



## CORPORATE GOVERNANCE REPORT

This Corporate Governance Report has been prepared as an independent document in relation to the Annual Report. Information in accordance with Chapter 6, Section 6 of the Annual Accounts Act, Paragraphs 3-6, can be found in the Board of Director's Report's sections on share-related information and corporate governance in the Annual Report.

### Operations and governance of BE Group

BE Group AB (publ) is a Swedish limited liability company listed on Nasdaq Stockholm. Governance of BE Group is based on the Swedish Companies Act and Annual Accounts Act, Nasdaq Stockholm's rules and regulations, the Swedish Code of Corporate Governance (the "Code"), BE Group's Articles of Association and other relevant regulations. Information on the Company's operations is available on the Company's website, [www.begroup.com](http://www.begroup.com).

Shareholders exercise their decision-making rights at the Annual General Meeting (as well as at possible extraordinary meetings), which is the Company's highest decision-making authority. The Board of Directors and the Chairman of the Board of Directors are appointed by the Annual General Meeting while the President is appointed by the Board of Directors.

The Company's accounts as well as the administration of the Board of Directors and the President are reviewed by auditors appointed by the Annual General Meeting. The Annual General Meeting adopts principles for the appointment of the Nomination Committee, which formulates proposals to the Annual General Meeting prior to the election and setting of fees for the Board of Directors and auditors. In addition to laws, regulations and the Code, BE Group applies internal governance instruments such as a code of conduct and information policy.

### Shareholders

#### Ownership and share capital

On December 31, 2021, BE Group's share capital amounted to SEK 260,202,480 allocated among 13,010,124 shares. All shares in the Company convey equal rights in every respect. At the end of the year, BE Group had 7,119 shareholders. The Company's largest shareholders were Svedulf Fastighets AB, AB Traction, Avanza Pension and Quilter Inter Isle of Man Ltd. The proportion of foreign ownership amounted to 14.4 percent. At the end of the year, the Company held 26,920 treasury shares (0.2 percent of share capital). More information on the ownership structure of BE Group is available at [www.begroup.com](http://www.begroup.com).

#### Annual General Meeting

The Annual General Meeting considers resolutions regarding: dividends, adoption of the Income Statement and Balance Sheet, discharge of liability for Board members and the President, election of Board members, the Chairman of the Board of Directors and auditors, approval of fees to the Board members and auditors, adoption of executive remuneration guidelines, and, when applicable, adoption of principles for appointing the Nomination Committee. At the Annual General Meeting, shareholders have the opportunity to ask questions about the Company. All Board members, management and the auditors are normally present at the meeting to answer such questions.

The 2021 Annual General Meeting was held on April 20. To curb the spread of covid-19, the annual general meeting was conducted only by way of postal vote pursuant to temporary legislation being in effect in 2021. At the Annual General Meeting 4 shareholders voted, representing 6,203,669 shares. The shares represented corresponded to 47.8 percent of the total number of voting shares in BE Group.

The Annual General Meeting re-elected Board members Jörgen Zahlin, who was also elected as the Chairman of the Board of Directors, Carina Andersson, Lars Olof Nilsson, Mats O Paulsson and Petter Stillström. The accounting firm Öhrlings PricewaterhouseCoopers AB was re-elected as the auditor for the Company. Some of the Annual General Meeting's other resolutions were that:

- in accordance with the proposal by the Board of Directors, not to pay a dividend for financial year 2020;
- to pay Board fees totaling SEK 1,260,000, of which an unchanged SEK 420,000 was to the Chairman of the Board of Directors and SEK 210,000 each to the other members elected by the Annual General Meeting. The Annual General Meeting decided that remuneration for work in the audit committee shall be paid in an amount of SEK 150,000;
- to approve the Board of Directors' report regarding compensation pursuant to Chapter 8, Section 53 a of the Swedish Companies Act.
- to authorize the Board of Directors, on one or several occasions and not later than the 2022 Annual General Meeting, to make decisions regarding the transfer of treasury shares for the purpose of financing smaller corporate acquisitions;
- to adopt the changes in the Articles of Association.

