

# CORPORATE GOVERNANCE REPORT



**Byggmax Group is a Swedish public limited liability company listed on Nasdaq Stockholm. Byggmax applies the Swedish Corporate Governance Code and hereby submits its Corporate Governance Report for the financial year 1 January 2021 to 31 December 2021.**

Byggmax Group has prepared the Corporate Governance Report in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Corporate Governance Code. The guidelines for the Swedish Corporate Governance Code are available from the website of the Swedish Corporate Governance Board ([www.corporategovernanceboard.se](http://www.corporategovernanceboard.se)). The Corporate Governance Report is included as part of the Administration Report.

Corporate governance means the rules and regulations as well as the existing structure for managing and leading business activities in a limited company with an efficient and controlled approach. Ultimately, corporate governance aims to meet shareholder requirements in respect of return and to provide all stakeholders with adequate and correct information about the company and its development. Byggmax Group AB has been listed on Nasdaq OMX Stockholm since 2 June 2010, and has applied the Swedish Corporate Governance Code (the Code) from the date of its listing. The Code builds on the “comply or explain” principle, which means that companies that apply the Code can deviate from specific rules but must explain the underlying reasons behind the deviation. Byggmax Group did not make any deviations from the Code in 2021.

## SHAREHOLDERS

The share capital of Byggmax Group at year-end amounted to SEK 20 M divided into 60,999,045 shares of which 2,374,000 shares are held by Byggmax Group AB. There is one class of shares, and all shares have equal rights to participation in the company's assets

and profits. The number of shareholders on 31 December 2021 was 29,875. At 31 December 2021, the largest shareholder was Odin fonder with 9.8 percent of the shares. Non-Swedish shareholders accounted for approximately 44 percent of the total number of shares. For further share and ownership structure information, see pages 41–42 and the Byggmax website.

## ANNUAL GENERAL MEETING

Shareholders exercise their influence over the company at the Annual General Meeting (AGM), which constitutes the company's highest decision-making body. Byggmax Group's Articles of Association are available in their entirety at [byggmax.se](http://byggmax.se).

### ANNUAL GENERAL MEETING 2021

The Annual General Meeting took place on 6 May 2021 in Stockholm. Anders Moberg was elected to chair the meeting. The main resolutions passed were as follows:

- Re-election of Board members Anders Moberg, Kjersti Hobøl, Daniel Mühlbach, Gunilla Spongh and Lars Ljungälv and new election of Catarina Fagerholm and Andreas Elgaard. Hannele Kemppainen and Anders Berg declined re-election.
- Adoption of the 2020 income statement and balance sheet.
- The fees for Board members and policies governing remuneration for the President and CEO and senior executives.
- Policies for the appointment of the Nomination Committee.

- Resolution authorising the Board of Directors to decide on the acquisition and transfer of the company's own shares.

AGM minutes including details of all resolutions are available on Byggmax Group's website under Corporate Governance, Byggmax.se.

**NOMINATION COMMITTEE**

The Annual General Meeting held on 6 May 2021 resolved that a nomination committee be appointed for the 2022 AGM. The Chairman of the Board will convene the three largest owner-categorised shareholders of the company – according to Euroclear Sweden AB at 31 August – who will subsequently each be entitled to appoint a member to the Nomination Committee. The composition of the Nomination Committee is to be published not later than the end of the third quarter annually.

The Nomination Committee is to prepare and submit proposals to the General Meeting of Shareholders concerning a chair for the AGM, the Chairman of the Board of Directors and other members of the company's Board. The Nomination Committee is of the opinion that the requirements of the Swedish Corporate Governance Code in terms of versatility, breadth and gender balance are met appropriately by the proposal. The Nomination Committee is also tasked with submitting proposals for directors' fees that are to be allocated among the Chairman and other members, fees for committee work, the election of, where applicable, and fees to, the auditor and decisions on the principles for appointing the Nomination Committee. No remuneration is payable to members of the Nomination Committee.

**BOARD OF DIRECTORS**

Each year, Byggmax Group's Board of Directors adopts a formal work plan and written instructions in respect of financial reporting and allocation of duties between the Board and the President and CEO. The rules of procedure govern the duties of the Board, the allocation of responsibilities within the Board, the minimum number of Board meetings per year, the convening and documentation of Board meetings and the drafting of Board minutes.

