

Corporate Governance Report

Haldex AB is a publicly traded Swedish limited liability company with its registered office in Landskrona. The company is listed on Nasdaq Stockholm in the Nordic Mid Cap segment. Haldex applies the Swedish Corporate Governance Code and hereby presents its 2018 Corporate Governance Report. The Report has been reviewed by the company's auditors.



Responsibility for the management and control of the Haldex Group is distributed between shareholders, the Board, its elected committees and the President as shown above.

Deviations from the Code

In 2018, Haldex complied with the Swedish Corporate Governance Code in all respects except for items 2.1, 2.3 and 2.4, which concern the composition of the Nomination Committee. The Swedish Corporate Governance Code stipulates that the Nomination Committee shall have at least three members and that the names of the members shall be published six months prior to the Annual General Meeting. Due to the ownership situation, no shareholders have volunteered for the Nomination Committee for the 2018 Annual General Meeting. In the end, ZF, as the largest shareholder, assumed responsibility for proposing a chairman, members and remuneration to the Annual General Meeting. No proposal as to how a new Nomination Committee should be appointed was presented.

Shareholders and Annual General Meeting

The shareholders' influence is exercised at the Annual General Meeting (AGM), which is Haldex's supreme decision-making body. The AGM adopts the Articles of Association and at the AGM, which is the annual ordinary general meeting, the shareholders elect Board members, the Chairman of the Board and auditors, and determine their fees. The AGM also decides on the adoption of the income statement and balance sheet, on allocation of the Company's profit and on discharge from liability for the Board members and President. The AGM also resolves on the Nomination Committee's appointment and duties, and the principles for remuneration and employment for the President and other senior executives. Haldex normally holds its AGM in April or May

At year-end, the number of shareholders was 8,420. The largest shareholders were ZF with 20.1 percent (divided between several holdings) followed by Knorr-Bremse with an estimated holding of 10.1 percent. A large proportion of Haldex's shareholders are registered abroad and do not therefore appear under their own names in the list of shareholders. Knorr-Bremse has refrained from confirming its precise shareholding. Swedish ownership totaled 13.8 percent at year-end. Each share carries entitlement to one vote at the AGM. For

more information about the share and ownership, see pages 85–87 and <http://corporate.haldex.com>.

2018 Annual General Meeting

The 2018 AGM was held on May 3, 2018 at Haldex in Landskrona, Sweden. 113 shareholders attended the Meeting in person and a number of others through representatives, as well as several assistants and visitors. The shareholders in attendance represented 36.48 percent of the total voting rights. Jörgen Durban was elected the chair of the Meeting. Board members who stood for election and re-election were present at the Meeting.

The full minutes and information about the AGM are available on corporate.haldex.com/en/investors. The AGM adopted resolutions on:

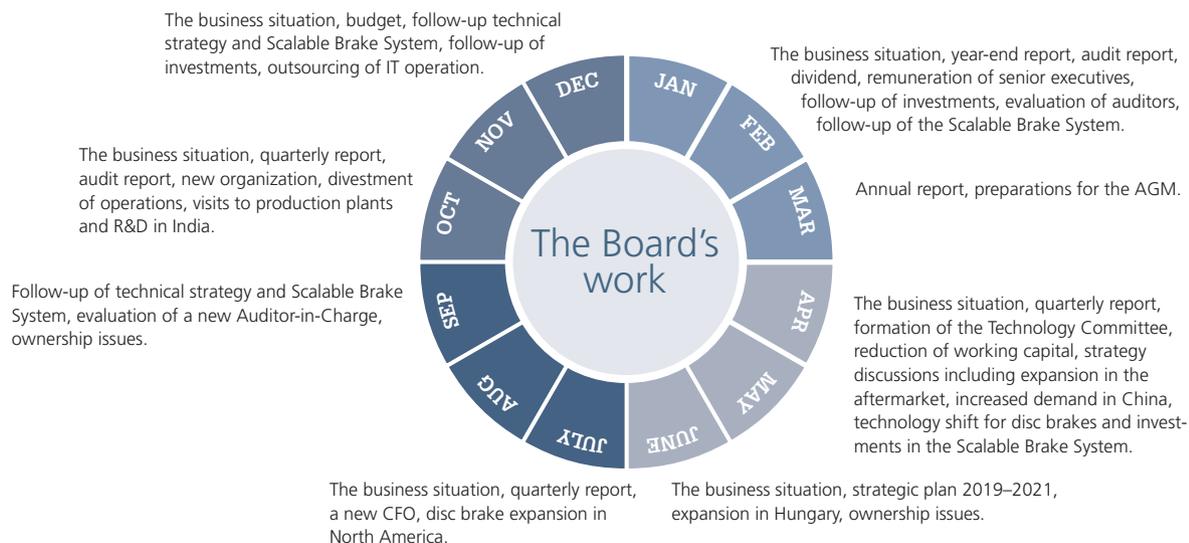
- SEK 0.55 per share in dividend for the 2017 fiscal year.
- Re-election of Board members Ulf Ahlén, Jörgen Durban and Johan Gileus.
- Helene Svahn and Ulrika Hagdahl were elected as new Board members.
- Re-election of Jörgen Durban as Chairman of the Board.
- Re-election of the auditors Öhrlings PricewaterhouseCoopers.
- Determination of remuneration for the Board and auditors.
- Adoption of the Board's proposed guidelines for remuneration of senior executives.

Owners representing a majority of the shares in the company voted to grant the members of the Board and the company's CEO discharge from liability for the 2017 fiscal year. Knorr-Bremse, representing 10.1 percent of the shares in the company, voted against discharge from liability for Ulf Ahlén, Jörgen Durban, Johan Giléus, Per Holmqvist, Fredrik Hudson, Magnus Johansson and Annika Sten Pärsson.

2019 Annual General Meeting

Haldex will hold its AGM on Thursday, May 9, 2019 at 2.00 p.m. at Hotell Öresund, Sofia Albertinas plats 5 in Landskrona, Sweden.

The Board's work in 2018



Nomination Committee

The Nomination Committee represents the Company's shareholders and nominates Board members and auditors, and proposes their fees.

The Nomination Committee's proposal is usually presented in the convening notice to the Annual General Meeting. No remuneration is paid to the Nomination Committee's members. The Chairman of the Board is responsible for informing the Nomination Committee of the Board's future competence profile, working methods and the results of the evaluation of the Board's work. The company's shareholders are able to make comments and proposals to the Nomination Committee by e-mail or phone.

At the 2018 Annual General Meeting, no nomination committee was established and new guidelines for how the Nomination Committee should be appointed was decided, since no proposal was submitted. On the publication of the Annual Report, no shareholders had announced their representatives on the Committee for the Annual General Meeting 2019.

Board of Directors

The Board is responsible for the organization of Haldex and management of the company's affairs. According to the Articles of Association, the Board is to consist of at least three and not more than eight members, with a maximum of three deputies. Board members are elected annually at the AGM for the period until the end of the next AGM.

In 2018, the Board consisted of five members elected by the AGM. The employees appointed two representatives and one deputy to the Board. The Group's President and CEO, Åke Bengtsson, and Acting CFO, Andreas Ekberg attend Board meetings. Other employees participate during the meetings when required to report on particular matters. For further information about Board members, refer to pages 78–79 and Notes 9 and 10 to the consolidated accounts on pages 51–52.

Board of Director's independence

The Swedish Corporate Governance Code states that the majority of Board members elected by the AGM should be independent in relation to the Group and the Group Management, and that at least two of these members should also be independent in relation to

major shareholders. All members of Haldex's Board are considered independent.

The Board's work

The Board of Directors held 11 meetings (17) in 2018. The principal issues discussed during the Board meetings were the business situation, strategy, investments, quality assurance, product development, personnel and organizational issues, as well as the budget and long-term business plan. Attendance at Board and Committee meetings is presented on pages 78–79.

