

# Corporate Governance Report

MEKO consists of around 160 companies with operations primarily in Denmark, Estonia, Finland, Latvia, Lithuania, Norway, Poland and Sweden. The Parent Company of the Group is the Swedish public limited liability company MEKO AB, whose shares are listed on Nasdaq Stockholm.

## Principles for corporate governance

The Group's corporate governance concerns how the operations are governed, managed and controlled in order to create value for the company's shareholders and other stakeholders. The aim of corporate governance is to create the conditions for active and responsible company bodies, to clarify roles and the division of responsibilities and to ensure true and fair reporting and information.

## Both internal and external regulations are used as a foundation for the governance of the Group.

External regulations	Internal regulations
Swedish Companies Act	Articles of Association
Annual Accounts Act	Board's and committees' rules of procedure
Other relevant laws	Board's instruction for the President
Nasdaq Stockholm AB's Rule book for issuers	Code of Conduct and Core Values
Swedish Corporate Governance Code (the Code)	Corporate Governance Documents
EU Market Abuse Regulation (MAR)	Other policies, guidelines and instructions
UN Global Compact	
EU taxonomy and GRI standard	

### Application of the Swedish Corporate Governance Code

The Group applied the Swedish Corporate Governance Code ("the Code") with the following deviation in 2022:

### Deviation from the Code (rule 2:4):

According to the Code, a Board member shall not be the Nomination Committee's chairman.

### Explanation:

Chairman of the Board Robert M. Hanser is also the chairman of the Nomination Committee as it is a natural choice considering the ownership structure of MEKO.

## Overall Corporate Governance Model



## 1 Shareholders

The MEKO share has been listed on the Nasdaq Stockholm, Mid Cap segment since 29 May 2000. On 31 December 2022, share capital amounted to SEK 141 M, represented by 56,416,622 shares. At year-end, MEKO AB had 79,243 treasury shares. Treasury shares do not entitle the holder to dividends or votes. The total market value for the company on 31 December 2022 amounted to SEK 6.4 billion, based on the closing price of SEK 112.60. All shares (excluding treasury shares) provide the same voting rights and equal rights to the company's earnings and capital. MEKO's Articles of Association do not include any restrictions on how many votes each shareholder can cast at a General Meeting.

On 31 December 2022, there were 12,009 shareholders (11,676). On the same date, the ten largest shareholders controlled 69.2 per cent (65.6) of the capital and voting rights, while foreign owners accounted for 43.5 per cent (46.6) of the capital and voting rights.

Shareholders which directly or indirectly represent at least one-tenth of the voting rights for all shares in MEKO are LKQ Corporation and subsidiaries, whose shareholding on 31 December 2022 amounted to 26.6 per cent (26.6), and Swedbank Robur Fonder with a holding equivalent to 11.3 per cent (9.5). For further information on MEKO's shares and shareholders, refer to pages 35–36.

## 2 General Meeting

The General Meeting of shareholders is the company's highest governing body, at which every shareholder is entitled to participate. The General Meeting is to be held within six months of the close of the financial year. The General Meeting approves the income statement and balance sheet, the appropriation of the company's earnings, decides on discharge from liability, elects the Board of Directors and auditors, and approves fees, addresses other statutory matters as well as making decisions pertaining to proposals from the Board and shareholders. The company announces the date and location of the General Meeting as soon as the Board has made its decision, but not later than in connection with the third-quarter report. Information pertaining to the location and time is available on the company's website. Shareholders that are registered in Euroclear's shareholders register on the record date and have registered participation in adequate time are entitled to participate in the Annual General Meeting and vote according to their shareholdings. All information concerning the company's meetings, such as registration, entitlement for items to be entered in the convening notice and the minutes is available on the company's website, [www.meko.com](http://www.meko.com).

It is the company's aim that the General Meeting be a consummate body for shareholders, in accordance with the intentions of the Swedish Companies Act, which is why the objective is usually that the Board in its entirety, the representative of the Nomination Committee, the President and CEO, auditors and other members of the Group Management Team must always be present at the Meeting. With regard to participation in the 2023 Annual General Meeting, shareholders, in addition to the possibility of participating physically, can choose to participate by postal voting.

## Annual General Meeting 2022

The Annual General Meeting was held in Stockholm on 20 May 2022. The complete minutes of the Annual General Meeting are available on the company's website at [www.meko.com](http://www.meko.com). In brief, the Annual General Meeting resolved:

