

# Corporate Governance Report

This Corporate Governance Report describes how Sveaskog, based on the company's vision of being a leader in sustainable forestry and the company's mandate as resolved by the Swedish Parliament, 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, and 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 administered by the Ministry of Finance. The owner's governance 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 was prepared as part of Sveaskog's application of the Code. The report has been examined by the company's auditors. In accordance with the State Ownership Policy and principles for state-owned enterprises, Sveaskog has deviated from the Code in three instances:

- Preparation of resolution 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.

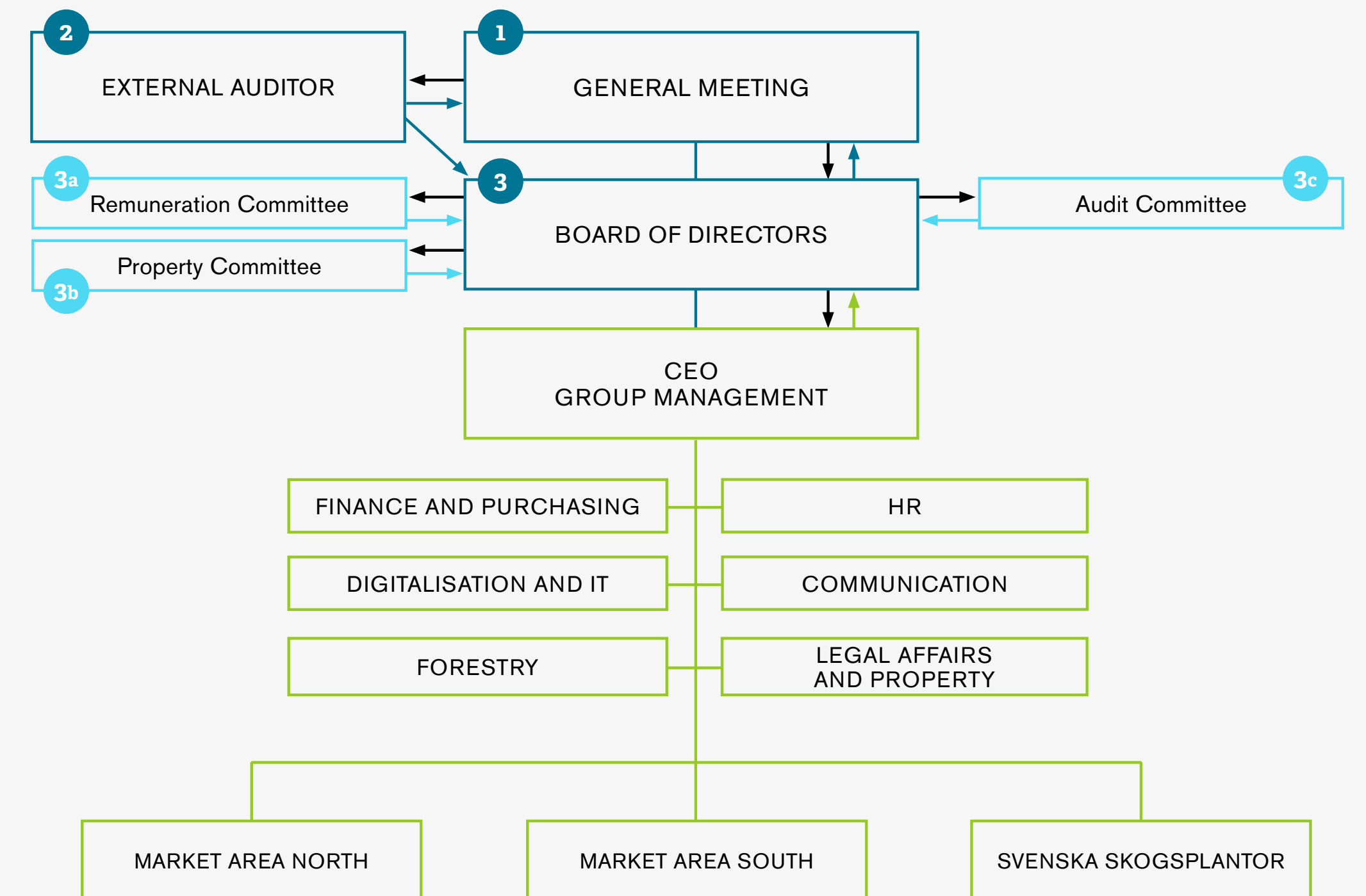
- According to the Code, the date and location of the Annual General Meeting shall be stated on the company's website not later than in connection with the interim report for the third quarter. Sveaskog has chosen to comply with Nasdaq Stockholm's regulations for issuers and therefore provides details of the scheduled date for the Annual General Meeting in the year-end report.

