

# Corporate Governance Report

This Corporate Governance Report describes how Sveaskog, based on the company's vision of being the world leader in sustainable forestry and the company's parliamentary mandate, is creating well-functioning structures and principles for corporate governance of Sveaskog. The Swedish Companies Act, the State's ownership policy and the 2020 principles for companies with State ownership, the Swedish Corporate Governance Code and other applicable Swedish and foreign laws and regulations form the basis for the governance of Sveaskog.

## Corporate governance within Sveaskog

Sveaskog AB is a Swedish public limited company, which is wholly owned by the Swedish State and managed by the Ministry of Enterprise and Innovation. The owner's governance of Sveaskog takes place through the General Meeting of Shareholders and the Board of Directors in accordance with the Swedish Companies Act. Sveaskog's corporate governance is formed on the basis of applicable Swedish and foreign legislation, the State's ownership policy and the 2020 principles for companies with State ownership 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 reviewed by the company's auditors. In accordance with the State's ownership policy and principles for companies with State ownership, Sveaskog has deviated from the Code in three cases:

- Preparation of decisions on the nomination of the Board of Directors and auditors, meaning that Sveaskog has not appointed a Nomination Committee.
- As regards the independence of Board members in relation to the State as the majority shareholder, this is

not reported as the Code in this respect targets companies with a distributed ownership.

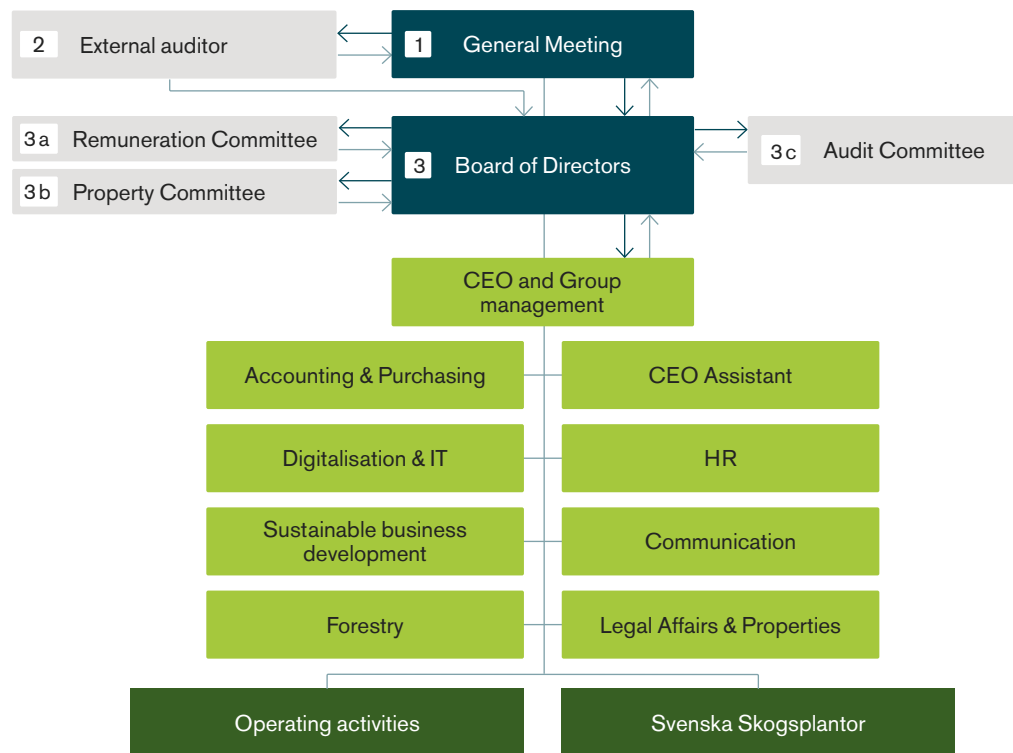
- According to the Code, the date and place of the Annual General Meeting must be provided on the company's website at the latest in connection with the third quarterly report. Sveaskog has chosen to comply with Nasdaq Stockholm's Rulebook for Issuers and therefore provides information about the planned date for the Annual General Meeting in the year-end report.