- to adopt the income statement and balance sheet, the consolidated income statement and the consolidated balance sheet
- to pay a dividend of SEK 3.00 per share to shareholders.
- to discharge the members of the Board and the President from liability,
- that the number of members of the Board elected by the General Meeting shall be seven with no deputy members.
- to pay total Board fees of SEK 3,430,000, of which SEK 750,000 relates to fees to the Chairman of the Board and SEK 480,000 relates to the Executive Vice Chairman, and also SEK 350,000 relates to fees to each of the other Board members elected by the Annual General Meeting who are not employed by the Group. Total Board fees also include fees to members of the Board's committees, paid as follows: SEK 150,000 to the Chairman of the Audit Committee, SEK 60,000 to each of the other members of the Audit Committee, SEK 60,000 to the Chairman of the Remuneration Committee and SEK 30,000 to each of the other members of the Remuneration Committee
- re-election of Chairman Robert M. Hanser and Board members Eivor Andersson, Kenny Bräck, Joseph M. Holsten, Magnus Håkansson, Helena Skåntorp and Michael Løve.
- to re-elect the auditing firm of Pricewaterhouse-Coopers AB as the company's auditor for the period until the close of the 2023 Annual General Meeting
- to adopt the Board's proposals for guidelines regarding remuneration of senior executives
- to adopt the Board's proposal to establish a long-term share-based incentive programme (LTIP 2022) and in conjunction with this to authorise the Board to decide on the acquisition of own shares and transfer of own shares
- to adopt authorisation for the Board, for the period until the next Annual General Meeting, on one or more occasions, with or without preferential rights for shareholders, to make decisions on new share issues of not more than 5,641,662 shares
- amendment of the Articles of Association regarding the company name change to MEKO AB.

## 3 Nomination Committee

In accordance with the guidelines established at the Annual General Meeting on 20 May 2022, MEKO has established a Nomination Committee comprising four members. The largest shareholders of the company were contacted by the company's Board based on the list of registered shareholders on 31 August 2022 as provided by Euroclear Sweden AB.

The Nomination Committee for the 2023 Annual General Meeting consists of Robert M. Hanser appointed by LKQ Corporation, Caroline Sjösten appointed by Swedbank Robur Fonder AB, Thomas Wuolikainen appointed by Fjärde AP-Fonden and Kristian Åkesson appointed by Didner & Gerge Fonder AB. In accordance with the guidelines, Robert M. Hanser has been appointed the Chairman of the Nomination Committee (deviation from the Code rule 2:4). MEKO's Board member, Helena Skåntorp, was co-opted to the Nomination Committee. No fees are paid to the Nomination Committees members.

In accordance with the Swedish Corporate Governance Code, the Nomination Committee is to have at least three members, one of whom is to be appointed Chairman. The majority of these members are to be independent in relation to the company and company management and at least one of the Nomination Committee members is to be independent in relation to the company's largest shareholders in terms of the number of votes. MEKO's Nomination Committee comprises four members, all of whom are deemed to be independent in relation to the company and company management. MEKO's Nomination Committee also meets other independence requirements.

The Nomination Committee's task is to present proposals to the Annual General Meeting concerning:

- number of Board members and deputy Board members,
- the election of the Chairman of the Board and other members of the company's Board of Directors,
- Board fees and any remuneration for committee work,
- the election and remuneration of auditors, and
- any changes to the instructions for the Nomination Committee.

In conjunction with its task, the Nominating Committee is to perform the duties incumbent on nomination committees in accordance with the Swedish Corporate Governance Code, and at the request of the Nomination Committee, the company is to provide human resources, such as a secretary function for the Committee, to facilitate its work. If necessary, the company is also to pay reasonable costs for external consultants deemed necessary by the Nomination Committee for it to perform its duties.

MEKO has not established any specific age limit for Board members or time limits pertaining to the length of time Board members may sit on the Board. It's the Nomination Committee that suggests the External Auditors with assistance from the Audit Committee. Auditors are elected annually when the matter is submitted to the Annual General Meeting.

**Annual General Meeting 2023**

The Annual General Meeting will be held on 23 May 2023 at 7A Posthuset, Vasagatan 28, 111 20 Stockholm, Sweden. In addition to physical participation, participation can also take place through postal voting. Read more in the convening notice for the Annual General Meeting on [www.meko.com](http://www.meko.com)

**Overview of all points on the Board's agenda in 2022<sup>1)2)</sup>**

**14 December**

- Budget
- Internal control, risk and internal audit
- Evaluation of the work of the Board and the President and CEO

**1 November**

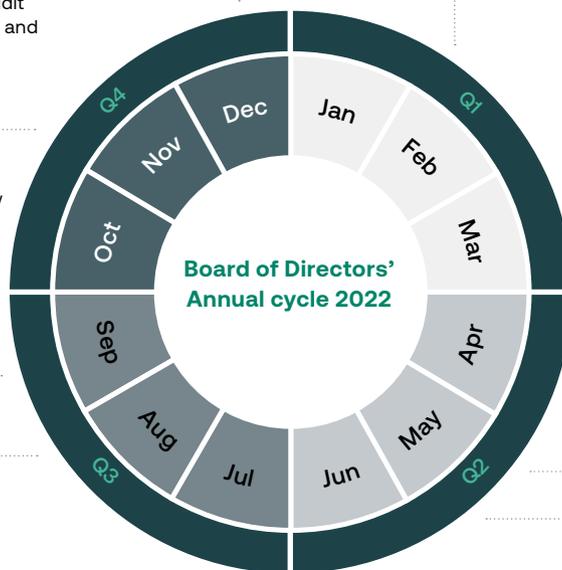
- Q3 2022, Interim report
- External auditor's management audit and reporting from the review
- Succession plan
- Acquisition issues

**24 September**

- Strategy update

**23 August**

- Q2 2022, Interim report



**February 14, 2023**

- Q4 2022, Year-end report
- Dividends
- External auditors' report
- Risk analysis & strategy update
- Acquisition issues
- Meeting with auditors without the Group management