Evaluation of the Board's work

Annual evaluations are conducted of the Board's collective work. The Chairman is evaluated on his ability to prepare and lead the Board's work and his ability to motivate and cooperate with the President. The evaluation of the Board's combined activities is conducted via a shared internal review of its activities. The results of the evaluation process are available for a future Nomination Committee.

Board Committees

The Board has established two internal committees – the Audit Committee and Technology Committee. The work of the committees cannot be delegated by the Board, but is viewed as preparatory work upon which the Board, in its entirety, subsequently bases its decision.

Up to the AGM in May 2018, the Board had a Compensation Committee and an Audit Committee. The Board elected at the AGM decided to discontinue the Compensation Committee and instead establish a Technology Committee considering the major technology shift the industry and Haldex are facing.

Audit Committee

The Audit Committee prepares matters that concern accounting, financial reporting, auditing and internal control. The Committee reviews the principles for accounting and financial control and establishes guidelines for purchasing services other than auditing from the company's auditors. In 2018, the Audit Committee comprised, until the AGM, Ulf Ahlén, Göran Carlson, Johan Giléus and thereafter Ulf Ahlén, Jörgen Durban, Johan Giléus and Fredrik

Hudson. Johan Giléus was the committee chair in 2018. The Audit Committee held four (six) meetings during the year.

Technology Committee

The Technology Committee was established after the 2018 AGM. The objective of the Committee is to analyze and evaluate the company's technical strategy and recommend choices of technology. In 2018, after the AGM, the Technology Committee consisted of Helene Svahn, Ulrika Hagdahl and Per Holmqvist from the Board and Andreas Jähnke, SVP R&D, as an adjunct member from company management. Helene Svahn was the Chairman of the Committee. The Technology Committee held two meetings in 2018.

Compensation Committee

Based on the guidelines adopted by the AGM, the Compensation Committee submits a proposal to the Board regarding remuneration and other terms of employment for the President and other senior executives, based on a proposal from the President. Until the 2018 AGM, the Compensation Committee consisted of Jörgen Durban, Magnus Johansson and Annika Sten Pärson. Magnus Johansson was the Chairman of the Committee. After the AGM, the Compensation Committee was dissolved. The Compensation Committee held one (three) meeting in 2018. During the remainder of the time, compensation issues were addressed by the Board as a whole.

Remuneration of Board members

Remuneration of Board members elected by the AGM is approved by the AGM based on a proposal by ZF. In 2018/19, remuneration has been paid in accordance with an AGM resolution, as set out in the table on pages 78–79. Decided remuneration for 2018 is reported in Notes 9 and 10 for the Group on pages 51–52. Remuneration of the Board comprises fixed payment only (no variable remuneration is paid). No remuneration is paid to members who are also employed by the Group.

Auditors

The Annual General Meeting appoints auditors who examine annual reports, accounting and consolidated financial statements, and the management of the Board and the President.

Öhrlings PricewaterhouseCoopers AB was elected as the company's auditors for the period until the end of the 2019 AGM. The auditor primarily responsible is Bror Frid. Bror Frid is an Authorized Public Accountant and the elected auditor of, for example, Chalmers, Elos, Medtech and Jula.

The Board of Directors, in its entirety, meets the auditors once a year, at the Board meeting in February, where the auditor's present their findings directly to the Board, without the presence of the President and the CFO. At least one auditor attends the AGM and briefly describes the audit process and summarizes its recommendations in the Auditor's Report for shareholders.

Group Management

The President and CEO are responsible for ongoing management of the Haldex operations within the framework established by the Board. The President is assisted by Group Management, comprising the business area managers and staffs.

