



# 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 2024 to 31 December 2024.



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 on the website of the Swedish Corporate Governance Board ([www.corporategovernance-board.se](http://www.corporategovernance-board.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 is built on the 'comply or explain' principle, which means that compa-

nies that apply the Code can deviate from specific rules but must explain the underlying reasons behind the deviation. Byggmax Group did not deviate from the Code in 2024.

## SHAREHOLDERS

At year-end, the share capital in Byggmax Group was SEK 20,333,015, divided among 58,625,045 shares. There is one class of shares, and all shares carry equal rights to participation in the company's assets and profits. The number of shareholders on 31 December 2024 was 24,645. The largest shareholder as of 31 December 2024 is Försäkringsbolaget Verdipapirfondet Odin, with 9.9 percent of the shares. Non-Swedish shareholders accounted for approximately 45 percent of the total number of shares. For further share and ownership structure information, see pages 35–37 and [om.byggmax.se/en](http://om.byggmax.se/en).

## ANNUAL GENERAL MEETING

Shareholders exercise their influence on the company at the Annual General Meeting (AGM), which is the company's highest decision-making body. Byggmax Group's Articles of Association are available in full on the Byggmax Group website.

## ANNUAL GENERAL MEETING 2024

The Annual General Meeting took place on 6 May 2024 in Stockholm. Anders Moberg was elected to chair the meeting. The main resolutions passed were as follows:

- Re-election of members of the Board Anders Moberg, Daniel Mühlbach, Gunilla Spongh, Lars Ljungälv, Catarina Fagerholm and Andreas Elgaard.
- Adoption of the 2024 income statement and balance sheet.
- The fees for members of the Board and policies governing remuneration of the President and CEO and senior executives.
- Issue authorisation.
- Resolution authorising the Board of Directors to decide on the acquisition and transfer of treasury shares.
- Resolution on an incentive programme, including a private placement and transfer of warrants.
- Resolution on guidelines for remuneration of members of the Board and senior management.

Minutes of general meeting of shareholders containing details of all resolutions are available on the Byggmax Group website, [om.byggmax.se/en](http://om.byggmax.se/en).

## NOMINATION COMMITTEE

The Annual General Meeting held on 6 May 2024 resolved that a Nomination Committee be appointed ahead of the 2025 Annual General Meeting by the Chair of the Board convening 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 Chair 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 Chairperson 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 on financial reporting and allocation of duties between the Board and the President and CEO. The rules of procedure regulate the Board's obligations, the division of work among members of the Board, the minimum number of Board meetings per year, notice of and documents ahead of Board meetings and the preparation of the minutes of Board meetings.

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 attend-

ance at meetings' (see page 42). As can be seen, Byggmax Group complies with the Code's requirement that the majority of the members elected by the general meeting are independent of the company and the Group management and that at least two of these are also independent of 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 44 and the Board's composition and attendance of meetings on page 42.

**THE WORK OF THE BOARD IN 2024**

The Board held 12 meetings in 2024. Key items discussed by the Board in 2024 in addition to the adoption of the Annual Report and Interim Reports, and adoption of a business plan and associated budget, were as follows:

- Risk identification and adoption of company policies and governing documents
- Opening of new stores in all the countries
- Implementation of the new EU Sustainability Directive
- Updated financial targets
- Proposed dividend

The Group's President and CEO, Karl Sandlund, and CFO, Helena Nathorst, attend Board meetings. Other employees may also attend Board meetings to present specific issues.

Auditors attend 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 IN 2024**

The Chair of the Board is responsible for evaluating the work of the Board, including

the input of the individual members of the Board. Among other items, the evaluation focuses on the supply and demand of specific skills 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.