## Nomination Committee

As resolved by the Annual General Meeting, the Nomination Committee must consist of four members, who, in addition to the Chairman of the Board of Directors, shall include representatives for each of the three largest shareholders in the Company in terms of voting rights, as of August 31 each year. The names of the three shareholder representatives and the shareholders they represent shall be announced as soon as the Nomination Committee has been appointed and at least six months before the Annual General Meeting. Unless the members agree otherwise, the member who represents the largest shareholder in terms of voting rights shall be Chairman of the Nomination Committee. If a member of the Nomination Committee resigns before the process is complete, a substitute nominated by the same shareholder may take that member's place. If a significant change takes place in the Company's ownership structure after August 31, rules are in place regarding how the composition of the Nomination Committee can be changed. Prior to the 2022 Annual General Meeting, the Nomination Committee consists of Petter Stillström, AB Traction, chairman, Jörgen Zahlin, (Chairman of the Board of BE Group), Alf Svedulf, Svedulf Fastighets AB and Johan Ahldin, The Pure Circle AB. The Nomination Committee is tasked with: submitting to the Annual General Meeting its nominations for Chairman of the Board of Directors and other Board members accompanied by a justified statement regarding the proposal, proposing fees for the Board of Directors and the auditors and any remuneration for committee work, proposing auditors and nominating an individual to serve as the chairman of the Annual General Meeting. The Nomination Committee is also charged with assessing the independence of Board members in relation to the Company and major shareholders.

When preparing its proposal for the Board of Directors before the Annual General Meeting 2021 and 2022, the Nomination Committee applied the following diversity policy. As a whole, the Board of Directors must have an appropriate combined competence and experience for the activities that are conducted to be able to identify and understand the risks that the business entails. The Nomination Committee strives to achieve diversity on the Board. The objective of the diversity policy is that the Board of Directors shall consist of members with varying industry experience, competence, geographical background and with a varying educational and professional background, which together contribute to an independent and critical questioning of the Board, and an even gender distribution shall be sought. The Annual General Meeting 2021 decided to appoint Board members in accordance with the Nomination Committee's proposal, which means that five members were elected, of which one woman and four men. As far as the Nomination Committee's ambitions of a more even gender distribution are concerned, it has not been possible to achieve this, but the Nomination Committee's continued ambition is to create a more even gender distribution on the Board. As a basis for its proposals to the 2022 Annual General Meeting, the Nomination Committee assessed whether the Board of Directors has a suitable composition and meets the requirements on the Board of Directors imposed by the Company's operations, position and conditions in other regards. The assessment was based on material including relevant sections of the evaluation of the Board's work performed under the Chairman's guidance.

## The Board of Directors and its work

### Composition

Under the Articles of Association, the Board of Directors of BE Group must consist of at least three and no more than ten Board members elected by the Annual General Meeting for a term that lasts until the end of the next Annual General Meeting. Over the year, the Board of Directors of the Company consisted of five members elected by the 2021 Annual General Meeting: Jörgen Zahlin (Chairman), Carina Andersson, Lars Olof Nilsson, Mats O Paulsson and Petter Stillström. Please refer to the Company Report and [www.begroup.com](http://www.begroup.com) for a more detailed presentation of the Board members. All members are independent in relation to BE Group and executive management. With the exception of Petter Stillström, all Board members are considered independent in relation to BE Group's principal owners. From Group Management, the President and the CFO normally attend Board meetings and report on the Group's development. Apart from the members of the Board of Directors, other officers of BE Group and external parties participated in Board meetings to present reports on particular issues. The Company's CFO served as the secretary of the Board in 2021.