## Sveaskog's mission

According to the State's ownership policy and principles for companies with State ownership, companies owned by the State must act in the long term, effectively and profitably and be given the ability to develop. The companies must serve as role models in the area of sustainable value creation and otherwise act in such a way that they enjoy public confidence. The companies should be role models in their industry of the national and international environmental objectives. According to the object of the company in the Articles of Association, Sveaskog shall own and manage movable and immovable property, as well as conduct forestry and

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forest industry activities, and activities consistent therewith. The core business shall be forestry. Sveaskog shall also be an independent operator with no major interests of its own as an end-user of wood raw materials. The company can also conduct related business if it contributes to increasing the company's return. According to a special parliamentary mandate, the company will divest, for a market-based consideration, a total of up to 60,000 hectares of unprotected productive forest land, mainly above and close to the boundary of forests near mountains, for use as a compensation land to individual landowners of protected forest including forest properties owned and managed jointly within so-called common forests and district common land. The company's operations shall be conducted on a commercial basis and generate market-based returns. The owner has chosen financial targets for Sveaskog regarding dividend yield and net debt/equity ratio, as well as a dividend policy.

### 1. General Meeting

The General Meeting of Shareholders is Sveaskog's highest decision-making body and the forum where the shareholder formally exercises its influence. According to the State's ownership policy, the Annual General Meeting shall take place no later than 30 April of each year. The convening notice for the Annual General Meeting shall be made no earlier than six weeks and no later than four weeks before the Annual General Meeting through advertising in the Official Swedish Gazette and on the company's website: sveaskog.se. The Board of Directors is responsible for convening the General Meeting. The Board submits a resolution proposal to the Annual General Meeting on guidelines for the remuneration of senior executives, reports whether previously agreed guidelines have been followed or not and the reasons for any deviations, and proposes the elec-

tion and remuneration of auditors. According to the State's ownership policy and principles for companies with State ownership and the Articles of Association, members of parliament have the right to attend the General Meeting and in connection with it ask questions. The public is also welcome to attend.

### Annual General Meeting 2023

The Annual General Meeting of the parent company Sveaskog AB (publ) was held on 26 April 2023 in Stockholm. The meeting was open to the public and both members of parliament and the public were invited to participate. The meeting was opened by the Chair of the Board, Kerstin Lindberg Göransson, who was also appointed to lead the meeting. The owner was represented by Stefan Öhlén. The Annual General Meeting adopted the income statement and balance sheet for the 2022 financial year and granted discharge from liability to the Board of Directors and the CEO for the year. The AGM resolved to approve the Board's proposed appropriation of earnings, which meant a dividend of SEK 1,150 million to the owner. Guidelines for remuneration of senior executives were established. In addition, the Board members, Chairperson and Auditor were elected and resolutions were passed regarding remuneration. Minutes and other material related to the Annual General Meeting can be found on the company's website: sveaskog.se.

### Extraordinary General Meeting 2023

Sveaskog AB (publ) held an Extraordinary General Meeting on 13 December 2023. The AGM resolved to approve a supplemental dividend of SEK 361,025,000 corresponding to SEK 3.05 per share. The dividend was paid on 20 December 2023 through the distribution of all shares in the subsidiary Ersättningsmark i Sverige 2 AB, corp. ID no. 559397-0691, to the State.

This is in view of the fact that the Government was authorised during the period 2022 and 2023 to transfer properties with a total area of no more than 25,000 hectares of productive forest land that does not constitute forests close to mountains from Sveaskog to the State through a dividend of properties or of shares in a subsidiary owned by Sveaskog.

