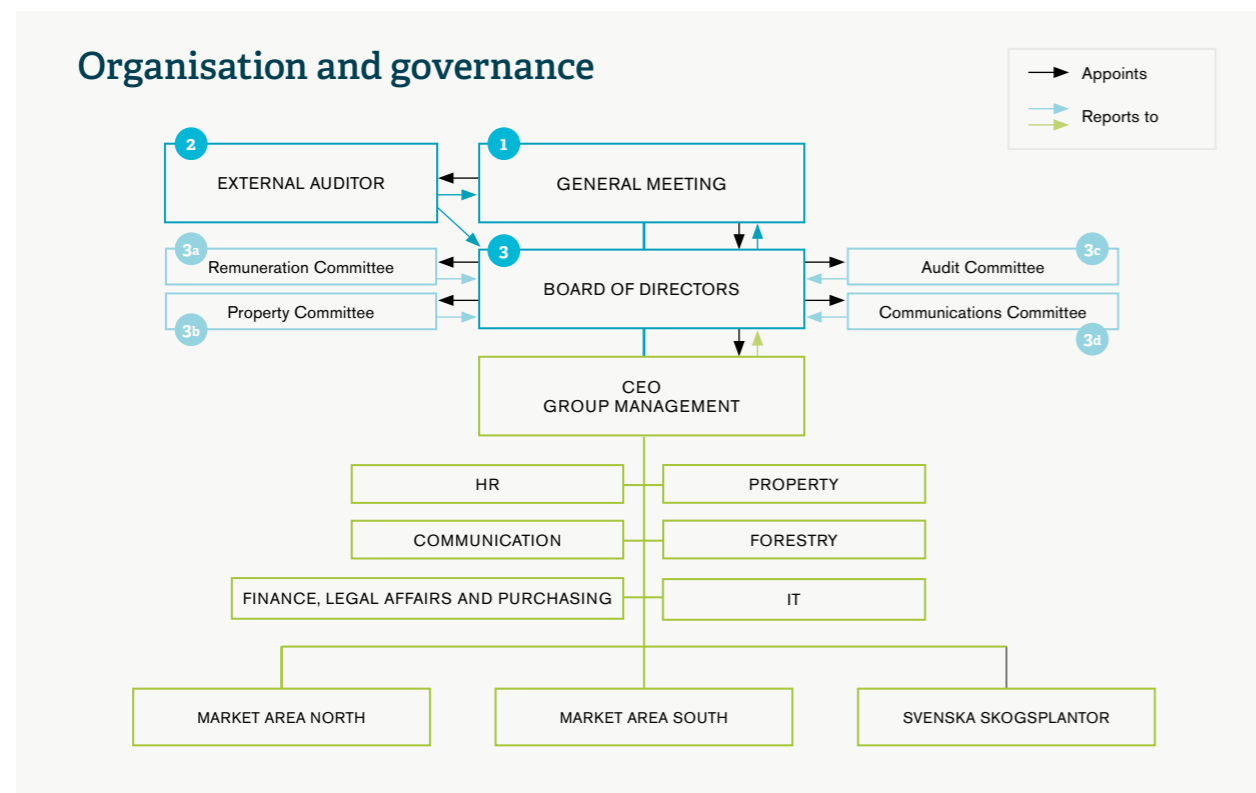


Corporate Governance Report

This corporate governance report describes how Sveaskog, based on the company's vision of sustainable forestry, creates effective structures and principles for corporate governance of Sveaskog. Governance of Sveaskog is based on the Swedish Companies Act, the State Ownership Policy and principles for state-owned enterprises 2020, the Swedish Code of Corporate Governance, as well as other applicable Swedish and foreign laws and regulations.



Corporate governance within Sveaskog

Sveaskog AB is a Swedish public limited liability company that is 100% owned by the Swedish state and managed by the Ministry of Enterprise and Innovation. The owner's control of Sveaskog takes place through the General Meeting and the Board of Directors in accordance with the Swedish Companies Act. Sveaskog's corporate governance is based on applicable Swedish and foreign legislation, the State Ownership Policy and principles for state-owned enterprises 2020 and the Swedish Code of Corporate Governance (the Code).

