

# Corporate Governance Report

## GROUP CONTROL

Beijer Alma AB is a Swedish public limited liability company listed on Nasdaq Stockholm (Stockholm Stock Exchange). Its corporate governance is based on Swedish legislation, rules and regulations, including the Swedish Companies Act, the Swedish Annual Accounts Act, Nasdaq Stockholm's rules for issuers, the Swedish Corporate Governance Code (the "Code"), the company's Articles of Association and other relevant rules, guidelines and internal governance documents.

Beijer Alma is a listed company whose business concept is to create value by owning and managing subsidiaries with a focus on component manufacturing and industrial trading. The organization is largely decentralized.

## SHAREHOLDERS AND THE SHARE

Beijer Alma's shares have been traded on Nasdaq Stockholm since 1987. The number of shareholders at year-end 2021 amounted to 16,284. Anders Wall, along with his family and companies, has a shareholding corresponding to 46.6 percent of the total number of votes in the company and the Anders Wall Foundation has a shareholding corresponding to 6.9 percent of the votes. There are no other shareholders whose votes exceed 10 percent of the total number of votes.

The company has issued two classes of shares: Class A shares and Class B shares. Each Class A share entitles the holder to ten votes and each Class B share entitles the holder to one vote. In accordance with a share conversion clause in the Articles of Association, Class A shareholders are entitled to convert their Class A shares to Class B shares. In the event of such a conversion, the total number of votes decreases. The Class A share carries an obligation to offer shares to existing shareholders. The Class B share is listed on the Mid Cap list of Nasdaq Stockholm. All shares carry the same right to the company's assets and profit, and entitle the holder to the same dividend. The total number of shares at year-end was 60,262,200, of which 6,526,800 were Class A shares and 53,735,400 were Class B shares. More information about Beijer Alma's share and shareholders including a table of shareholders as of 31 December 2021 is available on page 8 of the Annual Report and on Beijer Alma's website.

Beijer Alma's dividend policy is to distribute a minimum of one-third of its net earnings, always taking into consideration the Group's long-term financing needs and liquidity.

## GENERAL MEETING OF SHAREHOLDERS

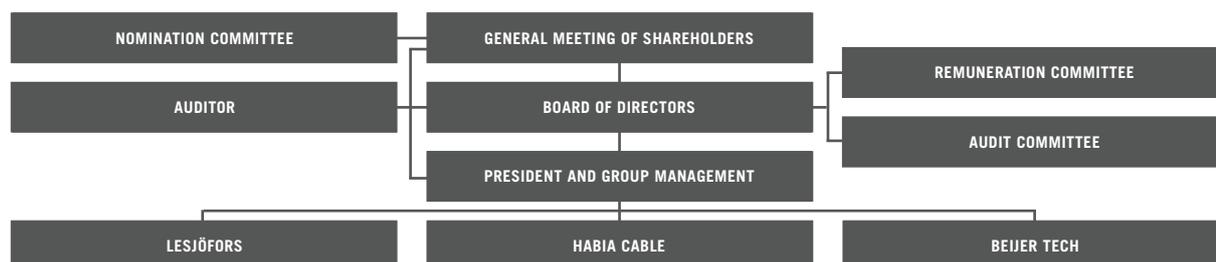
The Annual General Meeting is the company's highest decision-making body, in which all shareholders are invited to participate and exercise the influence that their respective shareholding represents. At the Annual General Meeting, the shareholders make decisions on matters pertaining to the company, such as adoption of the balance sheet and income statement, election of the Board of Directors and the Nomination Committee, appropriation of profits and the

discharge of the President and Board from personal liability as well as fees to directors and auditors, and principles for remuneration and terms of employment for the CEO and other senior executives. Shareholders have the opportunity to have matters addressed at the Annual General Meeting if a written proposal is submitted to the Chairman of the Board well ahead of the publication date of the notice of the Meeting. The Annual General Meeting is held not more than six months after the end of the financial year. All shareholders who are registered in the shareholder register and provide timely notification of their intention to attend the Meeting are entitled to participate in the Annual General Meeting and vote in accordance with their total shareholdings. The notice and agenda for the Meeting is to be published not more than six weeks and not less than four weeks prior to the Meeting. Shareholders who are unable to attend the Meeting may be represented by an authorized proxy. Each shareholder or proxy may be accompanied at the Meeting by a maximum of two advisors. The 2022 Annual General Meeting will be held on March 30. For more information about the 2022 Annual General Meeting, see Beijer Alma's website.