**5 April**

- Approval of the annual report
- Remuneration report
- Invitation to the Annual General Meeting
- Proposals to the Annual General Meeting
- Acquisition issues

**10 May**

- Q1 2022, Interim report
- Financing issues
- Updating policies

**19–20 May (Board meeting and Statutory Board meeting)**

- Board's rules of procedure and instructions for the President
- Committees' rules of procedure
- Election of Vice Chairman
- Election of committee members
- Company signatories
- Acquisition issues
- Strategy 2027
- Change of name Parent Company – MEKO

1) At each ordinary Board meeting, the Group's position and performance and the outlook for the future were discussed.  
 2) Extra Board meetings in 2022: 23 February (Name change of Parent Company – MEKO), 16 March (Consequences of invasion of Ukraine), 23 March (Consequences of invasion of Ukraine & acquisition issues), 7 June (Financing Issues), 31 October (Independent Board meeting, acquisition issues), 23 December (Update of equality policy).

## 4 Board of Directors

### Size and composition

According to the Articles of Association, the Board of Directors is to comprise three to seven members and not more than three deputy members. The company's Articles of Association have no specific provisions relating to the appointment and discharge of Board members or amendments to the Articles of Association. The Board of Directors is to be elected annually at the Annual General Meeting. The Board of Directors must consist of a well-balanced combination of the guidelines that the Diversity Policy enforces, p. 50, as well as the skills that are important for managing the company's strategic work in a responsible and successful manner. Examples of such competencies include knowledge of retailing, the automotive industry, corporate governance, compliance to rules and regulations, financing and financial analysis as well as remuneration issues. Earlier Board experience is another important competency.

### Board members

In the opinion of the Nomination Committee, the Board has a suitable composition considering the company's operations, financial position, stage of development and circumstances otherwise. An important starting point for the proposal of Board members was that the Board's composition should reflect and provide space for the different knowledge and experience that the company's strategic development and governance may demand. The company has a diversity policy for the Group that includes the company's Board and management. The company's diversity policy, which was prepared in accordance with the Code's rule 4.1, aims to achieve an even distribution in the Board and management in terms of age, gender, education and professional background. The diversity policy forms the basis of the Nomination Committee's proposal to the Board at the 2023 Annual General Meeting.

### Chairman

The Chairman of the Board, Robert M. Hanser, is not employed by the company and does not have any assignments with the company beyond his chairmanship. It is the opinion of the Board that Robert M. Hanser ensures that the Board conducts its assignments efficiently and also fulfils its duties in accordance with applicable laws and regulations.

### The Board's working procedures

The Board is responsible for the company's organisation and management and is to also make decisions pertaining to strategic issues. During 2022, the Board held 13 meetings (9), of which 1 (0) was independent. Minutes of the meetings have been kept

by the Board secretary, which is the Group's Director of Legal Affairs or the CFO. In the event of issues that risk involving conflicts of interest, independent Board meetings are held where the Board members representing LKQ Cooperation do not participate or receive the minutes.

Relevant meeting documentation was sent to all members prior to each meeting, which were then held in accordance with the approved agenda. On occasions, other senior executives participated in Board Meetings in a reporting capacity, as necessary. No dissenting opinions to be recorded in the minutes were expressed at any of the meetings during the year. The Board meetings during the year addressed the fixed items of each meeting agenda, such as the year-end financial statement including a proposal on dividends, interim reports, budgets, strategies, business situation, financial reporting, investments and market development.

### Duties of the Board of Directors

The Board of Directors is responsible for ensuring that the company has good internal control to protect the owners' investment and the company's assets. In accordance with the requirements of the Code, the Board's aim was to devote particular attention to the overall goals for the operations and decide on strategies by which to achieve these goals and to continuously evaluate the operating management, with the aim of ensuring the company's governance, management and control. The Board is responsible for ensuring that suitable systems are in place for the monitoring and control of the company's operations and the risks to the company associated with its operations, that control is implemented of compliance with laws, internal guidelines and other regulations and that the provision of external information is open, objective and relevant. The Board of Directors address all interim reports and the Annual Report before they are published. The Audit Committee reports to the Board regarding matters concerning internal control, including matters for decision. Minutes from the Audit Committee meetings are available to the Board members. The tasks of the Board also include establishing necessary guidelines for the company's conduct in society with the aim of securing its long-term value-creation based on ability (Code of Conduct). There are written instructions that regulate the rules of procedure in the Board and the distribution of assignments between the Board and the President and the CEO, and for the reporting process.

There are written instructions that regulate the rules of procedure in the Board and the distribution of assignments between the Board and the President and the CEO, and for the reporting process. The instructions are reviewed annually and are primarily: the rules of procedure for the Board's work, the rules of procedure

### Board remuneration and attendance

	Total remuneration, SEK	Attendance at Board meetings	Attendance at independent Board meetings	Attendance at Audit Committee meetings	Attendance at Remuneration Committee meetings
Robert M. Hanser	840,000	13/13	–	4/4	5/5
Helena Skåntorp	630,000	13/13	1/1	4/4	–
Eivor Andersson	410,000	13/13	1/1	–	5/5
Kenny Bräck	350,000	13/13	1/1	–	–
Joseph M. Holsten	410,000	12/13	–	4/4	–
Magnus Håkansson	410,000	13/13	1/1	4/4	–
Michael Løve	380,000	12/13	1/1	–	5/5

for the two committees, and the work of the President and CEO. The instructions are reviewed annually and are primarily: the rules of procedure for the Board's work, instructions for the President and authorisation regulations.