Written instructions regulate the reporting system that exists to enable the Board to continuously assess the company and Group's financial situations and the allocation of work between the Board and the President and CEO.

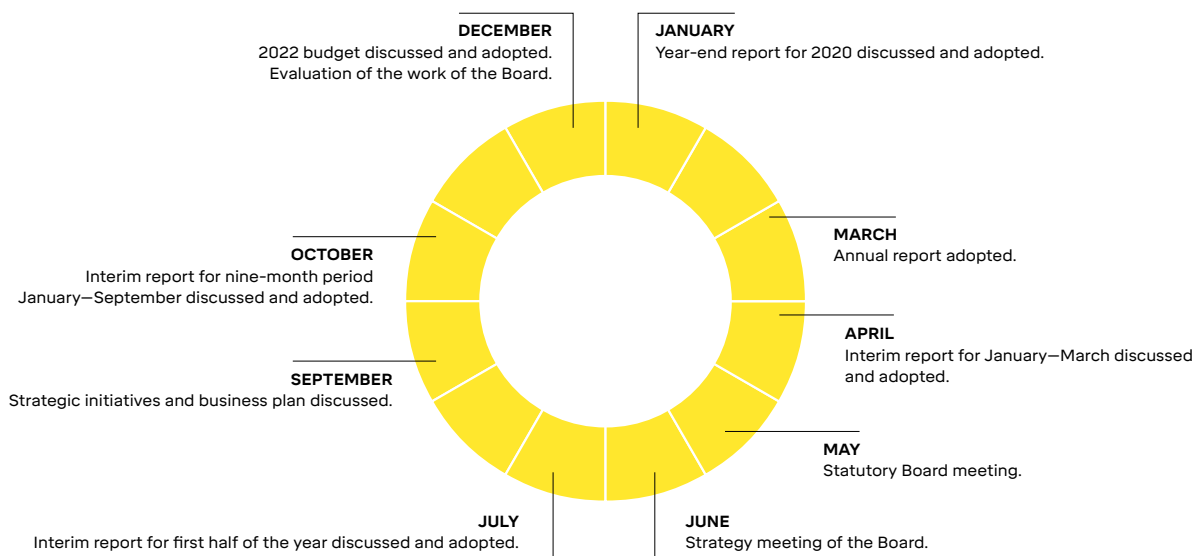
**INDEPENDENCE OF THE BOARD**

The Board's assessment of individual Board members' independence in relation to the company and shareholders is defined in the table "The Board's composition and attendance at meetings" (see page 55). As can be seen, Byggmax complies with the Code's requirement that the majority of the members elected by the general meeting are independent in relation to the company and the Group management and that at least two of these are independent in relation to the company's major shareholders.

**THE BOARD'S COMPOSITION AND ATTENDANCE AT MEETINGS**

A more detailed description of the members of the Board of Directors can be found on page 58 and the Board's composition and attendance of meetings on page 55.

**THE BOARD'S YEAR**



### THE WORK OF THE BOARD IN 2021

The Board held 13 meetings in 2021. Key items discussed by the Board in 2021 in addition to the adoption of the Annual Report and interim reports, and adoption of a business plan and associated budget, were as follows:

- Proposed dividend
- Revision and adoption of the company's policies
- Opening of new stores in every country
- Decisions to acquire Næstved Lavpris Træ A/S and Right Price Tiles A/S.
- The Group's The President and CEO, Mattias Ankarberg, and the CFO, Helena Nathhorst, attend Board meetings. Other employees may also participate in Board meetings to present specific issues.

Auditors are present at Board meetings as necessary, but at least once per year. During at least one of these meetings with the company's auditors, the Board is given the opportunity to meet the auditor without the company management being present.

### EVALUATION OF THE WORK OF THE BOARD OF DIRECTORS 2021

The Chairman of the Board is responsible for evaluating the work of the Board, including the input of the individual Board members. Among other items, the evaluation focuses on the supply and demand of specific competence and ways of working. The Board of Directors carries out an annual internal evaluation of the work of the Board.

### THE BOARD'S REMUNERATION COMMITTEE

The Remuneration Committee comprises Anders Moberg (Chair), Andréas Elgaard and Daniel Mühlbach. The Remuneration Committee prepares and addresses issues regarding remuneration and other employment terms for senior executives, and assesses the application of the guidelines adopted by the AGM for remuneration of senior executives.