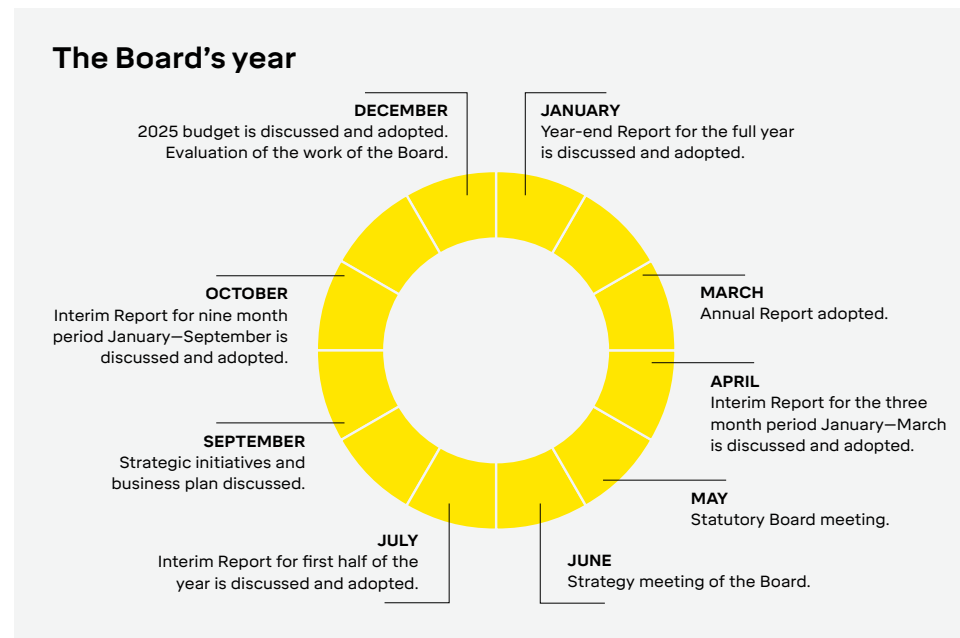
**AUDIT COMMITTEE**

The Audit Committee comprises Gunilla Spongh (chair), Catarina Fagerholm and Lars Ljungålv. The Audit Committee monitors

financial reporting, the effectiveness of the Group's internal control and risk management. The Committee meets the company's auditors three times a year to discuss matters such as audit plans and auditor's reports. The committee is also responsible for reviewing and monitoring the auditor's impartiality and independence and determining which assignments the audit firm may undertake in addition to auditing Byggmax Group.

**THE PRESIDENT AND CEO AND OTHER MANAGEMENT**

The President and CEO is tasked with managing the ongoing operations of the company in accordance with the written instructions adopted by the Board. Karl Sandlund has been President and CEO of Byggmax Group since 1 July 2023. He has no shareholdings in or part ownership of companies with which the company has significant business connections. Byggmax Group's management



team comprises seven members, including the President and CEO. A description of the management team can be found under the Management heading on page 45.

### GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES

Guidelines adopted by the 2024 AGM are to apply until further notice, however not beyond the 2028 AGM. The guidelines are to apply to employment contracts entered into after the Meeting's resolutions and in cases where amendments are made to existing agreements after the Meeting's resolutions. Byggmax Group's business strategy and management of the company's long-term interests and sustainability requires Byggmax Group, based on country of employment, to offer remuneration and terms of employment that are competitive and compatible with market rates in order to retain and, as needed, attract individuals with the necessary skills and experience for Group management. Total remuneration of senior executives consists of fixed salary, variable salary in the form of short-term incentives based on annual performance targets (STIs), long-term incentives based on performance over several years (LTIs), and pension and other benefits. In addition, there are terms for notice of termination and severance pay. Fixed salaries should be set below market median salaries. However, overall remuneration, including STIs and LTIs, entails that the market average may be exceeded. The combined remuneration must be reviewed annually to ensure it is competitive and consistent with market levels. When making comparisons, the position, size of the company, salary and the person's experience are to be taken into consideration.

### FIXED SALARY

Fixed salary should form the basis for total remuneration. The fixed salary should relate to the relevant market and reflect the scope of the responsibility entailed by the position.

### VARIABLE SALARY (SHORT-TERM INCENTIVES, STIs)

In addition to fixed salary, senior executives are to be able to receive STIs for results that exceed one or more predefined performance levels during a financial year. Remuneration from the STI programme can amount to a maximum of 100 percent of the fixed salary for the President and CEO and 40 percent of fixed salaries for the remaining management, thus enabling the company to calculate variable maximum levels of remuneration. STIs are determined by both qualitative and quantitative measures.

### LONG-TERM INCENTIVES

Annual General Meetings in 2019, 2021, 2022, 2023 and 2024 resolved to introduce warrant-based incentive programmes. The incentive programmes are described in Note 9.