The Board evaluates its work every year and it is the duty of the Chairman of the Board to ensure that evaluation is performed. During 2022, the Chairman organised a digital Board evaluation and evaluation of the committees and internal and external audits together with an external supplier for all Board members. The collective opinion based on the 2022 evaluation is that the Board's work functioned well during the year and that the Board fulfilled the Code's requirements regarding the Board's work.

### Board Committees

The Board has established a Remuneration Committee and an Audit Committee. The committees' work mainly comprises preparing issues and providing consultation, although the Board can delegate authority to make decisions in specific cases. The members and Chairmen of the Committees are appointed at the statutory Board meeting held directly after the election of Board members at the Annual General Meeting.

#### 5 Remuneration Committee

The Remuneration Committee's tasks are documented in the rules of procedure for the Remuneration Committee, which are annually approved by the Board of Directors. The work of the Remuneration Committee is based on resolutions by the Annual General Meeting pertaining to guidelines for remuneration of senior executives and their follow-up in the Remuneration Report.

- The committee discusses, decides on and presents recommendations on the salaries, other employment terms and incentive programmes for company management. However, the Board in its entirety determines the remuneration and other employment terms for the President and CEO.
- The Remuneration Committee annually evaluates its own work.

In 2022, the Remuneration Committee consisted of the Board members Eivor Andersson (Chairman), Robert M. Hanser and Michael Løve.

In 2022, the Remuneration Committee held five meetings. The respective member's participation is presented in the table on page 50. In addition, the company's President and CEO Pehr Oscarson has been present at five meetings and the company's CFO has been the committee's secretary during five meetings.

#### 6 Audit Committee

The Audit Committee's tasks are documented in the rules of procedure for the Audit Committee, which are annually approved by the Board of Directors. The committee monitors the effectiveness of internal control with regard to the financial reporting presented by the management with any shortcomings and improvement measures.

- The Audit Committee monitors the financial reporting and ensures its reliability. They monitor the internal and external audit process, as well as the external auditor's impartiality and independence towards the company, including the extent to which the auditor provides the company services other than auditing.
- The Audit Committee's duties include a risk review regarding the Group's risks in terms of the market and competitors, operational risks and financial risks.

- With regard to financial reporting, the Audit Committee has a special responsibility to monitor the effectiveness of the company's internal control.
- The Audit Committee also meets the external auditors without the presence of Group management at least once a year.
- The Audit Committee annually evaluates its own work, as well as the work of the external and internal auditors. In addition to the committee's members, a selection from management and relevant employees participates in the work on the evaluation. In 2022, this took place through a digital platform that provided the possibility of full anonymity. In addition, the Audit Committee recommends proposals on external auditors and the remuneration of the auditors for the upcoming year to the Nomination Committee.

In 2022, the Audit Committee consisted of Helena Skåntorp (Chair), Robert M. Hanser, Joseph M. Holsten and Magnus Håkansson.

The Audit Committee held four meetings in 2022. The respective member's participation is presented in the table on page 50. The Group's external auditors, the President and CEO, the CFO, the Head of Risk Management, Internal Control and Internal Audit as well as the Head of Accounting participated at the meetings. The Head of Accounting was the secretary of the committee.

#### 7 Internal audit

Internal Audit is an independent Group function, established to provide security for the Board and management. The need for an internal function is evaluated annually. Internal Audit examines different processes and procedures, gives the Board and management a balanced picture of the current situation and proposes improvement measures. This is done by evaluating and proposing improvements in such areas as risk management, compliance with policies, effectiveness of the internal control for the financial reporting and inventory management in central and store warehouses. As well as the ability to execute on the strategy and the handling of cyber security. The Group's Head of Risk Management, Internal Control and Internal Audit is responsible for internal audit, which in that function reports to the Chair of the Audit Committee. The function works throughout the Group. The results of audits carried out are reported to the Audit Committee, the Board as a whole, the President and CEO and the Group Management Team and information is provided to management in each business area and other units where relevant.

In 2022, the board has decided to renew the internal audit partnership with EY, which will also continue in 2023. Internal Audit conducted three audits during the year: an audit regarding the Group's ongoing catalogue projects, with a special focus in the business area Denmark and Sweden/Norway, an audit regarding ongoing projects for the review of the management of continuity plans and their superior governance and an audit regarding fraud-related processes in Sweden.

#### 8 President and CEO and Group Management Team President and CEO

The President and CEO is appointed and may be discharged by the Board and his work is regularly evaluated by the Board, which occurs without the presence of the Group Management Team.