This Corporate Governance Report has been prepared as part of Sveaskog's application of the Code. The report has been examined by the company's auditors.

In accordance with the Swedish government's State Ownership Policy and principles for state-owned enterprises, Sveaskog has deviated from the Code in four instances:

- Preparation of decision on nomination of the Board of Directors and auditors, which means that Sveaskog has not appointed a Nomination Committee.
- With regard to the independence of Board members in relation to the state as a major shareholder, this not reported because the Code in this respect focuses on companies with a diverse ownership.
- The date and location of the Annual General Meeting shall be stated on the company's website not later than in connection

with the interim report for the third quarter. Sveaskog has chosen to comply with Nasdaq Stockholm's regulations for issuers and therefore provides details of the scheduled date for the Annual General Meeting in the year-end report.

- Sveaskog does not have an internal audit function independent of management in accordance with Code 7.3. Read more on page 58.

Sveaskog's mission

According to the State Ownership Policy, companies owned by the state shall adopt a long-term approach, be efficient and profitable and be given the capacity to develop. The companies shall serve as role models in the area of sustainable business and otherwise act in a manner that generates public confidence. The companies shall also strive to achieve the international and national environmental goals, and serve as role models in their industry.

According to its Articles of Association, Sveaskog shall own and manage real and personal property and conduct forestry operations and forest industry as well as related activities. Its core business shall comprise forestry. Sveaskog shall also be an independent operator without major interests of its own as an end user of wood raw materials. The company may also conduct related activities if these contribute to increased returns for the company. According to a special parliamentary assignment, the company shall contribute to strength-

ening private agriculture and forestry by selling land in sparsely populated areas to private individuals. Sale of land shall be carried out until 10% of the land area owned by Sveaskog at the time of its foundation in 2002 has been divested. At the end of the year around 27,000 hectares remained available for sale. Operations shall be conducted on a commercial basis and generate a market return. The owner has a clear dividend policy and clear financial targets for Sveaskog regarding direct returns and net debt / equity ratio.

1. General Meeting

The General Meeting is Sveaskog's highest decision-making body. It is at the Annual General Meeting that the shareholder exercises its influence. It is the Annual General Meeting that appoints the Board of Directors and auditors and shall, in accordance with the State Ownership Policy, take place before 30 April each year. Notice of the Annual General Meeting shall be served no earlier than six weeks and no later than four weeks before the meeting through an announcement in Post- och Inrikes Tidningar and on the company's website.

The Board of Directors is responsible for convening a General Meeting. The Board of Directors proposes to the Annual General Meeting guidelines for remuneration to senior executives for a resolution, and reports whether previously adopted guidelines have been followed or not, and the reasons for any deviations. In accordance with the State Ownership Policy and principles for state-owned enterprises 2020 and the Articles of Association, Members of Parliament have the right to attend and ask questions at Sveaskog's general meetings. The meetings are also open to the public.

Annual General Meeting 2021

The Annual General Meeting of the Parent Company Sveaskog AB (publ) took place on 26 April 2021 in Stockholm. Due to the prevailing circumstances with Covid-19, the Annual General Meeting was held digitally, and Members of Parliament and the public were invited. The meeting was opened by Chairman Eva Färnstrand, who was also appointed to chair the meeting. The owner was represented by Christine Leandersson.

Resolutions at the Annual General Meeting 2021

The Annual General Meeting approved the income statement and balance sheet for the financial year 2020 and discharged the Board of Directors and the CEO from liability for the year. The meeting resolved to approve the Board's proposal for the distribution of profits, which entailed a dividend of SEK 850 million to the owner. Guidelines for remuneration to senior executives were confirmed. There was also a resolution on fees to the Chairman of the Board and Board members, as well as auditors. Minutes and other material relating to the Annual General Meeting can be found on Sveaskog's website sveaskog.se.