### Annual General Meeting 2024

The 2024 Annual General Meeting will be held on 24 April. Documents for, and minutes from, General Meetings can be found on the company's website: sveaskog.se.

### 2. External auditor

Election of auditors is decided by the owner at the Annual General Meeting. The Board of Directors submits a proposal on an auditor's election to the AGM based on a recommendation from the Audit Committee. Proposals for the election of auditors are presented in the convening notice to the Annual General Meeting and on the company's website: sveaskog.se. The auditors are appointed for a one-year term of office. 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 accounting firm as the auditor. At the 2023 Annual General Meeting, KPMG AB was re-elected as auditor for a one-year period until the 2024 Annual General Meeting. The accounting firm appointed Joakim Thilstedt as the auditor in charge. The auditor is responsible for examining the company's annual financial statements and accounts, as well as the management of the Board of Directors and the CEO, on behalf of the shareholders. A summary review of the company's Sustainability Report is carried out by the elected auditor, which certifies the report together with the responsible sustainability auditor. In addition, a summary review of the

Group's interim report is carried out at the end of the third quarter by the elected auditor. The Board of Directors has a dialogue with the auditor through the Audit Committee and through the auditor's presence at Board meetings in the treatment of issues leading to the annual financial statements and annual accounts. At least once a year, the auditor meets with the Board of Directors without the presence of the CEO or another person from Group management. The auditor has participated in all of the [six] meetings of the Audit Committee. The practical work on procurement of auditors is carried out by the Board's Audit Committee together with the company. Fees for the auditor's work are paid according to an approved bill. The company's audit costs are presented in Note 6, Other external expenses.

### 3. Board of Directors

The Board of Directors is responsible for the company's organisation and management of the company's affairs and ensuring that the company is managed in an exemplary manner within the framework of the legislation, the company's Articles of Association, the State's ownership policy and the 2020 principles for companies with State ownership and any owner instructions.

### Nomination process

The State's ownership policy and the 2020 principles for companies with State ownership set out a different nomination process than what the Code provides for in terms of election and remuneration of the Board of Directors and auditors. The nomination of the Board of Directors is coordinated by the Department of State-owned Companies at the Ministry of Enterprise and Innovation. They also make proposals on the Board Chair and Chair of the General Meetings. For each State-owned company, the need for competence is analysed on the basis of the company's operations,

situation and future challenges, the composition of the Board and the evaluations of the Board. After that, any recruitment needs are identified. An even gender balance is sought in the composition of the Board. Diversity aspects must also be taken into account. Once the nomination process has been completed, nominations are published in accordance with the Code. Proposals for the election of the auditor and auditor's fees are submitted by the Board. The nominations of Board members and auditors and proposals for remuneration are also presented in the convening notice to 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 at least five and no more than nine members with no deputy members. The Articles of Association do not provide for the appointment or dismissal of Board members. The company's chief counsel is the secretary of the Board. At the 2023 Annual General Meeting, Kerstin Lindberg Göransson (re-election), Anna Belfrage (re-election), Marie Berglund (re-election), Uno Brinnen (re-election), Måns Nilsson (re-election), Leif Ljungqvist (re-election), Elisabet Salander Björklund (re-election) and Timo van't Hoff (re-election) were elected to the Board, which means that after the Annual General Meeting, the Board of Directors consisted of four men and four women. The Board also has two employee representatives and two alternates for them. Kerstin Lindberg Göransson was re-elected as the Chair of the Board of Directors. The Annual General Meeting noted that the Board members are deemed to have relevant competence, experience and backgrounds for the company's operations, development stage and conditions otherwise and that the Board as a whole has a versatility, breadth and gender distribution that reflects the requirements of the State's ownership policy.