## Sveaskog'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 value creation and otherwise act in a manner that instils public confidence. Within their industry, the companies must be role models in the environment and climate area and work to achieve the national and international environmental targets.

According to what is given as the object of the company in the Articles of Association, Sveaskog →

## Organisation and governance



→ 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 mandate from the Swedish Parliament, the company must, for market remuneration, divest a total of up to 60,000 hectares of unprotected productive forest land, mainly above and in close proximity to the montane forest line, to be used as replacement land for individual landowners of protected forest, including forest properties that are jointly owned and managed within so-called common forests and district common land. The company's activities shall be conducted on a commercial basis and generate a market return. The owner has decided on financial targets for Sveaskog regarding yield and net debt/equity ratio as well as dividend policy.

## 1. General Meeting

The company's General Meeting is Sveaskog's highest decision-making body and the forum where the shareholder formally exercises their influence. According to the State Ownership Policy, the Annual General Meeting must take place no later than 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 the newspaper Post- och Inrikes Tidningar and on the company's website: sveaskog.se.

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, reports on whether previously adopted guidelines have been followed and the reasons for any deviations, and proposes the election and remuneration of auditors. In accordance with the State Ownership Policy and principles for state-owned enterprises and the Articles of Association, members of the Swedish Parliament have the right to attend the General Meeting and ask questions in connection with this. The public is also welcome to attend.

## Annual General Meeting 2022

The Annual General Meeting of the parent company Sveaskog AB (publ) took place on 27 April 2022 in Stockholm. The General Meeting was held digitally and members of the Swedish Parliament and the general public were invited to participate. The meeting was opened by Chair of the Board Eva Färnstrand, who was also appointed to chair the meeting. The owner was represented by Åsa Mitsell.

The Annual General Meeting approved the income statement and balance sheet for the financial year 2021 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 MSEK 1,300 to the owner. Guidelines for remuneration to senior executives were confirmed. In addition, board members, the chair of the Board and an auditor were elected, and there was a resolution on remuneration. Minutes and other material relating to the Annual General Meeting can be found on the company's website: sveaskog.se.

## Extraordinary general meeting 2022

Sveaskog AB (publ) held an extraordinary general meeting on 31 August 2022. The meeting resolved to amend the Articles of Association regarding the object of the company. This is based on the resolution

of the Swedish Parliament to give Sveaskog the task of, for market remuneration and in place of the current land sales programme, divesting a total of up to 60,000 hectares of unprotected productive forest land, mainly above and in close proximity to the montane forest line, to be used as replacement land for individual landowners of protected forest, including forest properties that are jointly owned and managed within so-called common forests and district common land. The meeting also resolved to elect Måns Nilsson as a new board member to succeed Johan Kuylenstierna, who resigned.

## Annual General Meeting 2023

The 2023 Annual General Meeting will be held on 26 April. Documents for and minutes from general meetings can be found on the company'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 the company's website: sveaskog.se. Auditors are appointed for a term of one year. According to Sveaskog's Articles of Association, the company must have one or two auditors with or without one or two deputy auditors or a registered auditing firm as its auditor. At the 2022 Annual General Meeting, KPMG AB was elected new auditor for a one-year period until the 2023 Annual General Meeting. The auditing firm appointed Joakim Thilstedt as chief auditor.