## 2021 ANNUAL GENERAL MEETING

The 2021 Annual General Meeting was held on March 23 by way of advance voting (postal voting) with the support of temporary exception legislation, entirely without the presence of shareholders, speeches or additional arrangements, due to the restrictions in place at the time in the wake of the COVID-19 pandemic. Shareholders who participated in advance voting represented over 80 percent of all votes in the company. The minutes from the Annual General Meeting are available on Beijer Alma's website. Details about previous Annual General Meetings are also available on the website. The following resolutions were passed at the 2021 Annual General Meeting:

- To pay a dividend of SEK 3.00 per share.
- That Johnny Alvarsson, Carina Andersson, Hans Landin, Caroline af Ugglas, Oskar Hellström and Johan Wall be re-elected as directors.
- To elect Johan Wall as Chairman of the Board.
- To pay each director a fee of SEK 325,000. To pay the Chairman of the Board a fee of SEK 950,000. To pay the Chairman of the Audit Committee a fee of SEK 125,000, and to pay each member of the Audit Committee a fee of SEK 75,000. To pay the Chairman of the Remuneration Committee a fee of SEK 50,000, and to pay each member of the Remuneration Committee a fee of SEK 25,000.
- Principles for remuneration and employment terms for senior executives.
- Amendments to the Articles of Association, including the collection of proxies and postal voting as well as a changed number of directors.
- To re-elect the auditing firm KPMG for a period of one year.
- Election of the Nomination Committee. The election of Anders G Carlberg, representing the principal owner, as Chairman of the



Nomination Committee. This means that the company no longer deviates from rule 2.4 of the Swedish Corporate Governance Code.

- To authorize the Board to make decisions concerning issues of Class B shares or convertible debentures. The number of Class B shares may be increased by a maximum of 10 percent through such an issue.

#### NOMINATION COMMITTEE

The Nomination Committee is responsible, at the request of the shareholders, for preparing motions regarding the Board of Directors, Chairman of the Board, Chairman of the Annual General Meeting and auditors as well as directors' and auditors' fees for resolution by the Annual General Meeting. The Nomination Committee is to comprise representatives from each of the four largest shareholders in terms of votes as well as the Chairman of the Board. The following individuals were appointed to the Nomination Committee ahead of the 2022 Annual General Meeting: Anders G. Carlberg, representing the principal owner; Chairman of the Board Johan Wall; and representatives of the next three largest shareholders: Jonathan Schönbäck (Odin Fonder), Mats Gustafsson (Lannebo Fonder) and Malin Björkmo (Handelsbanken Fonder). Anders G. Carlberg was appointed Chairman of the Nomination Committee. In the event of a change in ownership or if one of the aforementioned individuals resigns from his or her position, the Nomination Committee may replace the committee member.

In order to develop and improve the work of the Board, an annual assessment is performed. Each director responds to a survey containing questions regarding the work of the Board and how it can be further developed. The Nomination Committee has been informed about the results of this survey and about the company's operations and other relevant circumstances to enable the Nomination Committee to propose a well-functioning Board of Directors. The Nomination Committee's motions are to be announced far enough in advance to be presented in the notice of the 2022 Annual General Meeting. The Nomination Committee held seven meetings during the year. The Nomination Committee has applied Rule 4.1 of the Swedish Corporate Governance Code as its diversity policy in the preparation of its motion concerning directors, meaning that the Board of Directors is to have an appropriate composition taking into consideration the company's operations, stage of development and other circumstances, and be characterized by versatility and breadth concerning the elected directors' expertise, experience and background, and that an even gender balance is to be sought after. The Nomination Committee has also focused on gradually adding younger directors to the Board.