### PENSION

Where possible, pension agreements should be contribution-based and designed in accordance with the levels and practices applicable in the country where the senior executive is employed.

### OTHER BENEFITS

Other benefits may be provided in accordance with the conditions that apply in the

country where the senior executive is employed. However, the extent of such benefits must be limited as much as possible and may not make up a major portion of the total remuneration.

### NOTICE PERIOD AND SEVERANCE PAY

Senior executives are to be offered terms of employment according to the prevailing legislation and practices in the country in which the senior executive is employed. During the notice period, the senior executive is prohibited from working for a competing business. In certain cases, a non-compete clause against continued remuneration is applicable for a period of up to 24 months after the end of the notice period. Currently, the longest notice period within Byggmax Group is 12 months, and there is no severance pay in any contract.

### GUIDELINES FOR DETERMINING SALARY AND OTHER REMUNERATION OF THE PRESIDENT AND CEO AND SENIOR EXECUTIVES FOR 2024

The Board of Directors has evaluated the application of the adopted guidelines for determining the salary and other remuneration of the President and CEO and the Group Management. The Board's assessment is that salary and other remuneration for the President and CEO and Group Management

were applied in accordance with the guidelines in 2024.

### DEVIATION FROM THE GUIDELINES

The Board has the right to deviate from the guidelines, partially or entirely, if doing so is justified in specific cases. Departures are only permitted if they are deemed necessary to ensure the company's long-term interests and sustainability, or to safeguard the company's financial strength. If the Board deviates from the guidelines for remuneration to Group management, this is reported at the next AGM. For information concerning salaries and other remuneration paid to the President and CEO and other senior executives, see Note 9.

### AUDITOR

The AGM appoints the company's auditor 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 principal auditor. In addition to the audit assignment, Byggmax Group has consulted PwC about various accounting issues. PwC is obliged to test its independence prior to accepting independent advisory assignments in addition to its auditing assignments for the Group. Information in respect of the fees paid to the auditing company is pro-

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

Name	Role	Elected onto the Board	Attendance Board meetings	Attendance of Remuneration Committee meetings	Attendance Audit Committee	Board fee, SEK	Dependence on company management and major shareholders
Anders Moberg	Chairperson	2006	12/12	3/3		986,179	No
Andréas Elgaard	Member	2021	12/12	3/3		407,185	No
Catarina Fagerholm	Member	2021	12/12		6/6	450,522	No
Lars Jungälv	Member	2020	12/12		6/6	450,522	No
Daniel Mühlbach	Member	2015	12/12	3/3		407,185	No
Gunilla Spongh	Member	2019	12/12		6/6	553,954	No

vided 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 auditor. Bygghmax Group's auditor conducted a review of the company's nine-month Interim Report.

### INTERNAL AUDIT

The company has a simple legal and operational structure and a comprehensive management and internal control system. The Board (and the Audit Committee) supervises the company's assessment of the internal audit through contact with the company's auditors. In view of the above, 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 overall responsibility for the Group's internal control. The President and CEO has ongoing responsibility for maintaining internal governance and control. The ultimate aim of internal control is to ensure that Bygghmax 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. Bygghmax Group has elected 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.

### 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 provide guidance for the various employees of Bygghmax Group.

At Bygghmax Group, 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. Bygghmax Group's internal control work is based more on continuously improving work processes than double-checking different work procedures. An important part of the Board's work is to approve a number of governance documents, such as the Board's rules of procedure and the CEO's instructions, and to establish risk management and ensure compliance. The aim of these governance documents includes creating the basis for sound internal control. All governance documents are revised annually and adopted by the senior management or the Board. Bygghmax Group's financial process is documented in a financial 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 targets 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. Bygghmax Group operates an ongoing process of risk analysis in which the risks of errors in 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. Bygghmax 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 manage the risks the Board assesses as being significant for the internal control of financial reporting. In Bygghmax Group, 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.

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

### INFORMATION AND COMMUNICATION

Bygghmax Group has an information policy that includes guidelines for 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 occurs only after Bygghmax Group has released the corresponding information to the stock market. Governance 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 within Bygghmax Group. 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 deficiencies 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.

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