Annual General Meeting 2022

The 2022 Annual General Meeting will be held on 27 April. Documents for, and minutes from our meetings can be found on Sveaskog's website sveaskog.se

2. External auditor

The election of auditors is decided by the owner at the Annual General Meeting. The Board of Directors submits proposals for the election of auditors to the general meeting based on a recommendation from the Audit Committee. A proposal for election of auditors is presented in the notice of the Annual General Meeting and on Sveaskog's website. Auditors are appointed for a term of one year. At the Annual General Meeting 2021, it was resolved to elect Deloitte AB as auditors for a one-year period until the Annual General Meeting 2022, with Hans Warén as auditor in charge.

The task of the auditors is to examine, on behalf of shareholders, the company's annual accounting and accounting records as well

as the administration by the Board of Directors and the CEO. A limited assurance engagement is performed in respect of the company's sustainability report by the elected auditor, who confirms the report together with the sustainability auditor responsible. Furthermore, a limited assurance engagement of the Group's interim report as of Q3 is performed by elected auditors. The Board communicates with the auditors through the Audit Committee and also through auditors being present at Board meetings at which issues ahead of the annual accounts and annual report are discussed. At least once a year, the auditors meet with the Board of Directors without the CEO or any other member of Group Management being present. The auditors have participated in eight of the Audit Committee's nine meetings (one of these meetings was a meeting held per capsulam, which the auditors did not attend). The practical work of procurement of auditors is handled by the Board's Audit Committee together with the company and owner. During the autumn of 2021, a procurement process took place for auditors prior to the 2022 Annual General Meeting.

Remuneration of auditors is described in Note 6.

3. Board of Directors

The Board of Directors is responsible for the company's organisation and the administration of the company's affairs, and for ensuring that it is managed in an exemplary manner within the framework provided by the legislation, the company's Articles of Association, the State Ownership Policy and principles for state-owned enterprises 2020 and any additional owner instructions.

Nomination process

The State Ownership Policy and principles for state-owned enterprises 2020 sets out a different nomination process than that prescribed in the Code in respect of the Board of Directors and auditors. The nomination of the Board of Directors is coordinated by the unit for state-owned enterprises at the Ministry of Enterprise and Industry. They also submit a proposal for the Chairman of the Board and chairman of the general meetings. A uniform and structured work method ensures quality throughout the nomination process. A working party analyses competence needs based on the company's operations, situation and future challenges, as well as the composition of the Board of Directors. Any possible recruitment needs are then determined. The owner's expectation of diversity in the Board of Directors in accordance with the ownership policy is also taken into account. When the process has been completed, nominations made are published in accordance with the Code. The nominations of members are also presented in the notice of the Annual General Meeting and on Sveaskog's website sveaskog.se.

Composition of the Board of Directors

According to the Articles of Association, the Board of Directors shall consist of a minimum of five and a maximum of nine members. In addition, there are two employee representatives with two deputies. The Articles of Association do not contain any regulations on the appointment or dismissal of Board members. The company's legal adviser is the secretary to the Board of Directors.

At the Annual General Meeting 2021, Eva Färnstrand (re-election), Marie Berglund (re-election), Johan Kuylstenierna (re-election), Kerstin Lindberg Göransson (re-election), Christina Lindbäck (re-election), Leif Ljungqvist (re-election), Elisabet Salander Björklund (re-election) and Sven Wird (re-election) were elected, which means that after the Annual General Meeting the Board of Directors consists of five women and three men. The Board also includes two employee representatives with two deputies. Eva Färnstrand was also re-elected as chairman. Kerstin Lindberg Göransson was elected deputy chairman. The Annual General Meeting confirmed that the Board of Directors has the relevant competence and background for the company's governance and that the Board as a whole has experience in important areas for the company such as corporate governance,

the forestry industry, sustainability, company management, change and development work and financial competence.