The task of the auditor is to examine, on behalf of shareholders, the company's Annual Report and financial statements 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 certifies the report together with the sustainability auditor responsible. Furthermore, a limited assurance engagement of the Group's interim report per the third quarter is performed by an elected auditor. The Board maintains a dialogue with the auditor through the Audit Committee and also through the auditor being present at Board meetings at which issues ahead of the annual financial statements and Annual Report are discussed. At least once a year, the auditor meet with the Board of Directors without the CEO or any other member of Group Management being present. The auditor has participated in all seven meetings of the Audit Committee. The practical work of procurement of auditors is handled by the Board's Audit Committee together with the company. During the autumn of 2021, a procurement of audit services was carried out, with an auditor being elected at the 2022 Annual General Meeting.

Remuneration for the auditor's work is paid according to an approved invoice. The company's audit costs are given in Note 6, Other external costs.

## 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 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 electing and remunerating the Board of Directors and auditors. The nomination of the Board of Directors is coordinated by the department for state-owned enterprises at the Ministry of Finance. They also submit proposals to the Chair of the Board and chair of the general meetings. For each company with state ownership, the competence needs are analysed based on the company's operations, situation and future challenges, the composition of the Board and completed board evaluations. Any possible recruitment needs are then determined. The composition of the Board strives for an even gender distribution. Diversity aspects must also be taken into account. When the nomination process has been completed, nominations made are published in accordance with the Code. Proposals for the election of an auditor and auditor remuneration are submitted by the Board. The nominations of board members and auditor, as well as proposals for remuneration, are also presented in the notice of the Annual General Meeting and on the company'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 without deputies. The Articles of Association do not contain any regulations on the appointment or dismissal of board members. The company's Head of Legal is the secretary to the Board of Directors.

At the Annual General Meeting 2022, Kerstin Lindberg Göransson (re-election), Anna Belfrage (new election), Marie Berglund (re-election), Johan Kuylenstierna (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 consisted of four women and three men. The Board also includes two employee representatives with two deputies. Kerstin Lindberg Göransson was elected as Chair, succeeding Eva Färnstrand. For the period leading up to the Annual General Meeting, Kerstin Lindberg Göransson was Vice Chair. The Annual General Meeting stated that the board members are deemed to have relevant competence, experience and background for the company's operations, stage of development and conditions in general, and that the Board as a whole has a versatility, breadth and gender distribution that reflects the requirements of the State Ownership Policy. At an extraordinary general meeting on 31 August 2022, Måns Nilsson was elected as a new board member to succeed Johan Kuylenstierna, who resigned.

### Work of the Board of Directors during 2022

The formal work plan of the Board governs the Board's work and stipulates how the work is to be distributed among the members of the Board, the number of ordinary Board meetings, matters to be dealt with at ordinary Board meetings and the responsibilities of the Chair of the Board. The Chair 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 submits a report on significant events in the company, and the chair of each committee reports on the committee meetings that have been held between Board meetings. According to the formal work plan, the Chair 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 Chair's role in the Board of Directors and on the division

of roles and responsibilities between the Board of Directors and the CEO. The Board continuously evaluates the CEO's work and 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 2022, and one Board meeting per capsulam. In addition to dealing with standing items on the agenda, the Board dealt with issues concerning the company's strategic direction, the organisational change, the felling calculation and the continuous cover approach, the relationship with reindeer husbandry and other stakeholders, as well as measures in connection with the resolution of the Swedish Parliament on the bill "Strengthened property rights", flexible forms of protection and increased incentives for nature conservation in the forest with voluntariness as a basis (Bill 2021/22:58). 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 various locations within the company's operations and are combined with meetings with management and employees. During the year, the Board visited the Vibytorp nursery.