#### BOARD OF DIRECTORS

The Board of Directors is appointed by the shareholders to administer the company's affairs in the best interests of the company and the shareholders. The Board of Directors bears the ultimate responsibility for the organization and administration of the company as well as the control of the Group's financial reporting, the management of funds and the company's other financial conditions. The Board ensures that there are effective reporting, monitoring and control systems in place and that the disclosure of information is correct and transparent. The Board is responsible for the Group's long-term development and overall strategy, controls and evaluates the ongoing operations and carries out the other tasks stipulated in the Swedish Companies Act. The Board also makes decisions regarding acquisitions, disposals and major investments. The Board approves the annual report and interim reports, and proposes dividends and guidelines for remuneration to senior management for resolution by the Annual General Meeting.

According to the Articles of Association, the Board is to comprise not fewer than five and not more than ten regular directors and not more than two deputy directors elected by the Annual General Meeting. The Board currently comprises six regular members. Salaried employees in the Group may also participate in Board meetings to present certain matters. Attorney Niklas Berntorp of Vinge law firm serves as Board secretary.

The composition of the Board is presented in the text and table below. All directors are independent in relation to the company.

Johan Wall is dependent on shareholders controlling more than 10 percent of the votes and capital in the company. All other directors are independent in relation to the company's major shareholders.

**Johan Wall**, born 1964 Chairman since 2017. Deputy Director: 1997–2000. Director: 2000–2016.

Holding: 14,100. Also has an influence via participating interest in a family company that is a principal owner of Beijer Alma. Education: Master of Engineering from the Royal Institute of Technology in Stockholm, Visiting Scholar at Stanford University. Chairman of: Beijer Holding AB, Domarbo Skog AB and Svenskt Tenn AB. Director of: Skirner AB, the Kjell & Märta Beijer Foundation, the Anders Wall Foundation and others. Earlier positions: CEO of Beijerinvest AB, Bisnode AB, Enea AB, Framfab AB and Netsolutions AB. Board committees: Chairman of the Remuneration Committee. Member of the Audit Committee. Dependent in relation to the company's major shareholders. Independent in relation to the company.

**Johnny Alvarsson**, born 1950 Director since: 2017.

Holding: 5,800. Education: Master of Engineering from the Institute of Technology at Linköping University, management training at CEDEP in France. Chairman of: VBG AB and FM Mattson Mora Group. Director of: Rotundagruppen, Conveniunt AB, Instalco AB and Sdiptech AB. Earlier positions: Management positions at LM Ericsson, CEO of Zetterbergs Industri AB/Zeteco AB, CEO of Elektronikgruppen AB and CEO of Indutrade AB. Board committees: Member of the Remuneration Committee. Independent in relation to the company's major shareholders. Independent in relation to the company.

**Carina Andersson**, born 1964. Director since: 2011.

Holding: 4,000. Education: Master of Mining Engineering from the Royal Institute of Technology in Stockholm. Director of: Swedish Stirling AB, Systemair AB, Gränges AB, BE Group AB and Detection Technology AB. Earlier positions: General Manager and Head of Powder Technology at Sandvik Materials Technology AB, CEO of Ramnäs Bruk AB and CEO of Scana Ramnäs AB. Former director of Mälardalen University and Sintercast AB. Board committees: Member of the Audit Committee. Independent in relation to the company's major shareholders. Independent in relation to the company.

**Oskar Hellström**, born 1979. Director since: 2020.

Holding: 5,000. Education: Master of Engineering from the Institute of Technology at Linköping University and Bachelor of Economics from Stockholm University. Deputy CEO and CFO of Gränges AB. Earlier positions: CFO of Sapa Heat Transfer, various management positions in the Sapa Group, and consultant at Booz Allen Hamilton. Board committees: Chairman of Audit Committee. Independent in relation to the company's major shareholders. Independent in relation to the company.