Work of the Board of Directors

The work of the Board is governed by the Board's formal work plan. This stipulates how the work is to be distributed among the members of the Board of Directors, the number of ordinary Board meetings, matters to be dealt with at ordinary Board meetings and the responsibilities of the Chairman of the Board. The Chairman of the Board shall ensure that the work of the Board is conducted efficiently and that the Board fulfils its obligations. At each Board meeting during the year, the CEO reports on significant events in the company, and the chairman of each committee reports on the committee meetings that have been held between Board meetings. According to the formal work plan, the Chairman shall, on behalf of the Board of Directors, consult with representatives of the owner on matters of crucial importance for Sveaskog. The formal work plan also contains details of the Chairman's role on the Board of Directors and of the division of roles and responsibilities between the Board of Directors and the CEO. The Board continuously evaluates the CEO's work, and also evaluates the work of the Board on an annual basis. At least once a year, the work of the CEO shall be evaluated without any member of Group Management being present.

The Board held ten meetings in 2021, and two Board meetings per capsulam. In addition to dealing with permanent items on the agenda, the Board of Directors dealt with issues regarding the company's strategic direction, the sustainable forestry programme, insect infestations and other damage to the forest, the relationship with the reindeer industry and other stakeholders and the governmental forest inquiry. The Board also made decisions on a number of acquisitions and sales of properties. In order to inform and update the members about the company's operations, certain Board meetings are usually held at different locations in the company's operations, and are combined with meetings with management and employees on site. During the year, the Board visited the ecopark in Färna.

Board committees

The Board of Directors has set up committees with the aim of specifically monitoring and preparing Board issues within the committees' respective focus areas. The members of the committee are elected at the Board meeting held immediately after the Annual General Meeting. Representatives from the business such as CEO, CFO, Head of HR, Head of Communications and Head of Property can participate as rapporteur at a committee meeting. Guidelines for the work of the committees can be found in the Board's formal work plan. There are also special instructions for the Property, Audit and Remuneration Committees. The issues dealt with by the committees are minuted and reported at the next Board meeting.

3a. Remuneration Committee

Prepares issues including those relating to remuneration and terms of employment of senior executives, and also works with issues such as attracting and retaining talent and succession planning. In 2021, issues were prepared in the area of work to guarantee employee safety at work, as the company's employees are exposed to threats and harassment when working in the forest work, mainly in the north. The Remuneration Committee consisted of Eva Färnstrand (Chairman), Marie Berglund, Leif Ljungqvist and Christina Lindbäck.

3b. Property Committee

Prepares issues relating to, among other things, property transactions and property management. In 2021, the committee worked on issues including property strategies, goals and ambitions for property acquisitions and the costing model for property acquisitions. The Property Committee consisted of Sven Wird (Chairman), Elisabet Salander Björklund, Johan Kuylenstierna and Sara Östh.

3c. Audit Committee

Prepares issues relating to, among other things, the Board's work on quality assurance of the company's financial reporting, the preparation of quarterly reports for decisions by the Board of Directors, monitoring the effectiveness of the company's internal control and risk management with regard to financial reporting, monitoring the company's work on capital structure and other financial issues, preparing policies for decisions by the Board of Directors and preparing the Board's proposal for the Annual General Meeting's resolution on the election of an auditor. The committee meets with the company's auditors on an ongoing basis to inform themselves about the direction, scope and results of the audit, and discusses coordination between the external auditors and the internal control activities and the view of the company's risks. The Audit Committee consisted of Kerstin Lindberg Göransson (Chairman), Leif Ljungqvist, Eva Färnstrand and Kenneth Andersson. In 2021, there was a special focus on internal governance and control, as well as information security.

3d. Communications Committee

The Communications Committee is a temporary committee that handles and prepares issues relating to the company's communication. In 2021, the focus was on the communication strategy and communication of the sustainable forestry programme. The Communications Committee consisted of Eva Färnstrand (Chairman), Marie Berglund, Christina Lindbäck and Leif Ljungqvist.

Principles for remuneration of the Board of Directors

Fees to the Board are determined by the Annual General Meeting as are fees to members of the Board committees. In 2021, remuneration of the Board of Directors totalled SEK 1,711,998. The Board of Directors does not participate in any bonus or incentive programme. Employee representatives and the Board member employed by the Government Offices of Sweden do not receive a fee.