### 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 in direct connection with the Annual General Meeting. Representatives from the business such as the CEO, CFO, Head of HR, Head of Communications, Head of Legal and Head of Property can participate as speakers 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

The Remuneration Committee prepares proposals for guidelines for employment conditions for senior executives and works with issues concerning remuneration and employment conditions, attracting and retaining talent, and succession planning. In 2022, the committee mainly worked with issues concerning the organisational change, employee survey and attracting and retaining talent. The Remuneration Committee consists of Kerstin Lindberg Göransson (chair), Marie Berglund and Leif Ljungqvist.

### 3b. Property Committee

The Property Committee prepares proposals for decisions on property transactions and works with issues concerning property management and land concessions. In 2022, the committee worked, among other things, on the strategic direction for land concessions, replacement land and the land sales programme, as well as the calculation model for property acquisitions. The Property Committee consists of Sven Wird (chair), Elisabet Salander Björklund, Måns Nilsson and Sara Östh.

### 3c. Audit Committee

The 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 auditor on an ongoing basis to inform themselves about the direction, scope and results of the audit, and discusses coordination between the auditor and the internal control activities and the view of the company's risks. The Audit Committee consists of Anna Belfrage (chair), Leif Ljungqvist, Elisabet Salander Björklund and Kenneth Andersson. In 2022, there was a special focus on internal governance and control, IT and cyber security, and information security.

### Principles for remuneration of the Board of Directors

Remuneration of Board members is decided by the General Meeting, as is remuneration of members of the Board committees. In 2022, remuneration of the Board of Directors totalled SEK 1,805,668. The Board of Directors does not participate in any bonus or incentive programme. Employee representatives, deputies for these 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. In 2022, an external evaluation was carried out. The results of the evaluation are presented both to the Chair 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.

### Organisation of the business

In 2022, Sveaskog's business operations were organised in two geographical market areas and one business area, Svenska Skogsplantor. The division into market areas is based on forest assets, the customer structure and trade flows. The market areas had 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. The organisational change came into force on 1 January 2023, and since then the business activities include an operational unit, which in turn consists of five regions, and are supplemented with a forestry unit and the business area Svenska Skogsplantor. The purpose is to implement a more uniform way of working throughout the company.

### 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. Erik Brandsma has been the company's CEO since 1 January 2022.

In 2022, Group Management included, 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 Skogsplantor, Head of Forest Management, CDO, Head of Forest Policy, Head of Communications and Head of Legal. In total, there were eleven members of Group Management, including seven women and four men. In connection with the organisational change coming into force on 1 January 2023, changes took place in Group Management. Thereafter, Group Management includes, in addition to the CEO, the CFO, Head of HR, Chief Operating Officer, Head of Business Area Manager for Svenska Skogsplantor, Head of Forestry, CDO, Head of Communications, Head of Legal and Head of Sustainability, Business Development and Strategy. Group Management thus comprises ten members in total, including six women and four men.

### Internal control and risk management in respect of 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 ensuring that this is prepared in accordance with the legislation, applicable accounting standards and other requirements for limited companies. The internal control within Sveaskog is based on the COSO Framework for Internal Control, which is an established framework.