**Hans Landin**, born 1972. Director since: 2019.

Holding: 2,660. Education: Master of Engineering from Chalmers University of Technology. Group Vice President of The Timken Company. Earlier positions: Various management positions at The Timken Company since 2000. Independent in relation to the company's major shareholders. Independent in relation to the company.

**Caroline af Ugglas**, born 1958. Director since: 2015.

Holding: 4,000. Education: Economics degree from Stockholm University. Director of: AMF Pension and Lifco. Earlier positions: Head of Equities and Corporate Governance at Livförsäkringsaktiebolaget Skandia and Deputy General Director of the Confederation of Swedish Enterprise. Board committees: Member of the Remuneration Committee. Independent in relation to the company's major shareholders. Independent in relation to the company.

In 2021, the Board held ten meetings during which minutes were taken.

The attendance of the members of the Board at these meetings is presented in the table on the next page. The following areas are assessed during Board meetings: sales and profitability trend, objec-

Board of Directors	Elected in	Independent in relation to major shareholders	Independent in relation to the company	Remuneration Committee	Audit Committee	Participation in Board meetings	Holding of Class A shares	Holding of Class B shares
Johan Wall, Chairman	1997		X	X	X	10 (10)		14,100
Johnny Alvarsson, Director	2017	X	X	X		10 (10)		5,800
Carina Andersson, Director	2011	X	X		X	10 (10)		4,000
Oskar Hellström, Director	2020	X	X		X	10 (10)		5,000
Hans Landin, Director	2019	X	X			10 (10)		2,660
Caroline af Ugglas, Director	2015	X	X	X		10 (10)		4,000

tives and strategies for the operations, acquisitions and other key investments as well the development of sustainability work. Two of the meetings were held at the offices of a subsidiary, where local management presented their operations. The restrictions implemented due to the COVID-19 pandemic continued to limit travel, which prevented more meetings from being held at subsidiaries. The pandemic also affected the work of the Board during the first half of the year, since meetings became digital and their agendas were somewhat altered.

Beijer Alma's auditor reported his findings from the audit of the Group's accounts and internal control procedures at one Board meeting.

The Board of Directors has adopted a work plan that governs the following:

- A minimum of six Board meetings per year in addition to the statutory meeting and when they are to be held.
- The date and content of notices of Board meetings.
- The items that are normally to be included in the agenda for each Board meeting.
- Minute-taking at Board meetings.
- Delegation of decisions to the President.
- The President's authority to sign interim reports.

The Board's work plan is reviewed annually and updated when necessary. The terms of reference issued to the President clarify the division of duties between the Board and the President as well as the responsibilities and authorities of the President. The Board receives monthly information regarding the performance of the Group and the individual companies in the form of a monthly report containing key events and trends concerning order bookings, invoicing, margins, earnings, cash flow, financial position and the number of employees.

#### BOARD COMMITTEES

While the responsibilities of the Board of Directors cannot be delegated, the Board may appoint committees from within ranks to address certain issues in order to simplify and streamline the work of the Board. Accordingly, as in the previous year, the Board has established a Remuneration Committee and an Audit Committee. Members and the Chairman are appointed at the statutory meeting held directly after the Annual General Meeting. The work of each committee is governed by its work plan and instructions.

#### REMUNERATION COMMITTEE

The Board has appointed a Remuneration Committee comprising Johnny Alvarsson, Caroline af Ugglas and Johan Wall, with Johan Wall serving as Chairman. The Remuneration Committee prepares motions regarding the President's salary and other employment terms, such as pension, severance pay and variable salary. The Committee also prepares principles for remuneration to Group management and approves motions by the President regarding remuneration to Group management within the framework of the guidelines adopted by the Annual General Meeting. The Committee is also to assist the Board by preparing a remuneration report for approval by the Annual General Meeting. The Committee held three meetings during 2021, which were attended by all members. Note 2 includes the remuneration report to the CEO and Group management.