Evaluation of the work of the Board and the CEO

The Board of Directors conducts an annual evaluation of the work of the Board and the CEO. The evaluation takes place either internally or externally, with the aim of developing the Board's working methods and efficiency. The results of the evaluation are presented both to the Chairman of the Board and to the Board as a whole. The owner, in the form of the Government Offices of Sweden, is also informed of the results of the evaluation. The work of the Government Offices of Sweden on the nomination process for the Board also involves an ongoing evaluation of the Boards of state-owned enterprises.

Corporate structure

Sveaskog is organised in two geographical market areas and one business area, Svenska Skogsplanter. The division into market areas is based on forest holdings, customer structure and trade flows. The market areas have customer, production and delivery responsibility for the wood raw material. Concessions (with the exception of hunting concessions) and property transactions are handled centrally within the Property support unit. Operating activities are supported by Group-wide support units.

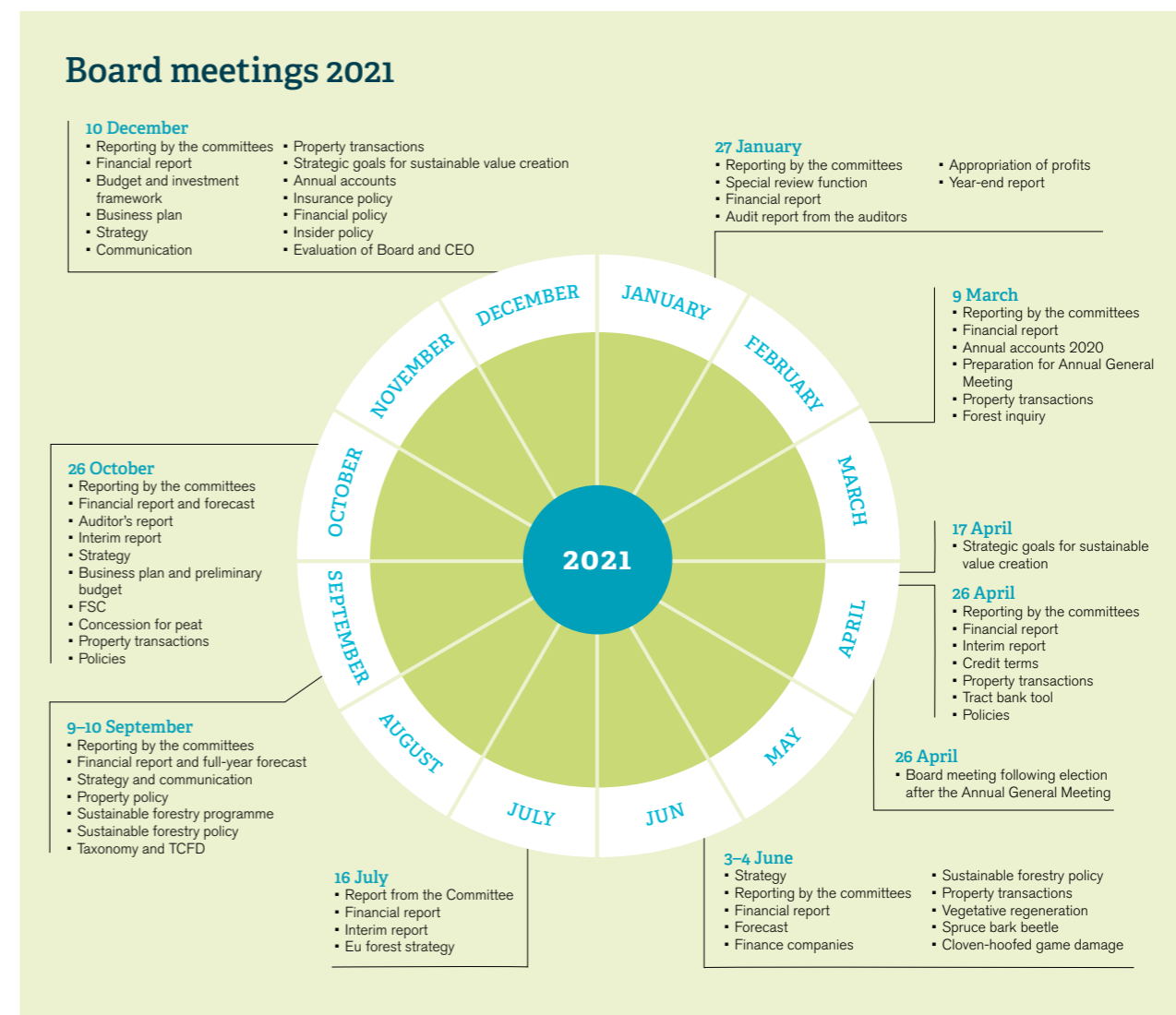
Sveaskog also owns shares in companies where there is no consolidation relationship. The holding in the wood products company Setra Group AB (publ) is the largest holding that is an associated company, followed by SunPine AB.