At the end of 2018, the management team consisted of 11 people. As of 1 January 2019, a new organization has been introduced, which entailed that Group Management amounts to 12 people, with a smaller executive group consisting of five people. In 2018,

AUDITORS

Öhrlings PricewaterhouseCoopers AB



Bror Frid
Authorized Public Accountant
Auditor primarily responsible



Carl Fogelberg
Authorized Public Accountant

REMUNERATION TO AUDITORS, SEK M

PwC	2018	2017
Auditing services	5	4
Audit activities in addition to the audit assignment	-	-
Tax advice	2	4
Other services	0	-
Total	7	6

Group Management held 17 meetings, of which 12 were telephone meetings. The meetings focus on the Group's strategic and operational development and monitoring performance. For further information on Group Management, see pages 80–81.

Remuneration of senior executives

Principles for remuneration of senior executives adopted by the AGM are:

- Remuneration of the President and CEO and other senior executives shall consist of a well-balanced combination of fixed salary, annual bonus, long-term incentive programs, pension and other benefits and conditions concerning termination of employment/severance payment.
- The total remuneration shall be competitive and based on performance.
- The fixed remuneration shall be determined individually and based on each individual's responsibility, role, competence and position.
- The annual bonus shall be based on outcomes of predetermined financial and individual objectives and not exceed 50 percent of the fixed annual salary
- The Board may propose that the AGM resolve on long-term incentive programs.
- In exceptional situations, special remuneration may be paid to attract and retain key competence or to induce individuals to move to new places of service or accept new positions. Such remuneration may not be paid for periods exceeding 36 months and shall be capped at the equivalent of twice the remuneration the executive would otherwise have received.
- Pension benefits shall be based on defined-contribution plans and, for employees in Sweden, provide entitlement to pension at the age of 65.

Upon termination of employment, the notice period for the President and CEO is 12 months and for other senior executives up to six months. The Board shall be entitled to depart from the guidelines if there are specific reasons for doing so in individual

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Board of Directors



Jörgen Durban



Ulf Ahlén



Johan Giléus



Ulrika Hagdahl

Name	Jörgen Durban	Ulf Ahlén	Johan Giléus	Ulrika Hagdahl
Role on the board	Chairman of the Board since 2017 Member of the Audit Committee	Board member Member of the Audit Committee	Board member Chairman of the Audit Committee	Board member Member of the Technology Committee
Current occupation	Attorney and Chairman of Board of the Anoto Group.	Board work	Financial adviser focusing on M&A and stock market issues. CFO of InDex Pharmaceuticals Holding AB.	Board work
Education	Bachelor of Laws	Upper-secondary economist	Economics studies at Stockholm University.	Master of Science in Engineering Physics
Elected, year	2017	2017	2017	2018
Born	1956	1948	1965	1962
Resident in	Sweden	Sweden	Sweden	Sweden
Other assignments	Chairman of the Board of the Anoto Group.	Chairman of the Boards of Culinarum, Inxide and JLT Mobile Computers, as well as Board member of Autokaross and TechROI Fuel.	-	Member of the Boards of Beijer Electronics AB, HIQ International AB, Invisio AB and Sectra AB.
Dependent	No	No	No	No
Previous experience	Managing partner at Linklaters Sweden.	Senior executive at Haldex, including Acting CEO in 2012. Various positions in BorgWarner, Volvo Cars and Opcon.	Partner at Deloitte. Board member of the Deloitte.	Founder and former CEO of Orc Software.
Shareholding (individually and with related parties)	0	1,000	1,500	0
Attendance at Board meetings	11/11	11/11	11/11	8/8
Audit Committee	3/3	4/4	4/4, chairman	-
Technology Committee	-	-	-	2/2
Compensation Committee	1/1	-	-	-
Remuneration 2018/19¹	SEK 750,000	SEK 350,000	SEK 400,000	SEK 375,000
<i>of which, Board work</i>	SEK 700,000	SEK 300,000	SEK 300,000	SEK 300,000
<i>of which, Committee work</i>	SEK 50,000	SEK 50,000	SEK 100,000	SEK 75,000

¹ Pertains to AGM-approved remuneration for Board work until the next AGM. All shareholdings are as of Thursday, March 28, 2019.