### 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.

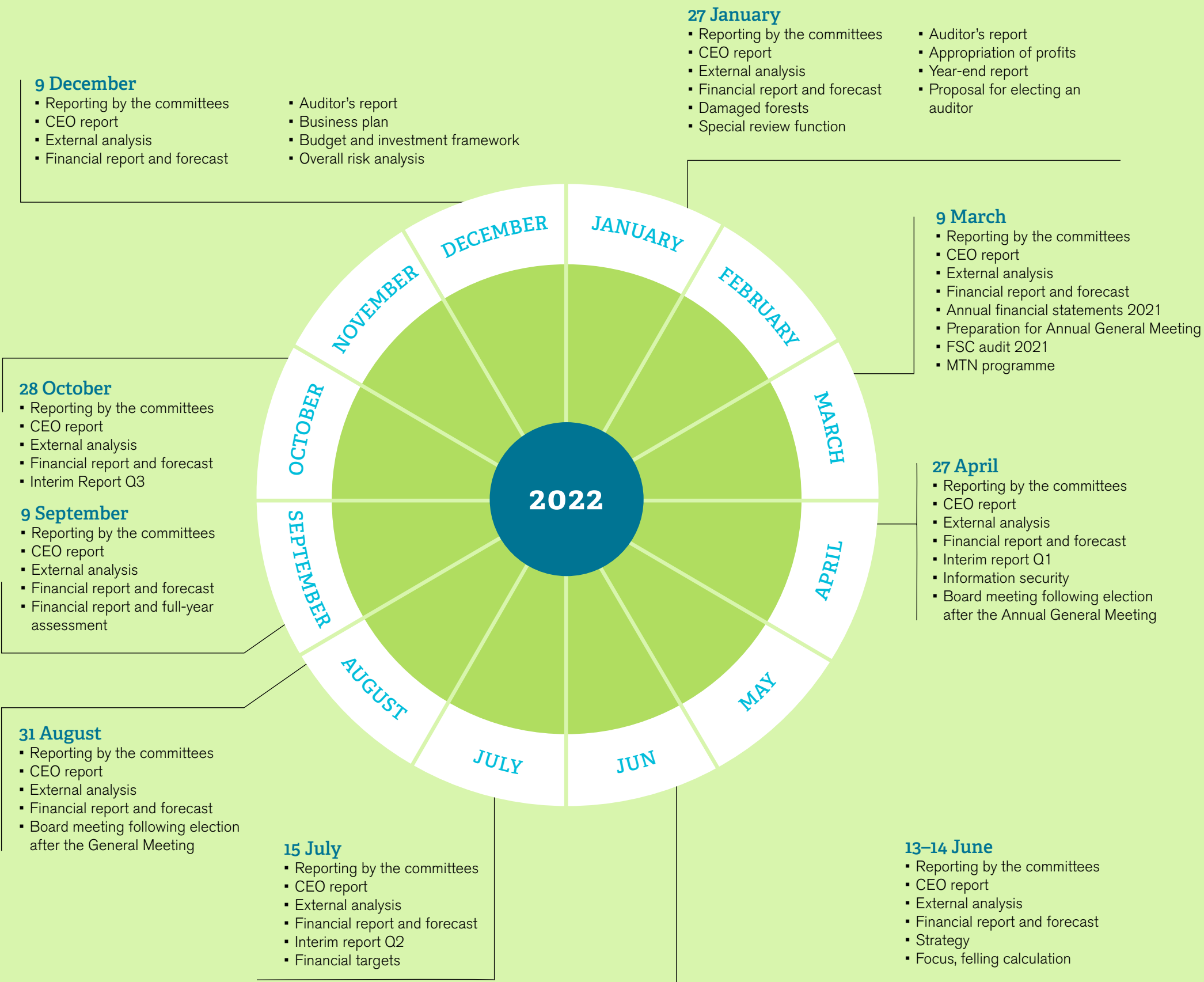
The most significant parts of the control environment relating to financial reporting are dealt with in the governing documents concerning accounting and financial reporting and in the company's financial manual.

### 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, revenue 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 →

## Board meetings 2022



→ 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 rules designed to ensure that the company satisfies the owner's requirement that reporting is carried out in accordance with Nasdaq Stockholm's Issuer Rules.

### Follow-up and evaluation

Follow-up and evaluation of the internal control by the Board, CEO, Group Management and within the finance and purchasing unit regarding the financial reporting and ensuring that it is appropriate and effective takes place on an ongoing basis. Financial reporting takes place according to an established reporting structure. Follow-up of the business targets and any identified risks takes place continuously and at different levels in the company. Monitoring is governed by the Board's formal work plan, the instructions to the CEO and other internal steering documents. The budget is decided each year by the Board, and the Board receives monthly financial reports and a report from the most recent meeting of each committee.

The Audit Committee is responsible for following up on audit issues and major matters of principle with regard to financial reporting, where issues concerning the forest value and internal control are in focus. The company's auditor reports their observations from audits and their assessment of the company's internal control to the Audit Committee and the Board. This takes place both with and without the presence of Group Management.