CEO and Group Management

Sveaskog's CEO is responsible for the ongoing management of the company in accordance with the Board's instructions. The CEO gives presentations at Board meetings. The CEO's responsibilities include ongoing operational issues and leading the work of Group Management. During the first quarter, Hannele Arvonen left her position as CEO, at which point Per Matses was appointed acting CEO. The Board of Directors appointed Erik Brandsma as CEO of

Board attendance at Board and committee Meetings 2021

	Attendance Board Meetings	Attendance Remuneration Committee	Attendance Property Committee	Attendance Audit Committee	Attendance Communications Committee	Remuneration, SEK	
						Board	Committee
Board members							
Eva Färnstrand	14/14	6/6		9/9	6/6	480,000	31,332
Johan Kuylenstierna	14/14		10/10			193,000	40,000
Kerstin Lindberg Göransson	13/14			9/9	2/6	193,000	42,666
Leif Ljungqvist	13/14	6/6		9/9	6/6		
Marie Berglund	13/14	5/6			6/6	193,000	10,000
Sven Wird	14/14		10/10			193,000	40,000
Elisabet Salander Björklund	8/14		4/10			131,383	26,667
Christina Lindbäck	8/14	4/6			3/6	131,333	6,667
Employee representatives							
Kenneth Andersson	14/14			9/9			
Lars Djerf	14/14						
Sara Östh	14/14		10/10				
Thomas Esbjörnsson	14/14						



the company during the fourth quarter. Erik Brandsma took up his position in the company on 1 January 2022.

Group Management includes, in addition to the CEO, the CFO, Head of HR, Head of Market Area North, Head of Market Area

South, Head of Business Area Manager for Svenska Skogsplanter, Head of Forest Management, CDO, Head of Forest Policy and Head of Communications. There are ten members of Group Management in total, five women and five men.

Internal control and risk management regarding financial reporting

The Board's responsibility for internal control is governed by the Swedish Companies Act and the Code. Internal control is intended to provide reasonable assurance regarding the reliability of external financial reporting in the form of interim reports, year-end reports and annual reports. Control shall also include external financial reporting and that this is prepared in accordance with the legislation, applicable accounting standards and other requirements for limited companies.

Framework for internal control

A description of how internal control is organised in relation to financial reporting is provided below.

Control environment

The Board of Directors has overall responsibility for maintaining an effective system for internal control and risk management. The Board has appointed the Audit Committee to prepare matters related to risk assessment, internal control, financial reporting and audit. The Board's risk management has been given greater scope in recent years.

Responsibility for maintaining an effective control environment and day-to-day work with risk management and internal control relating to financial reporting in the company is delegated to the CEO. Managers at different levels of the company have corresponding responsibilities within their respective areas.

The most significant parts of the control environment relating to financial reporting are dealt with in the governing documents concerning accounting and financial reporting and in the financial manual published on Sveaskog's employee intranet.

Risk assessment and control structures

The Board of Directors is responsible for ensuring that the company manages its risks correctly and that adopted policies for financial reporting and internal control are complied with. Identified risks in connection with financial reporting are loss or misappropriation of assets, unlawful benefit of another party at the company's expense and other risks relating to material misstatement in the financial statements, for example, relating to recognition and measurement of assets, liabilities, income and expenses or discrepancies in disclosure requirements.