Helene Svahn



Per Holmqvist



Fredrik Hudson



Michael Collin

Name	Helene Svahn	Per Holmqvist	Fredrik Hudson	Michael Collin
Role on the board	Board member Chair of the Technology Committee	Employee representative for PTK-klub- barna	Employee representative for IF Metall Member of the Audit Committee	Employee representative for IF Metall, deputy
Current occupation	Professor of Nano Biotechnology at the KTH Royal Institute of Technology and Senior Vice President Research and Innovation at Permobil.	Global responsibility for production technology issues.	Tooling engineer	Power coater
Education	Master of Science in Molecular Biotechnology and PhD in Electrical Engineering	Technical high school	Technical high school, electromechanics	Economic high school
Elected, year	2018	2014	2011	2013–2017, 2018–
Born	1974	1961	1974	1974
Resident in	Sweden	Sweden	Sweden	Sweden
Other assignments	Member of the Boards of the Swedish Foundation for Strategic Research, Nobel Center Foundation, Mindforce Labs, SwedNanoTech and Forskning & Framsteg.	-	-	-
Dependent	No	-	-	-
Previous experience	Marketing Director, Silex Microsystems, CEO of Picovitro.	-	-	-
Shareholdings (individually and with related parties)	0	900	0	0
Attendance at Board meetings	8/8	11/11	11/11	6/8
Audit Committee	-	-	3/3	-
Technology Committee	2/2	2/2	-	-
Compensation Committee	-	-	-	-
Remuneration 2018/19¹	SEK 375,000	-	-	-
<i>of which, Board work</i>	SEK 300,000	-	-	-
<i>of which, Committee work</i>	SEK 75,000	-	-	-

¹ Pertains to AGM-approved remuneration for Board work until the next AGM. All shareholdings are as of Thursday, March 28, 2019.

Group Management



Åke Bengtsson



Andreas Larsson



Walter Frankiewicz



Andreas Jähnke



Staffan Olsson



Catharina Paulcén

EXECUTIVE MANAGEMENT TEAM

Name	Åke Bengtsson	Andreas Larsson	Walter Frankiewicz	Andreas Jähnke	Staffan Olsson	Catharina Paulcén
Current position	President and CEO	CFO	Executive Vice President North America	Executive Vice President R&D	Executive Vice President Operations & Supply chain	Executive Vice President Marketing & Commercial support
Education	MBA	B.Sc Business Administration	B.Sc. Electrical Engineering	Officer training	Master of Science in Industrial Engineering and Management	B.Sc., Business Administration.
Born	1963	1973	1959	1977	1967	1973
Resident in	Sweden	Sweden	USA	Sweden	Sweden	Sweden
Other assignments	-	-	-	-	-	Deputy Board member Compilator AB
Previous experience	CFO at Haldex AB 2015–2017, CFO at PartnerTech 2011–2015, CFO at Cardo Entrance Solutions, a division of Cardo AB 2005–2011, CFO for the Nordic operations of Rexam Beverage Can.	CFO Heatex Group 2017–2018, Director Business Control ASSA ABLOY Entrance Systems Industrial Doors and Docking 2011–2017, Senior Business Controller Cardo Entrance Solutions 2007–2011, Nicorette Plant Johnson & Johnson McNeil, Finance Director 2005–2007, Production Controller 1999–2005.	SVP North America Sales at Haldex 2016–2018, Extensive experience of international management roles from the vehicle and manufacturing industry. President of Bendix Spicer Foundation Brake LLC and Vice President and GM, Strategy and Business Planning and Global Chassis Systems for Meritor, to mention just a few of the roles he has held that have been directly related to the sector in which Haldex operates.	SVP R&D, Haldex 2016–2018, Global Project Director R&D, Haldex. Manager Program Management, BorgWarner. Various positions in R&D within Haldex, focusing on validation, quality and project management	SVP Global Operations at Haldex 2014–2018, Project Director at Scania CV AB 2012–2013, Plant Manager Engine Production at Scania CV AB 2007–2012, Production Director Powertrain Production at Scania Latin America 2002–2007.	SVP Corporate Communications at Haldex 2014–2018, Senior Vice President of Marketing and Communications at Enea 2009–2014, Director of Marketing at IBM 2008–2009, EVP Marketing & Communications at Telelogic 2004–2008.
Shareholding (individually and with related parties)	6,000	0	0	0	0	2,000
Employed	2015	2019	2016	2015	2014	2014
In current position since	2017	2019	2019	2019	2019	2019

All shareholdings are as of Thursday, March 28, 2019.