### AUDIT COMMITTEE

The Audit Committee comprises Gunilla Spongh(chair), Catarina Fagerholm and Lars Ljungälv. The Audit Committee monitors financial reporting, the effectiveness of the Group's internal control and risk management. The Committee meets with the company's auditors three times a year to discuss matters such as audit plans and audit reports. The Committee is also responsible for monitoring the impartiality and independence of the auditor.

### THE PRESIDENT AND CEO AND SENIOR EXECUTIVES

The President and CEO is tasked with managing the ongoing operations of the company in accordance with the written instructions adopted by the Board. Mattias Ankarberg has been President and CEO of Byggmax Group since 14 November 2016. He has no shareholdings in or part ownership of companies with which the company has significant business connections. Byggmax Group's management team comprises eleven members, including the President and CEO. A description of the management team is available under the heading 'Byggmax Management' on page 59.

### REMUNERATION GUIDELINES

For information concerning salaries and other remuneration paid to the President and CEO and other senior executives, see Note 9.

### ORGANISATION

Byggmax Group has a resource-efficient organisation with the majority of business activities centrally managed. Aside from the sales force, which is based in Byggmax stores, most business processes are managed from the service office in Solna, near Stockholm. Byggmax stores are organised around three main areas of responsibility: country, regional and store management. The country managers are responsible for the entirety of their section. The regional managers are responsible for a number of store managers in a region.

### THE BOARD'S COMPOSITION AND ATTENDANCE AT MEETINGS

Name	Role	Elected onto the Board	Attendance Board meetings	Attendance Remuneration Committee	Attendance Audit Committee	Board fee, SEK	Dependence in relation to company management and major shareholders
Anders Moberg	Chairman	2006	13/13	4/4		785,817	No
Hannele Kempainen <sup>1</sup>	Board member	2015	4/4		3/3	118,922	No
Kjersti Hobøl	Board member	2019	13/13			316,844	No
Gunilla Spongh	Board member	2019	13/13		6/6	449,732	No
Daniel Mühlbach	Board member	2015	13/13	4/4		353,437	No
Anders Berg <sup>1</sup>	Board member	2019	4/4	1/1		115,425	No
Lars Ljungälv	Board member	2020	13/13		6/6	379,817	No
Catarina Fagerholm <sup>2</sup>	Board member	2021	9/9		3/3	250,868	No
Andréas Elgaard <sup>2</sup>	Board member	2021	9/9	3/3		238,917	No

1) Board member until 5 May 2021.

2) Board member from 5 May 2021.

Skånska Byggvaror's business activities are managed close to the operating business. Support personnel associated with product and order flows and customer services are located at the facilities in Bjuv and Ängelholm, while other business processes are managed at the service office in Solna.

### AUDITOR

The AGM appoints the company's auditors every year. Öhrlings PricewaterhouseCoopers, referred to below as PwC, has been the company's auditor since the 2010 AGM. The 2020 AGM appointed Cesar Moré as the new auditor in charge. In addition to the audit engagement, Byggmax Group has consulted PwC on taxation and various accounting issues. PwC is obliged to test its independence prior to accepting independent advisory engagements in addition to its auditing engagements for the Group. Information in respect of the fees paid to the auditing company is provided in Note 8. According to the Code, the company's Board should ensure that the interim report in respect of the second or third quarter is reviewed by the auditors. Byggmax Group's auditor conducted a review of the company's nine-month interim report.

### INTERNAL AUDIT

The company has a simple legal and operative structure and a comprehensive management and internal control system. The Board (and Audit Committee) supervises the company's assessment of the internal audit through contact with the company's auditors. In view of the aforementioned, the Board has opted not to have a separate internal audit function. The question of whether to establish a separate internal audit function is reviewed on an annual basis.

### INTERNAL CONTROL OF FINANCIAL REPORTING

The Board's responsibility for internal control is regulated by the Swedish Companies Act and in the Swedish Corporate Governance Code, which contains requirements for annual external disclosures regarding the organisation of internal control for financial reporting. The Board has overarching responsibility for the Group's internal control. The President and CEO has ongoing responsibility for maintaining internal governance and controls. The ultimate aim of internal control is to ensure that Byggmax Group's financial reports are prepared in accordance with legislation, applicable accounting policies and other requirements that apply to listed companies, in addition to protecting the Group's assets. Byggmax Group has chosen to use COSO's<sup>1</sup> definition of internal control as the foundation for its work with internal control. According to COSO, internal control comprises five different elements: control environment, risk assessment, control activities, information and communication, and monitoring. These various elements are described briefly below.