These issues are prepared by the Audit Committee for consideration by the Board. A number of items in the income statement and balance sheet have been identified where the risk of material misstatement is significant. These risks are mainly attributable to measurement of forest assets, accruals and the IT systems that support the business.

Information and communication

The company's information and communication channels are designed to promote completeness and accuracy of financial reporting. For external communication there are guidelines designed to ensure that the company meets the owner's requirement that reporting is carried out in accordance with Nasdaq Stockholm's Issuer Rules.

Monitoring

Monitoring is regulated in the Board's formal work plan and the instructions to the CEO.

Special review function

It is the Board's opinion that Sveaskog's significant risks and risk areas are covered by the risk management process applied by the company. Responsibility for risk inventories and management of the risk management processes has been delegated to the CFO unit by the CEO. The CFO unit is also responsible for a number of central controls combined with local follow-up. However, operational responsibility rests with the market areas and other operating areas. The Board of Directors considers that there is no need for a special review function in the company. The CFO unit is led by the CFO and consists of finance, controlling, purchasing, timber finance and legal affairs.

Sustainable business

Sveaskog takes an integrated approach to sustainability throughout the organisation. Sveaskog's strategic goals for sustainable value creation are broken down into strategies and business goals that are followed up regularly. The work is supported by a number of policies and guidelines which are available on Sveaskog's intranet and website.

Monitoring of sustainability work is performed on an ongoing basis both internally and externally. The Board of Directors issues the Sustainability Report and the Audit Committee does prepares the work on the report.

Collaboration with local contractors and suppliers is important for Sveaskog's development. The Code of Conduct, general sustainability requirements linked to the UN Global Compact and detailed requirements for contractors govern the assessment of contractors. Follow-up is takes the form of self evaluation and internal audits. Non-conformances are reported in the business management system. Follow-ups of framework agreements with external suppliers take place annually.

The external audit consists of the auditors examining the annual financial statements and the Sustainability Report. In addition, an external audit in accordance with ISO 14001 is carried out of the integrated business management system. An external audit is carried out against the FSC®- standard and surveys are regularly carried out on customers, employees, contractors and suppliers, as well as on the brand.

These provide the tools for creating an understanding of the impact of operations from a stakeholder perspective and offer support for monitoring of international frameworks such as national environmental quality goals and the 2030 Agenda.

Code of Conduct

Sveaskog is dependent on the outside world having confidence in the company. It is only through a high level of confidence that Sveaskog can continue to be a successful company. Sveaskog's Code of Conduct makes it clear to all employees how they should conduct themselves as business partners, employers, employees and members of society.

Sveaskog's Code of Conduct applies to all employees. Anyone who concludes agreements with customers, suppliers, contractors and consultants must ensure and monitor that these comply with the Code of Conduct. Sveaskog's managers shall ensure that the Code of Conduct is complied with in day-to-day operations. The Code of Conduct must be read in connection with new recruitment, performance appraisals, procurement, operational follow-ups, etc. The Code of Conduct must be appended to business and cooperation agreements.

In order to ensure compliance with the Code of Conduct, there is a separate reporting system for deviations or infringements. This whistle-blower function is available on Sveaskog's website and provides guaranteed anonymity. The function is external, which means that the information is processed and investigated by an external party. In 2021, two reports were received via the whistle-blower function.

Under the guidance of lawyers and HR specialists, regular meetings are held in the different profit areas where questions concerning the Code of Conduct, guidelines for entertainment and other ethical issues are discussed.

To find out more:

State Ownership Policy
www.regeringen.se/regeringen-s-politik/bolag-med-statligt-agande/sa-styrs-bolagen/

Sveaskog's Articles of Association
www.sveaskog.se/om-sveaskog/bolagsstyrning/bolagsordning/

Sveaskog's Code of Conduct
www.sveaskog.se/om-sveaskog/upporandekod/

The Swedish Companies Act
www.regeringen.se

The Swedish Corporate Governance Code
www.bolagsstyrning.se/

Nasdaq Stockholm's Issuer Rules
www.business.nasdaq.com/list/Rules-and-Regulations/European-rules/nasdaq-stockholm/index.html