### 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. The finance and purchasing unit is responsible, on behalf of the CEO, for taking stock of risks and risk management processes. The unit is also responsible for a number of central controls combined with local follow-up. However, operational responsibility rested with the market areas and other operating areas. The Board of Directors deems there to be no need for a special review function in the company. The unit is headed by the CFO and consists of finance, controlling, purchasing, timber finance and business development.

### Sustainable value creation

Sveaskog has integrated sustainable value creation throughout the organisation. Sveaskog's strategic targets for sustainable value creation are broken down into strategies and business targets that are followed up on regularly. The work is supported by a number of policies and guidelines.

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 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 Report and Sustainability Report. In addition, an internal audit in accordance with ISO 14001 is carried out of the integrated business management system. An external audit against the FSC standard is performed, and regular surveys are conducted for customers, employees, contractors and suppliers and of 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 targets and the 2030 Agenda goals.

## Code of Conduct

Sveaskog is dependent on the outside world having confidence in the company. A high level of confidence is a prerequisite for Sveaskog to 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 have are responsible for ensuring 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. When signing business and cooperation agreements, the service declaration, which includes the Code of Conduct, is appended.

In order to ensure compliance with the Code of Conduct, there is a separate reporting system for deviations or infringements. This whistleblower function is available on the company's website: sveaskog.se. The function is external, which means that the information is processed and investigated by an external party. In 2022, one report was received via the whistle-blower function. 🗨️

Name	Position	Attendance Board meetings <sup>1</sup>	Attendance Remuneration Committee	Attendance Property Committee	Attendance Audit Committee	Remuneration, SEK	
						Board	Committee
Kerstin Lindberg Göransson	Chair of the Board from and including 27 April, board member and Vice Chair of the Board until 26 April	11/11	2/2		2/3	399,000	22,667
Anna Belfrage	Board member from and including 27 April	7/8			4/4	140,000	32,000
Marie Berglund	Board member	11/11	3/3			205,667	11,333
Leif Ljungqvist	Board member	10/11	3/3		7/7		
Måns Nilsson	Board member from and including 31 August	4/4		2/3		70,000	13,333
Elisabet Salander Björklund	Board member	11/11		8/8	4/4	205,667	56,667
Sven Wird	Board member	11/11		8/8		205,667	40,000
Kenneth Andersson	Employee representative	11/11			7/7		
Sara Östh	Employee representative	11/11		8/8			
Lars Djerf	Employee representative	10/11					
Thomas Esbjörnsson	Employee representative	10/11					
Eva Färnstrand	Chairman of the Board until 27 April	3/3	0/1		3/3	161,667	10,666
Johan Kuylenstierna	Board member until 31 August	6/7		5/5		135,667	26,667
Christina Lindbäck	Board member until 27 April	3/3	1/1			65,667	3,333

1) One of the Board meetings has been held per capsulam, with only ordinary members participating.



### To find out more, click here:

#### State Ownership Policy

State Ownership Policy and principles for state-owned enterprises 2020 – Regeringen.se

#### Swedish Companies Act

Swedish Companies Act (2005:551) Swedish Code of Statutes 2005:2005:551 up to and including SFS 2022:1647 – Swedish Parliament

#### Swedish Corporate Governance Code

[www.bolagsstyrning.se/](http://www.bolagsstyrning.se/)

#### Nasdaq Stockholm's Issuer Rules

[www.business.nasdaq.com/list/Rules-and-Regulations/European-rules/nasdaq-stockholm/index.html](http://www.business.nasdaq.com/list/Rules-and-Regulations/European-rules/nasdaq-stockholm/index.html)

#### Sveaskog's Articles of Association

[www.sveaskog.se/om-sveaskog/bolagsstyrning/bolagsordning/](http://www.sveaskog.se/om-sveaskog/bolagsstyrning/bolagsordning/)

#### Sveaskog's Code of Conduct

[www.sveaskog.se/om-sveaskog/uppforandekod/](http://www.sveaskog.se/om-sveaskog/uppforandekod/)