1) COSO (Committee of Sponsoring Organizations of the Treadway Commission), which is the framework that has the widest spread and international acceptance, and which takes a particular position on the definition of accepted internal control.

### CONTROL ENVIRONMENT

The control environment forms the basis of internal control and builds on the culture according to which the Board of Directors and management communicate and work. It primarily comprises values, expertise, management philosophy, organisational structure, responsibility and authorisations, as well as policies and procedures. A key component of the control environment is the clear definition and communication of decision paths, authorisations and responsibility between differing levels in the organisation and that steering documents in the form of internal policies and guidelines include all material areas and that these provide guidance to the various employees of Byggmax Group.

At Byggmax, we work systematically to streamline and improve operations and their flows. This approach impacts how the Group's internal control work is conducted. An important part of this work is identifying the root cause of a discrepancy whenever one arises as part of a work process, and then implementing an improvement to prevent the discrepancy from arising again. By working in this way, robust work processes are created that can be continuously developed and improved. Byggmax Group's internal control work is based more on continuously improving work processes than double-checking different work procedures. A key component of the Board's work is the preparation and approval of a number of policies including the rules of procedure for the Board of Directors, the President and CEO's instructions, finance policy, IT policy, information policy and logbook and insider policy. The aim of these policies includes creating the foundation for sound internal control. All policies are reported annually and adopted by Group management or the Board. Byggmax Group's financial process is documented in an accounting manual.

Furthermore, the Board has ensured that the organisational structure provides clear roles, responsibilities and processes that promote efficient management of operating risks and enable goals to be achieved. The responsibility structure includes, as one element, evaluation by the Board of the performance and results of business activities through an appropriate reporting package comprising outcome, forecasts, business plans, strategic plans, monitoring of financial risks and analyses of key performance indicators.

### RISK ASSESSMENT

All business activities are associated with a certain degree of risk taking. A structured risk assessment enables the identification of significant risks. Byggmax Group operates an ongoing process of risk analysis in which the risks of errors in the financial reporting of significant income statement and balance sheet items are analysed. Other risks in conjunction with financial reporting include the risk of fraud, loss or misappropriation of assets. Byggmax Group's Board of Directors continuously assesses the company's risk management. This includes assessing the preventative measures taken to reduce the company's risks, which entails ensuring the company is appropriately insured and that the company has the requisite policies and guidelines in place.

## CONTROL ACTIVITIES

The Group's control structure is designed to handle the risks the Board assesses as being significant for the internal control of financial reporting. In Byggmax, the control structures comprise an organisation with clear roles that enables an efficient, and, from an internal control perspective, appropriate allocation of responsibilities, as well as specific control activities aimed at identifying or safeguarding from the risk of errors in reporting.

Byggmax Group applies a systematic approach to minimising the risk of fraud and/or theft, which includes efforts to minimise waste in stores, as well as online fraud.

## INFORMATION AND COMMUNICATION

Byggmax Group has an information policy that includes guidelines for both internal and external information from the company. External information is disclosed in compliance with stock exchange and securities legislation and the Swedish Financial Supervisory Authority's regulations. Internal dissemination of price-sensitive information only takes place after Byggmax Group has published corresponding information to the stock market. Governing documentation in the form of policies, guidelines and manuals is communicated through the Group's intranet and accounting manual.

## MONITORING

The Board and Group management are provided with ongoing information in respect of the Group's financial performance and situation, and the development of the business. The reports also contain analytical monitoring, trend monitoring and benchmarking between stores in both Byggmax and Skånska Byggvaror. The accounting function has the same procedures and documentation requirements at every monthly accounts date. The Board continuously evaluates the information provided by Group management as well as compliance with the control activities undertaken within the Group. The work includes ensuring that measures are taken in respect of faults and proposed measures that may have been identified in the external audit. The work on internal control assists the Board and management with assessing and reviewing significant risk areas in the financial reporting to thereafter be able to select actions and follow-up measures in the chosen areas.