In 2018, Andreas Richter was a member of Group Management in the role of Senior Vice President EMEA sales and Andreas Ekberg as the acting CFO.



Fredrik Fogelklou



Richard Illingworth



Göran Jarl



AiChang Li



Bjarne Lindblad



Fredrik Seglö



Frida Wahlgren

EXPANDED MANAGEMENT TEAM

Name	Fredrik Fogelklou	Richard Illingworth	Göran Jarl	AiChang Li	Bjarne Lindblad	Fredrik Seglö	Frida Wahlgren
Current position	Senior Vice President Parts & Sales support	Senior Vice President Quality	Senior Vice President EMEA	Senior Vice President Asia Pacific	Senior Vice President Global Sourcing & Logistics	Senior Vice President Business Development	Senior Vice President Human Resources
Education	M.Sc. Business Administration	B.Eng. (Hons) Technology with Business Management	M.Sc. Electrical Engineering	M.Sc Mechanical Engineering	MBA	B.Sc Mechanical Engineering	B.Sc Psychology
Born	1985	1974	1961	1960	1956	1969	1978
Resident in	Sweden	USA	France	China	Sweden	Sweden	Sweden
Other assignments	-	-	-	-	-	-	-
Previous experience	2015-2018 Haldex business development. 2008-2015 Sandvik business development and product management for the aftermarket.	VP R&D NA – Haldex, Director Powertrain – Brose, Engineering Director – Brose, various positions in R&D, test, projects, production and quality at Brose, Rover Group, Rolls Royce and Bentley & Plaxton Coach and Bus.	VP Europe Aftermarket Sales, VP South America Sales & Marketing at Haldex do Brasil, Site Manager and Aftermarket Manager Europe at Haldex Europe SA, Sales Director at Garphyttan Haldex France S.A., Business Controller and IT Manager at Garphyttan Haldex AB.	CEO of NORMA in China 2006, CEO of WABCO in China 1996-2006.	Sourcing director Nolato AB 2002-2003, President Nolato Gejde AB 1995-2001, CFO Nolato AB 1987-1994. Controller Haldex AB 1984-1986.	Different roles in R&D and product management within Haldex	Management positions in Human Resources at SCA/Essity Hygien, CG Drives and Automation, JBT Foodtech and Saab Automobile Powertrain.
Shareholding (individually and with related parties)	0	0	0	0	0	0	0
Employed	2015	2016	1988	2006	2004	1993	2018
In current position since	2019	2018	2019	2011	2012	2019	2018

All shareholdings are as of Thursday, March 28, 2019.

In 2018, Andreas Richter was a member of Group Management in the role of Senior Vice President EMEA sales and Andreas Ekberg as the acting CFO.

REMUNERATION OF GROUP MANAGEMENT 2018, SEK K

	Fixed salary incl. benefits	Variable remunera- tion	Pension
Åke Bengtsson, CEO	3,606	672	3,438
Other senior executives (Group Management) 11 persons	20,268	5,566	5,194
Total	23,874	6,238	8,632

cases. For more information about the remuneration of senior executives, see Notes 9 and 10 for the Group on pages 51–52.

Remuneration in 2018

President

In 2018, the President and CEO received fixed and variable salary as detailed in the table on page 82. In addition to a reciprocal 12-month period of notice, the President will, in the event of termination of employment by the Company, receive severance pay equivalent to 12-months' salary. Upon termination by the President, no severance pay may be claimed. The President's pension benefits are premium-based and comprise an ITP scheme and an annual provision for 25 percent of fixed salary exceeding 20 "basic amounts". Retirement age is 65.