### The Board's work during 2023

The Board's rules of procedure govern the work of the Board and determine how the work is to be divided among the Board members, the number of ordinary Board meetings, matters to be dealt with in ordinary Board meetings and the responsibility of the Chair of the Board. The Chair of the Board shall ensure that the work of the Board is carried out effectively 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 outside world and the Chair of the respective committees reports from the committee meetings that have taken place between the Board meetings. According to the rules of procedure, the Chair shall, on behalf of the Board, consult representatives of the owner on matters of crucial importance to Sveaskog. The rules of procedure also contain information about the Chair's role in the Board and information about the division of responsibilities and roles between the Board and the CEO. The Board continuously evaluates the CEO's work, and makes an annual evaluation of the Board's work. At least once a year, the CEO's work is evaluated without the presence of anyone from Group management. In 2023, the Board held 12 meetings. In addition to dealing with standing items on the agenda, the Board dealt with issues relating to the company's strategic direction, the relationship with the reindeer industry and other stakeholders, and measures following the Swedish Parliament's decision on the bill Strengthened property rights, flexible forms of protection and increased incentives for nature conservation in the forest on a voluntary basis (Government bill 2021/22:58). The Board of Directors also made a decision on a number of acquisitions and divestments of properties. In addition to ordinary Board meetings, the Board received information on two occasions during the year leading to the company's

application of the CSRD regulations. In order to inform and update the Board members about the company's operations, certain Board meetings are usually held in different locations within the company's operations and are combined with meetings with management and employees. During the year, the Board of Directors made an excursion together with employees in the forest operations in the Hedlandet nature reserve in Eskilstuna Municipality.

### Committees of the Board of Directors

The Board has established committees to specifically monitor and prepare Board issues within the respective focus areas of the committees. The members of the committee are elected at the statutory meeting of the Board, which is held in direct connection with the Annual General Meeting. At the committee meeting, representatives from operations such as the CEO, CFO, HR Director, Communications Director, Chief Legal Officer and Property Director can participate as rapporteurs. Guidelines for the work of the committees are set out in the Board's rules of procedure. In addition, there are specific instructions for the Property, Audit and Compensation Committee. The issues dealt with by the committees are recorded and reported at the next Board meeting.

### Remuneration Committee

The Remuneration Committee prepares proposed guidelines for the terms of employment for senior executives and works with issues concerning remuneration and terms of employment, skills supply and succession planning. In 2023, the committee mainly worked on organisational development issues, the employee survey and the skills supply. The Remuneration Committee consists of Kerstin Lindberg Göransson (Chair), Marie Berglund, Leif Ljungqvist and Timo van't Hoff.

### Property Committee

The Property Committee prepares proposals for decisions on property transactions and works on issues related to property management and land concessions. In 2023, the committee worked with, among other things, the company's land ownership strategy mainly focusing on other land use and business forms for energy production (solar and wind power) as well as the continued work on implementing the compensation land and land sales program. The Property Committee consists of Elisabet Salander Björklund (Chair), Uno Brinnen, Måns Nilsson and Sara Östh.

### Audit Committee

The Audit Committee prepares issues regarding, among other things, the Board's quality assurance of the company's financial reporting, prepares quarterly reports for decisions in the Board of Directors, supervises the efficiency of the company's internal control and risk management with regard to financial reporting, supervises the company's work on the capital structure and other financial matters, prepares policies for decisions in the Board of Directors and prepares the Board's proposal for the Annual General Meeting's resolution on the election of auditors. The committee continuously meets the company's auditor to inform itself of the focus, scope and results of the audit and discusses the 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. During 2023, focus was on internal governance and control, as well as IT and cyber security.

### Principles for remuneration of the Board of Directors

The Board members' fees are decided by the Annual General Meeting as well as fees to members of the Board committees. During 2023, remuneration of the Board of Directors was paid in a total of SEK 1,955,665. The Board of Directors does not have a share in any bonus or incentive programme. The employee representatives, their alternates and the Board member employed at the Government Offices receive no fees.

