
Board member

Jouni Isoaho
Employee representative

Cecilia Pettersson
Employee representative

**Auditor's report on the corporate governance report
To the general meeting of the shareholders in VBG Group AB
(publ), corporate identity number org.nr 556069-0751**

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance report for the year 2018 on pages 103-112 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance report is different and substantially

less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance report has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Gothenburg, March 26, 2019
Öhrlings PricewaterhouseCoopers AB

Fredrik Göransson
Authorized Public Accountant

WELCOME TO THE ANNUAL GENERAL MEETING 2019

The Annual General Meeting of VBG Group AB (publ) will be held at 5:00 p.m. on Wednesday, 24 April 2019 in the company's offices at Herman Kreftings Gata 4 in Vänernborg, Sweden.

Notification

Shareholders wishing to attend the meeting must:

- be listed in the share register kept by Euroclear Sweden AB by not later than 16 April 2019.
- notify the company by not later than 4:00 p.m. on 16 April 2019.

Notification may be given in writing to VBG Group AB (publ), Kungsgatan 57, SE-461 34 Trollhättan, Sweden; by telephone to +46 521 27 77 00; or by e-mail to anmalan2019@vbggroup.com. The notification of attendance must include a name and personal or corporate identity number.

Shareholders who are represented by a proxy should send a power of attorney with the notification of attendance. Anyone representing a legal entity must present a power of attorney, a copy of the registration certificate or equivalent documents showing the person(s) authorized to sign on behalf of the legal entity.

Shareholders whose shares are registered to a nominee must have the shares re-registered in their own name by the nominee in good time before 16 April 2019 (voting rights registration).

Dividend

The Board of Directors and President propose that a dividend of SEK 3.50 per share (3.25) be approved, plus an extra dividend of SEK 1.00 (-), thereby establishing a total dividend of SEK 4.50 per share (3.25), with a record date of 26 April 2019. If the AGM approves this proposal, the dividend is expected to be distributed by Euroclear Sweden AB starting 2 May 2019.

Report dates

24 April	Interim report January–March
20 August	Interim report January–June
22 October	Interim report January–September
February 2020	Year-end report 2019

The VBG Group welcomes inquiries about the Group and its development. Contact persons are: Anders Birgersson, President and CEO, telephone: +46 521 27 77 67, and Claes Wedin, CFO, telephone: +46 521 27 77 06. More information is available at vbggroup.com.