Other senior executives

According to the guidelines approved by the AGM, the President, in consultation with the Board, prepares remuneration issues concerning Group Management, which are subject to resolution by the AGM. Compensation consists of a fixed and a variable salary portion. The variable portion is based on goals established by the President and the Compensation Committee on a yearly basis and may amount to 50 percent of the fixed annual salary. All members of Group Management have up to a reciprocal six-month period of notice and, in the event of termination of employment by the company, will receive severance pay equivalent to between 6–12 months' salary. Pension benefits are regulated in pension plans adapted to local practice in the countries in question, with a retirement age starting at 65.

Incentive programs

The AGMs in 2015 and 2016 resolved to implement incentive programs, called LTI (long-term incentive) for senior executives and key personnel – LTI2015 and LTI2016. In brief, LTI means that if certain performance targets are achieved during the fiscal year, the participants in LTI are awarded a variable remuneration at the beginning of the following year, of which 60 percent will be distributed in cash and 40 percent in the form of employee stock options which are conditional, non-transferable deferred rights to receive one ordinary share in Haldex for each performance right, automatically after four years, free of charge.

The term of the LTIs is four years. After the expiry of the performance year, allotment of any performance amount will occur. Settlement of any cash amount is expected to occur during the spring of the new fiscal year. Subsequent to the allotment of any share amount, performance rights will be awarded to the participant followed by a deferral period of three years, before final transfer of performance shares to the participant is expected to occur after the AGM at the end of the term (2018–2020 depending on the program), and before the end of June in the same year. Deferred variable remuneration under LTI is not pensionable income.

However, the LTI2015 and LTI2016 programs have not

generated any outcome for the senior executives and key individuals included in the programs.

Since 2017, no incentive programs were adopted that include shares or share price-related components. The long-term incentive program that has been applied since only has cash compensation where the measurement period for fulfillment of the targets extends over a three-year period.

Internal control

The Board's responsibility for internal control is regulated by the Swedish Companies Act and in Swedish Corporate Governance Code. Internal control at Haldex is a process that is regulated by the Board of Directors and the Audit Committee and performed by the President and Group Management.

Internal control is designed to ensure, to the maximum extent possible, that Haldex's reporting is appropriate and reliable and that the company complies with applicable laws and other regulations. The process is based on a control environment that provides structure for other parts of the process, including risk assessment, control activities, information, communication and monitoring. It is based on the framework for internal control issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

This report on internal control and risk management was prepared in accordance with the Swedish Annual Accounts Act and the Swedish Corporate Governance Code and is thus limited to a description of the material elements of Haldex's systems for internal control and risk management with regard to financial reporting.

The Board oversees and ensures the quality of external financial reporting in the manner documented in the Operating Procedures for the Board of Directors, and the Instructions for the President and the Group's Treasury Policy.

It is the responsibility of the President together with the CFO to review and quality-assure all external financial reporting, such as interim reports, year-end reports, annual reports, press releases containing financial information and presentation material in conjunction with meetings with the media, shareholders and financial institutions. The President and CFO presents all interim reports, year-end reports and annual reports to the Audit Committee for review. The Board is responsible for ensuring that the company's financial statements are prepared in accordance with applicable laws, accounting standards and other requirements for listed companies.

The Board of Directors' instructions for the President also include requirements that the Board of Directors must be continuously provided with internal summary reports on financial conditions. These reports, which must include income statements, balance sheets, valuation issues, assessments, forecasts, any changes and their consequences, possible amendments to accounting rules, legal matters and disputes, are reviewed by the Audit Committee and thereafter submitted to the Board.

Control environment

The Board has adopted a number of governance documents for the company's internal control and governance. Within the Board of Directors, there is an Audit Committee. The Audit Committee, which prepares matters for the Board considers such issues as the internal control process, monitors reporting issues and discusses accounting policies and the consequences of changes in these policies. Furthermore, the Audit Committee maintains regular contact with the external auditors. The Committee is responsible for evaluation of the audit process and the auditors' efficiency,

qualifications, fees and independence. In addition, the Audit Committee normally assists the Nomination Committee with proposals for the election of auditors and the procurement of audit services.