### Evaluation of the Board's work and the CEO's work

The Board conducts an annual evaluation of the work of the Board and the CEO. The evaluation is carried out either internally or externally with the aim of developing the working methods and effectiveness of the Board. An external evaluation was carried out in 2023. The results of the evaluation were presented both to the Chair of the Board and to the Board as a whole. The owner in the form of the Government Office was also informed of the results of the evaluation. In addition, the Government Office's work on the Board nomination process is continuously evaluated by all State-owned corporate boards.

### Organisation of operations

Sveaskog's business activities are comprised of one operational unit, which in turn consists of five regions, and is supplemented by a Forestry Unit and the business area Svenska Skogsplantor.

### CEO and Group management

Sveaskog's CEO handles the company's ongoing management according to the terms of reference for the

CEO issued by the Board. The CEO is the rapporteur for the Board's meetings. The CEO's responsibility includes ongoing business issues and leading the Group management's work. Erik Brandsma has been the company's CEO since 2022. In 2023, Group management included, in addition to the CEO, CFO, HR Director, COO, Business Area Manager for Svenska Skogsplantor, Forestry Director, CDO, Communications Director, Chief Legal Officer and the Head of Sustainable Business Development. A total of ten persons are included in Group management, of which five are women and five are men.

### Internal control and risk management for financial reporting

The Board's responsibility for internal control is governed by the Swedish Companies Act and the Code. Internal control aims to provide reasonable assurance regarding the reliability of external financial reporting in the form of interim reports, year-end reports and annual reports. Its verification shall also cover the external financial reporting and ensure that it is prepared in accordance with the law, applicable accounting standards and other requirements for public limited liability companies. The internal control within Sveaskog is based on the COSO Framework for Internal Control, which is an established framework.

### Internal control framework

The following is a description of how internal control is organised in relation to financial reporting.

### Control environment

The Board has overall responsibility for maintaining an effective internal control and risk management system. The Board of Directors has appointed the Audit Com-

mittee to prepare questions regarding risk assessment, internal control, financial reporting and auditing. The Board's risk management has been given more space in recent years. The responsibility for maintaining an effective control environment and the ongoing work on risk management and internal control regarding the financial reporting in the company is delegated to the CEO. Managers at different levels of the company have corresponding responsibilities in their respective areas. The most important parts of the control environment for financial reporting are dealt with in the governing documents concerning accounting and financial reporting and in the company's accounting handbook.

### Risk assessment and control structures

The Board of Directors is responsible for ensuring that the company manages its risks in the right way and that the established principles for financial reporting and internal control are followed. The identified risks associated with the financial reporting are loss or misappropriation of assets, undue benefits provided to another party at the company's expense, and other risks related to material misstatements in the reporting regarding, for example, the accounting and valuation of assets, liabilities, income and expenses or deviations in disclosure requirements. The questions are prepared by the Audit Committee for consideration by the Board. A number of items in the income statement and balance sheets have been identified where there is an elevated risk of material risks. These risks are mainly related to the valuation of forest assets, period accruals and the IT systems that support the operations.

### Information and communication

The company's information and communication channels aim to promote the completeness and accuracy of

the financial reporting. For external communication, there are regulations that aim to ensure that the company complies with Nasdaq Stockholm's Rulebook for Issuers.

### Monitoring and evaluation

The Board of Directors, the CEO, Group management and the Accounting and Purchasing Unit continuously ensure monitoring and evaluation of the internal control regarding the financial reporting and that it is suitable and effective. Financial reporting takes place according to a defined reporting structure. The company's objectives and any identified risks are continuously monitored at different levels in the company. This monitoring is regulated in the Board's rules of procedure, the terms of reference for the CEO and other internal governance documents. The budget is decided each year by the Board and the Board receives monthly financial reports and a report from the last meeting of the respective committees. The Audit Committee has a special responsibility for following up audit issues and major issues of principle with regard to financial reporting, where issues relating to forest value and internal control are the focus. The company's auditor reports its observations from reviews and its assessment of the company's internal control to the Audit Committee and the Board of Directors. This is done both with and without the presence of Group management.