## Board of Directors

						
<b>Robert M. Hanser</b>	<b>Helena Skåntorp</b>	<b>Eivor Andersson</b>	<b>Kenny Bräck</b>	<b>Joseph M. Holsten</b>	<b>Magnus Håkansson</b>	<b>Michael Løve</b>
Chairman of the Board. Member of MEKO's Audit and Remuneration Committees.	Executive Vice Chairman. Chairman of MEKO's Audit Committee.	Board member. Chairman of MEKO's Audit Committee.	Board member.	Board member. Member of MEKO's Audit Committee.	Board member. Member of MEKO's Audit Committee.	Board member. Member of MEKO's Remuneration Committee.
<b>Education</b>						
Degree in Business Administration, Mannheim University.	Graduate in Business Administration, Stockholm University.	Marketing Economist, IHM Business School, Stockholm.	Upper secondary school education.	M.B.A., Bachelor of Arts and certified public accountant.	Graduate in Business Administration, Stockholm School of Economics, and holds a Master of Science in Management, MIT Sloan School.	Master of Science in Engineering (MSE), Technical University of Denmark, Denmark.
<b>Elected in</b>						
2021	2004	2018	2007	2017	2017	2020
<b>Born</b>						
1953	1960	1961	1966	1952	1963	1974
<b>Position and Board assignments</b>						
Member of the Board of LKQ Corporation and senior adviser to McKinsey, Member of the Board Fersa Bearings SA.	Chairman of the Boards of Plint Holding AB and Ljung & Sjöberg AB. Member of the Boards of Bygg-PartnerGruppen AB i Dalarna Holding AB and Bico AB. Chairman of the Boards and co-founder of Nielstorp AB and Skåntorp & Co AB.	Chairman of the Board of Apohem AB and Svanudden AB, Member of the Boards of AB Svenska Spel and First Camp Group AB.	Test and Development Driver for McLaren Automotive. Minority owner and Board member of Motorsport Auctions Ltd.	Chairman of the Board of LKQ Corporation.	CEO of MediaMarkt Sverige AB. Chairman of the Boards of Work-life Group AB, GS1 Sweden AB and Impande Foundation Sweden.	CEO of energy company OK, Chairman of Kamstrup A/S, Chairman of EnergiData A/S, Board Member of JPIPolitiken Hus, Board Member of SMILfonden.
<b>Work experience</b>						
Multiple assignments within the German multinational technology and electronics company Robert Bosch GmbH, including as the President of Bosch in the UK, Director of Technical Sales South Region in Germany and the President of the Automotive Aftermarket Division in Germany.	President and CEO of Lernia AB, President and CEO of SBC Sveriges Bostads-rättsCentrum AB, President and CEO of Jarowskij, CFO of Arla, and Authorised Public Accountant Öhrlings/PwC.	President and CEO of TUI Nordic, President of Coop Marknad AB and President of Ving Sverige AB/ Thomas Cook Sweden.	Former professional racing driver.	President and CEO of LKQ Corporation. Active for 17 years in the U.S. and international operations of Waste Management, Inc., most recently as Executive Vice President and COO. Prior to that auditor at a public accounting firm.	CEO of RNB Retail & Brands AB, CEO of Expert Sverige AB, CFO of KF Group and Consultant at McKinsey & Co. Chairman of the Board of RNB Retail and Brands AB (publ) 2010–2011.	CEO of Netto, CEO of B&Q in the UK, Chief Operating Officer for Coop Denmark and Chief Operating Officer for Copenhagen Airports.
<b>Own shareholdings and shareholdings of related parties</b>						
14,795	3,142	1,000	1,571	None	None	4,667
<b>Independent of the company/company management</b>						
Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Independent of major shareholders</b>						
No, dependent in relation to major shareholders of the company.	Yes	Yes	Yes	No, dependent in relation to major shareholders of the company.	Yes	Yes

## Group Management Team

					
<b>Pehr Oscarson</b>	<b>Petra Bendelin</b>	<b>Gabriella Granholm</b>	<b>Robert Hård</b>	<b>Åsa Källenius</b>	<b>Tobias Narvinger</b>
President and CEO	Director of Business Development, Strategy and Sustainability	Director of Communication, Market and HR	Director of Legal Affairs	CFO	COO
<b>Born</b>					
1963	1978	1982	1966	1967	1974
<b>Education</b>					
Technical upper-secondary school, supplemented with short economics and management courses.	Master of Psychology/ Behavioural Science, Luleå University of Technology.	Jurisprudence – civil law, Luleå University of Technology, PR and Communication, Berghs School of Communication.	Master of Laws, Lund University.	Graduate in Business Administration, Stockholm University.	Master of Science in Engineering Physics, Chalmers University of Technology. MBA – Master's Course in International Business Administration, Chalmers University of Technology.
<b>Employed</b>					
2001	2010	2010	2003	2017	2011–2016, 2017–
<b>Work experience</b>					
President MECA Scandinavia. Prior to that senior positions in MECA since 2001 and President of Swecar AB.	President of Promeister Solutions. Various positions within business development in MECA, Sigma, Tectura and as self-employed.	Director of Communications, MEKO, Information Manager, IMA Sport.	Director of Legal Affairs, HR and Environment, MECA Group. Attorney-at-law, Advokatfirman Vingé. Clerk of Helsingborg District Court.	CFO of Tele2 Sweden, CFO Inflight Service AB. Financial Manager Spendrups Bryggerier AB.	Various positions in development, sales and purchasing Scania CV AB in Södertälje.
<b>Board appointments</b>					
Deputy Chairman of Association of Swedish Wholesalers of Automotive Parts and Accessories (SBF). Board member of Oscarson Invest Aktieföretag.	Member of the Boards of Green Giant Capital AB and Nic Christiansen Gruppen A/S.	–	–	Member of the Boards of Green landscaping AB, SinterCast AB and Cinis Fertilizer AB and DoMyPizza AB. Deputy member of the Boards of Källenius Invest AB, KAAX Investment AB (and subsidiaries), Scylla och Charybdis AB and ANNMAKA AB.	–
<b>Own shareholdings and shareholdings of related parties</b>					
315,000	9,695	6,800	10,105	20,000	11,000
<b>Share awards</b>					
5,000 (LTIP 2020)	2,500 (LTIP 2020)	3,000 (LTIP 2020)	3,000 (LTIP 2020)	3,000 (LTIP 2020)	3,000 (LTIP 2020)
5,000 (LTIP 2021)	3,000 (LTIP 2021)	2,200 (LTIP 2021)	3,000 (LTIP 2021)	3,000 (LTIP 2021)	3,000 (LTIP 2021)
5,000 (LTIP 2022)	4,000 (LTIP 2022)	3,000 (LTIP 2022)	4,000 (LTIP 2022)	4,000 (LTIP 2022)	4,000 (LTIP 2022)