#### AUDIT COMMITTEE

The Audit Committee supervises the Group's financial reporting and internal control. The tasks of the Committee include preparing for the Board's work to quality assure the financial reporting by reviewing the interim reports, annual report and consolidated financial statements. The Committee also reviews legal and tax-related issues that may have a material impact on the financial reports. The Audit Committee also reviews the impartiality of the appointed auditors and decides which services, in addition to the audit, are to be procured from the auditors. Where appropriate, the Committee handles the procurement of audit services on behalf of the Nomination Committee. Finally, the Audit Committee evaluates the quality of the internal control of financial reporting.

The Audit Committee comprises Oskar Hellström (Chairman), Carina Andersson and Johan Wall. The Group's CFO reports to the Committee. The Committee held a total of six meetings in 2021, which were attended by all members. The Chief Auditor participated in three of these meetings.

#### PRESIDENT AND GROUP MANAGEMENT

Beijer Alma's Group management comprises the CEO, the presidents of the subsidiaries Lesjöfors, Habia Cable and Beijer Tech, and the Group's CFO.

The company's President and CEO in 2021 was Henrik Perbeck (born 1972), who assumed the role in 2018. He holds a Master's degree in engineering and a Bachelor of Arts in economics. Henrik Perbeck was previously the President and CEO of Viacon Group.

For more information about members of Group management, see page 34. Note 2 includes information about remuneration of senior executives.

#### CODE OF CONDUCT

The values and approach that apply within Beijer Alma have been compiled in a Code of Conduct based on internationally accepted conventions, such as the UN Global Compact and ISO 26000 Social Responsibility. The company's Code of Conduct focuses on people, the environment and ethics. For each of these areas, the Code describes the approach and values that apply at Beijer Alma. Material presenting and explaining Beijer Alma's Code of Conduct has been distributed to all employees globally and is also available electronically in several languages. This material also contains e-mail addresses for two members of Group management to whom employees may report improprieties and other breaches of the Code of Conduct under the Group's whistleblower system.

Additional information about the Group's CSR efforts is available on the website and on pages 19–29.

#### OPERATIONAL CONTROL

The CEO is responsible for the ongoing administration of the company in accordance with the instructions and guidelines of the Board. Along with the other members of Group management, the CEO ensures that the operational control of the Group is of high quality and efficient and that the operations are conducted in accordance with the instructions and guidelines of the Board.

Beijer Alma has a decentralized organization. This is a strategic and deliberate decision based on the fact that the Group's businesses are often local in nature and a conviction that it is best that decisions

be made locally, by the people with the best understanding of the issue in question. The actual business operations are conducted in the subsidiaries Lesjöfors, Habia Cable and Beijer Tech. The legal structure corresponds with the operational structure, which means that there are no decision-making forums that are discharged from the legal responsibility incumbent upon the legal units. The operations in Lesjöfors and Beijer Tech are organized into business areas. Habia Cable's operations are not divided into business areas. The total number of companies in Beijer Alma is approximately 90. The Group's business organization is based on decentralized responsibility and authority, combined with fast and efficient reporting and control systems.

The subsidiaries' boards of directors include individuals from Group management. As in the Parent Company, the work of the subsidiaries' boards of directors and the division of duties between the boards and the presidents of the subsidiaries are governed by work plans and terms of reference. The subsidiaries are also governed by a number of policies and instructions that regulate their operations, including the Code of Conduct, which is a key policy.

Beijer Alma AB manages three separate subsidiary groups, in which daily operational decisions are made. Financial reporting in the Group is therefore very important from a corporate governance perspective. A large part of the communication and discussions in the Group are based on internal financial reporting.