### Special audit function

It is the Board's view that Sveaskog's significant risks and risk areas are covered by the risk management process applied by the company. The Accounting and Purchasing Unit is responsible for the risk inventory and risk management processes on behalf of the CEO. This unit is also responsible for a number of central controls

combined with local follow-up. However, operational responsibility lies within the regions and other operating units. The Board of Directors considers that there is no need for a special audit function in the company. The Accounting and Purchasing Unit is led by the CFO and comprises accounting, controlling, purchasing, timber accounts and business development.

### Sustainable value creation

Sveaskog has integrated sustainable value creation throughout its operations. Sveaskog's strategic goals for sustainable value creation are broken down into strategic plans and operational goals that are monitored regularly. This work is supported by a number of policies and guidelines. The follow-up of the sustainability work takes place continuously both internally and externally. The Board issues the Sustainability Report and the Audit Committee prepares the work on it. Collaboration with local contractors and suppliers is important for the development of Sveaskog. The Code of Conduct, general sustainability requirements linked to the UN Global Compact and detailed requirements for contractors govern the assessment of the contractors. Follow-up is carried out through self-monitoring and internal audits. Deviations are reported in the operational management system. Every year, the framework agreements with external suppliers are followed up. This external review consists of the auditors examining the annual and sustainability reports. In addition, internal audits of the integrated operational management system are carried out in accordance with ISO 14001. There is an external audit against the FSC standard and regular investigations are conducted towards customers, employees, contractors and suppliers as well as the brand. This becomes a tool for creating an under-

standing of the impact of the business from a stakeholder perspective and provides support for the follow-up of international frameworks such as national environmental quality objectives and 2030 Agenda.

### Code of Conduct

Sveaskog depends on the rest of the world having confidence in the company. A high level of confidence in the company is a prerequisite for Sveaskog to continue as a successful business. Sveaskog's Code of Conduct makes it clear to all employees how to behave as

a business partner, employer, employee and societal actor. Sveaskog's Code of Conduct applies to all employees. Those that reach agreements with customers, suppliers, contractors and consultants must ensure and monitor that they comply with the Code of Conduct. Sveaskog's managers have a special responsibility to ensure that the Code of Conduct is complied with in their daily operations. The Code of Conduct must always be reviewed in new recruitments, employee development talks, procurements, business follow-ups, etc. When signing business and cooperation agree-

ments, the service declaration, which includes the Code of Conduct, is included as an annex. In order to ensure compliance with the Code of Conduct, there is a specific reporting system for discrepancies or violations. This whistleblower function can be found on the company's website: sveaskog.se. The function is external, which means that the information is handled and investigated by an external party. In 2023, two reports were received via the whistleblower function.

#### ATTENDANCE AND REMUNERATION OF THE BOARD MEMBERS

Name	Position	Attendance Board meetings	Attendance Remuneration Committee	Attendance Property Committee	Attendance Audit Committee	Remuneration, SEK Board of Directors	Remuneration, SEK Committees
Kerstin Lindberg Göransson	Chair of the Board	12/12	3/3				
Anna Belfrage	Board member	10/12			6/6		
Marie Berglund	Board member	12/12	3/3				
Uno Brinnen	Board member from 26 April	9/9		4/4			
Leif Ljungqvist	Board member	12/12	3/3		6/6		
Måns Nilsson	Board member	12/12		7/7			
Elisabet Salander Björklund	Board member	12/12		6/7	6/6		
Timo van't Hoff	Board member from 26 April	8/9	2/2				
Kenneth Andersson	Employee representative	11/12			5/6		
Sara Östh	Employee representative	11/12		7/7			
Lars Djerf	Employee representative, alternate	10/12					
Thomas Esbjörnsson	Employee representative, alternate	11/12					
Sven Wird	Board member until 26 April	3/3		3/3			