Pehr Oscarson has been the President and CEO of MEKO AB since 1 March 2017. Prior to that, he served as the acting President and CEO of MEKO AB since 6 October 2016. Pehr Oscarson has no shareholdings or partial ownership in companies that MEKO AB or the company's subsidiaries have significant business ties with.

### Group Management Team

In 2022, the Group Management Team consisted of the Group's President and CEO, Director of Business Development and Strategy, Director of Communication, Marketing and HR, CFO and COO. A more detailed presentation of the current Group Management Team is found on page 53.

It is considered very important to ensure that there is a clear link between remuneration and the Group's distinct values and financial goals in both the short and the long term. The guidelines for the remuneration to senior executives was adopted by the 2022 Annual General Meeting. These guidelines entail that the company is to offer market-based remuneration that allows the Group to recruit and retain the right executives, and that the criteria for determining remuneration is to be based on the significance of work duties and employees' competencies, experience and performance. The purpose of the guidelines is to enable such remuneration, but also to link total remuneration to MEKO's strategy and long-term interests, including sustainability.

Remuneration is to comprise:

- fixed basic salary,
- short-term variable remuneration,
- long-term share-based incentive programmes (LTIP), decided annually by the Annual General Meeting,
- pension benefits,
- other benefits and
- severance pay.

Remuneration of the Group Management Team, excluding the President and CEO, is to be determined by the Board's Remuneration Committee. Remuneration of the President and CEO is determined by the Board in its entirety. However, long-term share-based incentive programmes are decided by the Annual General Meeting.

The President and CEO Pehr Oscarson has a fixed cash basic salary per month and a short-term cash variable salary portion, which is based on the company's earnings and can amount to a maximum of 60<sup>1)</sup> per cent of the basic annual salary. The President and CEO is included in LTIP 2022, which was decided at the 2022 Annual General Meeting, LTIP 2021, which was decided at the 2021 Annual General Meeting and LTIP 2020, which was decided at the 2020 Annual General Meeting. The President and CEO receives a pension benefit amounting to a maximum of 30 percentage points of the base salary. Other benefit is primarily comprised of the right to a company car. The period of notice for the President and CEO is six months if employment is terminated by the company, and six months if terminated by the President and CEO. In addition, severance pay of a maximum of 12 months' salary may be paid in the event of termination of employment by the company. The short-term variable remuneration for the rest of the Group Management Team is based on the Group's earnings and on individual qualitative parameters

and can amount to a maximum of a certain percentage of the fixed annual salary. The percentage is linked to the position of each individual and is 33 percentage points for members of the Group Management Team. Other benefits are primarily comprised of a company car.

The company applies a period of notice of no more than 12 months. In addition, severance pay of a maximum of 12 months' salary may be paid in the event of termination of employment by the company. Upon resignation, a six-month period of notice applies.

The 2022 Annual General Meeting also resolved to establish a long-term share-based incentive programme (LTIP 2022), in accordance with the Board's proposal. LTIP 2022 comprises around 37 employees consisting of the Group Management Team of MEKO and other key individuals in the Group. For information on the complete proposal, refer to the minutes of the 2022 Annual General Meeting on the company's website and Note 5 of the 2022 Annual Report.

The LTIP 2021 and 2020 share-based incentive programmes are already in effect.

Read more about remuneration of senior executives in Note 5 of the 2022 Annual Report and in the company's remuneration report on [www.meko.com](http://www.meko.com).

## 9 Sustainability governance

Sustainability is an integral part of the Group's strategy and its operating activities. The strategy is based on our material sustainability areas where topics including the UN's global sustainable development goals and climate-related risks and opportunities have been analysed. At the Board meeting in May, the updated strategy was approved and the Board had already approved the materiality analysis that forms the basis of the strategy. Read more about the strategy on page 12 and the materiality analysis on page 110.

The Group has signed the UN Global Compact's principles in the areas of human rights, working conditions, the environment and anti-corruption. The Group's Code of Conduct is the Group's highest governing document in the area of sustainability, which is annually approved by the Board and contains several policies. It also serves as the basis for the Group's other policies and rules.