Risk assessment

Haldex's risk assessment with respect to financial reporting, meaning the identification and evaluation of the most significant risks in the Group's companies and processes in relation to financial reporting, forms the basis for risk management. The risks may be managed by accepting the risks or by reducing or eliminating them, subject to the controls and control levels within the framework established by the Board of Directors, the Audit Committee, the President and Group Management. During the year, Haldex carried out an updated assessment of the risks faced by Haldex, risks that are documented in a Group-wide document and on pages 34–37.

Policy instruments

Policy instruments that form the basis for corporate governance in Haldex primarily include the Swedish Companies Act, the Annual Accounts Act, applicable regulations for listed companies on Nasdaq Stockholm, the Swedish Corporate Governance Code and other relevant legislation and regulations.

Internal policy instruments include the Articles of Association adopted by the AGM, and documents approved by the Board including Operating Procedures for the Board of Directors of Haldex, instructions for the Compensation and Audit Committees, instructions for the President of Haldex, the Communication Policy and Treasury Policy. In addition to the above, the Group has a number of policies and manuals containing regulations and recommendations, with principles and guidance for the Group's operations and employees.

The Operating Procedures for the Board of Directors regulate the Board's internal division of duties, decision-making procedures within the Board, the Board's meeting procedures and the Chairman's duties. The Board's work follows a fixed procedure aimed at ensuring that its information requirements are met.

The Instructions for the President establishes the President's responsibility for ongoing operations, forms for reporting to the Board and the content thereof, requirements for internal policy instruments and matters that require Board decisions or that should be addressed to the Board.

Control activities

Efforts to further develop internal control and governance are ongoing, including continuous documentation, evaluation, implementation of new controls and improvement of existing controls.

Information and communication

Haldex has a system for information and communication that is intended to result in complete and correct financial reporting. Haldex has a reporting system in which all Group companies report monthly according to an established format and fixed accounting policies. In conjunction with reporting, the reporting units perform risk assessments and decide on the need for any provisions. The central finance department produces reports from the Group-wide system, which is structured according to the Group's established reporting format. Responsible managers and controllers at various levels within the Group have access to the information in this system relating to their areas of responsibility.

All of the Group's policy documents for internal control and governance are available on the Group's intranet.

Monitoring

Haldex's financial reporting is continuously monitored, in part by management at various levels of the company and in part by the finance organization and controllers in the various business units. Monitoring takes place each month in conjunction with reporting and comprises both analysis and reviews by the relevant controllers and meetings between the relevant business managers and reporting units.

The Audit Committee communicates on a regular basis with the company's external auditors and the CFO, both during and between meetings. The Board receives a monthly report on the operation's performance. More detailed reporting is provided primarily by the President at all Board meetings. The Board regularly assesses the risks relating to financial reporting based on significant and qualitative factors.

Internal audit

Each year, the Board of Directors evaluates the need to establish a special internal audit function. In 2018, the Board did not consider this necessary. The Board considered that internal control is primarily exercised by:

- operative managers at various levels
- local and central finance functions
- through the supervisory control of Group Management

Given the company's size, this means that the Board does not currently consider another function financially viable.

Board of Directors
Landskrona, March 28, 2019

Auditor's Statement on the Corporate Governance Report

To the Annual General Meeting of Haldex AB (publ), corporate identity number 556010-1155

The Board of Directors is responsible for the 2018 Corporate Governance Report on pages 75–83, and that it has been prepared in accordance with the Annual Accounts Act.

We have read the Corporate Governance Report and based on that reading and our knowledge of the company and the Group, we believe we have a sufficient basis for our opinions. This means that our statutory 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.

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

Malmö, April 5, 2019
Öhrlings PricewaterhouseCoopers AB

Bror Frid
Authorized Public Accountant
Auditor primarily responsible

Carl Fogelberg
Authorized Public Accountant