The presidents of the subsidiaries are responsible for their income statements and balance sheets. Each week, the subsidiaries report their order bookings, invoicing and order backlog for each profit center. Monthly financial statements are prepared for each profit center. These financial statements are analyzed at different levels in the Group and consolidated at the subsidiary and Group levels. Reports are presented to Group management for each profit center, business area and subsidiary. This reporting is carried out in the system used for the external consolidated financial statements. Monthly financial statements are presented and discussed at monthly meetings with Group management and the subsidiary management groups. Board decisions and other decisions are also followed up at these meetings.

In a decentralized organization, it is important that reporting and monitoring systems are transparent and reliable. In each subsidiary, considerable focus is given to improving and streamlining the company's processes. The business systems are developed to make it easier to measure the profitability of individual businesses, customers, industries and geographic markets. The Group measures the efficiency of the various components of its production, administration and sales operations, and compares these with estimates as well as earlier results and targets. The information gathered in this manner is used for internal benchmarking.

#### INTERNAL CONTROL

The Board of Directors' internal control responsibilities are governed by the Swedish Companies Act and the Swedish Corporate Governance Code. The Code also contains requirements for external disclosure of information, which stipulate the manner in which the Group's internal control of financial reporting is to be organized.

At Beijer Alma, internal control generally refers to a process designed to ensure, with reasonable certainty, that the company's goals are met and lead to efficient and appropriate operations, reliable reporting, and compliance with rules and legislation. Internal control is also intended to obtain reasonable assurance that the Group's external financial reporting is reliable and correct, and that it has been prepared in accordance with generally accepted accounting principles, applicable laws and regulations, and other rules for listed companies.

The Board of Directors has overall responsibility for the Group's internal control of financial reporting. The Audit Committee assists the Board with material accounting issues. The Committee is also responsible for ensuring compliance with the policies for financial reporting and internal control, and that the required contact is maintained with the company's auditor.

Responsibility for the daily operational work involved in internal control of financial reporting is delegated to the CEO, who together with the Group's CFO and the subsidiary management groups guarantees and develops the Group's internal control.

The basis of the internal control of financial reporting is the overall control environment. A well-functioning decentralized organization in which areas of responsibility and authority are clearly defined, conveyed and documented is a key component of the control environment. Other key components of the control environment are management's work methods, policies, procedures and instructions. In 2021, a shared Financial Manual was introduced with the aim of further strengthening the governance of financial reporting. Beijer Alma's operations are exposed to external and internal risks. An important part of the internal control process involves identifying, quantifying and managing material risks that could impact the Group's financial reporting. This risk analysis results in activities designed to ensure that the Group's financial reporting fulfills the basic requirements.

Control activities are incorporated into the Group's reporting procedures and follow the structures of the reporting process and accounting organization. The employees at every profit center are responsible for accurate reporting and financial statements.

The financial statements are analyzed at the profit center, business area, subsidiary and Group levels. Deviations from estimates and expected results are analyzed, as are deviations from historical data and forecasts. The operational follow-up that takes place at the Group level, for example, through the monthly meetings, is a key component of Beijer Alma's internal control.

Reviews are performed to ensure that adequate internal controls are conducted at all levels. The Board is responsible for these reviews. Taking into consideration the size, organization and financial reporting structure of the Group, the Board deems that no special internal audit function is required at present.

#### EXTERNAL AUDIT

At the 2021 Annual General Meeting, KPMG was elected as the company's auditing firm until the 2022 Annual General Meeting. Authorized Public Accountant Helena Arvidsson Älgne was appointed as Chief Auditor.

The external auditor's task is to independently review the accounts to ensure that they provide, in all material aspects, an accurate, fair and comprehensive view of Beijer Alma's position and earnings. The auditor is also tasked with reviewing the company's administration by the Board and the CEO.

KPMG is the auditing firm for most of the Group companies. The Group's auditor reviews the six-month interim report and reports his observations to the Audit Committee at the meeting held to discuss the six-month interim report and at the meeting to discuss the annual accounts, where the auditor also reports at the Board meeting. Auditors' fees are paid in accordance with approved invoices. Note 5 includes information about auditors' fees.

The external audit is conducted in accordance with the International Standards of Auditing (ISA).