The Group's requirements on suppliers regarding sustainability are clarified in a special Supplier Code of Conduct.

The organisational governance for the strategic sustainability work rests with the Group Management Team, where the Director of Business Development and Strategy has the overall responsibility. The sustainability work is led and coordinated by the Group's sustainability manager who reports to the Director of Business Development and Strategy. The responsibility for the strategic focus on specific sustainability issues in the Group rests with the manager of the respective area. Sustainability risks, including climate-related risks, are managed according to the risk management process. Read more on page 28–33.

The Board of Directors has set the sustainability targets set for operations; read more on page 19 and 110. These targets are followed up in the quarterly reporting to the Board. Additional sustainability-related information is sometimes also provided prior to decisions on an updated strategy or materiality analysis, for example, or with the aim of informing the Board of the ongoing work in sustainability.

<sup>1)</sup> The Board of Directors may temporarily deviate from these guidelines, in part or in whole, if there are special reasons for doing so in an individual case, and deviation is necessary to safeguard the company's long-term interests, including sustainability, or to ensure its financial viability.

MEKO's sustainability report is a part of the company's annual report and is discussed and approved annually by the Board. The evaluation of the Board's work, which was done during the year, included issues related to, among other things, anti-corruption, sanctions and workplace and product safety. The evaluation showed, for example, that MEKO is deemed to have a functioning whistle-blower system and that sustainability issues are included at all Board meetings.

#### 10 Investment Committee

The Investment Committee manages and prepares matters concerning the Group's investments in accordance with the investment policy. An investment means an object that is expected to have a value over a longer period, regardless of the form of financing.

MEKO has an Investment Committee where the President and CEO decides on investments above a certain limit. Furthermore, there are local investment committees within the Group's business areas where the business area's Managing Director decides on investments below the Group's regulated limit. Major investments are approved by the Board of Directors. The monitoring of outcomes in relation to the investment calculation according to the decision basis is followed up after two years in the decision forum.

#### 11 Risk Management and Compliance Committee

The Risk Management and Compliance Committee has the overall responsibility for ensuring, through guidance and control, an overview of the Group's risks and reporting significant changes in the risk profile, including compliance with regulations. Incidents are also handled in the committee.

The committee comprises all Group Management Team members and the Group risk manager (Head of Risk Management, Internal Control and Internal Audit); the President and CEO is the Chairman and is ultimately responsible for risk management. The committee held ten meetings in 2022.

The Group has an Enterprise Risk Management (ERM) policy, which clarifies the requirements for more formalised and thorough work throughout the Group. Read more in the risk management section on page 28. The Group's risk management function is a second-line function under the Group Management Team, with reporting responsibility to the Board and the Audit Committee.

#### 12 Internal control of financial reporting

The Board is responsible for MEKO's internal control, the overall purpose of which is to protect the owners' investment and the company's assets. The Audit Committee has special responsibility to monitor the effectiveness of internal control regarding financial reporting. The figure below shows how the Group works with internal control and shows that it is recurring work that is continuously changing and can be improved. The Group has a second-line function with responsibility for developing and following up the Group's internal control work, with reporting responsibility to the Board and the Audit Committee.

Internal control for financial reporting is included as a part of the overall internal governance and control and constitutes a central part of the Group's corporate governance. According to generally accepted frameworks established for this purpose, including COSO, internal control is usually described from five different aspects described below.

#### Control environment

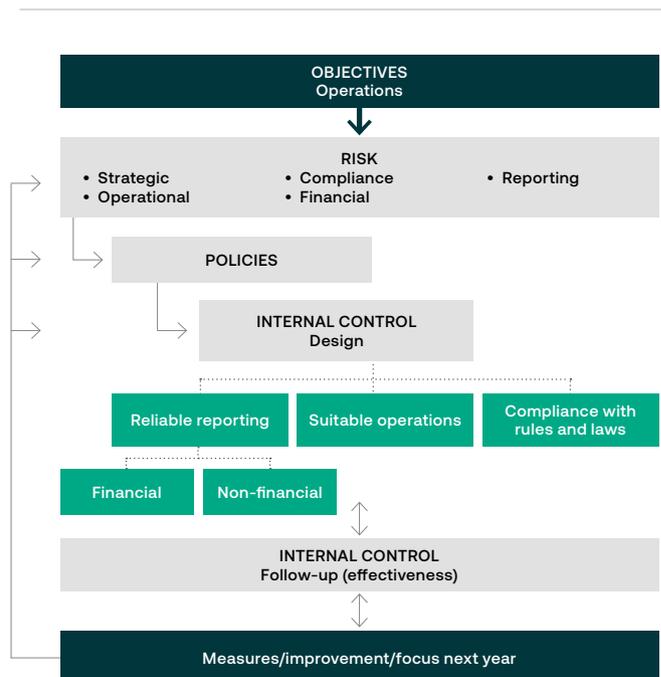
The control environment constitutes the basis for internal governance and control. An important part of the control environment is that decision paths, authorities and responsibilities, as well as competence requirements must be clearly defined and communicated between various levels in the Group and that the control documents are available in the form of internal policies, handbooks, guidelines and manuals, are adapted to operational changes and are updated regularly.

The Group's CFO ensure that the Group's financial handbook, which brings together relevant policies, financial processes and accounting policies, is updated annually. The latest version is sent to the respective business area's CFO to be made available in the respective organisation. Updates are also addressed in connection with regular CFO meetings involving CFOs from all business areas and the management of Group Finance.

Furthermore, an important part of the control environment is an overall corporate governance document and framework that provide mainly newly employed managers, but also existing managers a collective overview of the requirements placed on a manager. This document clarifies organisation and decision pathways, goals, values and overall strategies, formal governance tools and all Group policies other than those stated in the financial handbook. The document also contains guidelines for legal governance of subsidiaries and requirements for a certificate signed by the business area manager annually verifying that the requirements set are complied with.

#### Risk assessment

Risk assessment and risk management mean that the management is aware of and has assessed risks and threats in the business. Within the Group, we regularly monitor the Group's risks and map any new risks. Among the identified risks, there are a



The illustration shows how different components (grey boxes) interact within internal governance and control.

number of items in the financial statements and administrative flows and processes where the risk of errors is elevated.

MEKO works continuously to reduce these risks by strengthening internal controls.

### Control activities

Control activities are the measures and procedures that the management has structured to keep errors from arising and to discover and resolve errors. Risks of errors in the financial reporting are reduced through a high level of internal control over the financial reporting, with specific focus on significant areas defined by management and the Board. Within the Group, we work with specific control activities that are intended to ensure the timely discovery or prevention of the risks of errors in the reporting.

In recent years, several internal control frameworks governed by the Group have been established with special controls for annual accounts and reporting, and for inventory management centrally and locally. During the year, work to strengthen the Group's internal control framework continued, where the framework for inventory management at warehouses has been fully implemented. In addition, the work on a framework for IT general controls (ITGC) continued during the year, where controls related to cyber security have been prioritised and implemented.

### Information and communications

In order for individual task to be able to be done in a satisfactory manner, the staff must have access to relevant and current information. Policies and guidelines, including the Code of Conduct, financial handbook, corporate governance documents and communication policy, are particularly important for accurate accounting, reporting and external disclosure. A review of policies is carried out annually or in the event of significant changes.

Policies, guidelines and other information are communicated to employees through intranet platforms and continuously in meeting forums and newsletters.

### Follow-up and evaluation

The final component in the framework pertains to follow-up of the structure and effectiveness of internal governance and control. In addition to that described above in section 12 "Internal control for financial reporting" on page 55, the Board also evaluates the information provided by the Group Management Team and auditors. In conjunction with this, the Audit Committee was responsible for the preparation of the Board's work to quality assure the Group's financial reporting. The President and CEO and most of the Group Management Team have quarterly reviews with the President and CFO of the respective business area regarding the earnings for the quarter. In addition, Group finance has monthly status meetings with the President and CFO of the respective business area, in addition to close cooperation with the Group companies' CFOs and controllers regarding year-end financial statements and reporting. The follow-up and feedback concerning possible deviations arising in the internal controls are a key part of the internal control work, since this is an efficient manner for the company to ensure that errors are corrected and that the control is further strengthened.

There is an established tool where the effectiveness of each formally implemented internal control is self-assessed quarterly by each business area in consultation with the Group. Further frameworks will gradually be included for evaluation in this tool.

### 13 External auditor

The auditors are appointed at the Annual General Meeting and are charged with reviewing the company's financial reporting and the Board's and the President and CEO's management of the company.

At the 2022 Annual General Meeting, PricewaterhouseCoopers AB (PwC) was re-elected as the auditing firm until the 2023 Annual General Meeting. The Auditor-in-Charge is Authorised Public Accountant Linda Corneliussen. PwC has a broad organisation comprising specialised competency that is well-suited to MEKO's operations and has been the company's auditing firm since 2014.

### Fees to auditors, SEK M

	2022	2021
<b>PwC</b>		
Fees for audit assignments	14	11
Audit-related services other than the audit assignment	0	2
Tax consultancy	0	0
Other services	5	0
<b>Total PwC</b>	<b>19</b>	<b>13</b>
<b>Other auditing firms</b>		
Fees for audit assignments	1	0
Audit-related services other than the audit assignment	–	0
Tax consultancy	0	0
Other services	0	0
<b>Total other</b>	<b>1</b>	<b>0</b>
<b>Total fees to auditors</b>	<b>20</b>	<b>14</b>

PwC submits an auditor's report for MEKO AB (publ) and for the company's subsidiaries, excluding a few smaller subsidiaries. For the newly acquired Koivunen OY with subsidiaries, KPMG are auditors. The auditors also perform a review of the third-quarter interim report and a review of the audit report for 2022. The audit is conducted in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. The audit of annual report documents for legal entities outside Sweden is conducted in accordance with statutory requirements and other applicable rules in each country.

### More information is available on [www.meko.com](http://www.meko.com)

- Articles of Association
- Code of Conduct
- Information from previous General Meetings, from 2006
- Information about the Nomination Committee
- Information about principles of remuneration of senior executives
- The Board's evaluation of guidelines for remuneration of programmes for variable remuneration
- Corporate Governance Reports from 2013
- Information about the 2023 Annual General Meeting