### Rules of procedure of the Board of Directors

The Board of Directors is appointed by BE Group's shareholders to have ultimate responsibility for the Group's organization and administration of the Group's interests. At the statutory Board of Directors meeting directly following the Annual General Meeting, the Board of Directors adopted rules of procedure that closely regulates its work and responsibility as well as the special work tasks that are the responsibility of the Chairman of the Board. The Chairman of the Board, Jörgen Zahlin, leads the Board's work and monitors the operation through a continuous dialogue with the President. Through monthly reports and Board meetings, the Board of Directors obtains information about BE Group's economic and financial status. Prior to every Board meeting, the Chairman and the President review those issues that shall be addressed at the meeting. Documentation for the Board's handling of the issues is sent to the Board members approximately one week before every Board of Directors meeting. The Board of Directors has also established sets of instructions for the President and for financial reporting to the Board of Directors and has adopted other special policies.

The Board has an Audit Committee and a Remuneration Committee. The members of the committees are appointed annually by the Board of Directors at its statutory meeting following its election by the Annual General Meeting. Instructions to the Committees are included in the rules of procedure of the Board of Directors.

### Work of the Board of Directors in 2021

During 2021, the Board of Directors held 11 meetings, of which one per capsulam. According to the rules of procedure, the Board of Directors shall meet on five occasions per year, in addition to its statutory meeting. Additional meetings shall be held as necessary. One of the meetings during the year is regularly held at one of BE Group's operative units. The table provides a report of attendance by Board members at the four meetings prior to the Annual General Meeting and the seven meetings after the Annual General Meeting. As shown, attendance at Board meetings during the year was excellent.

The Board of Directors, attendance 2021	Elected	Attendance	Committee work	Attendance	Board-fees	Fee audit-committee	Independent of company & companies management	Independent of larger owners
Jörgen Zahlin, chairman	2013	11 of 11	Remuneration & Audit Committee	1 of 1 3 of 3	420,000	40,000	Yes	Yes
Petter Stillström	2012	11 of 11	Remuneration & Audit Committee	1 of 1 3 of 3	210,000	40,000	Yes	No
Carina Andersson	2018	11 of 11			210,000		Yes	Yes
Lars Olof Nilsson	2006	11 of 11	Audit Committee	3 of 3	210,000	70,000	Yes	Yes
Mats O Paulsson	2020	11 of 11			210,000		Yes	Yes
Mikael Törnros (E) <sup>1)</sup>	2016	5 of 11						

<sup>1)</sup> Mikael Törnros resigned as Board member in June 2021.

## Evaluation of the Board of Directors' work

The Chairman ensures that the Board of Directors and its work are evaluated annually and that the result of the evaluation is passed on to the Nomination Committee. The evaluation is made by the Board of Directors itself using a questionnaire where their work within a number of areas are judged. The Chairman of the Board summarizes the evaluation used as the base for a discussion within the Board of Directors regarding the development of the Board of Directors' work. The purpose is to examine how the Board of Directors' work can be more efficient and to clarify potential need of additional skills in the Board of Directors.

## Audit Committee

The Audit Committee prepares a number of questions for the Board of Directors' decision and supports the Board of Directors in its work to carry out its responsibility within the areas auditing and internal control, as well as to quality-assure BE Group's financial reporting, which requires that the Company have a satisfactory organization and appropriate processes.

Each year, the Company's auditors formulate a proposed audit policy and present this to the Audit Committee. Once the proposal has been reviewed and commented on by the Committee, a final proposal is submitted for approval by the Board of Directors. The work is focused on assuring the quality and accuracy of financial accounting and reporting, internal financial control efforts, as well as the Group's compliance with applicable regulations. In addition, the Audit Committee has recurring contact with the Company's auditor with the purpose of generating an ongoing exchange of information and to assess the auditor's efforts. The Committee may establish guidelines concerning what services, other than auditing services, which BE Group may procure from the auditor.

The Audit Committee consists of Lars Olof Nilsson (Chairman), Petter Stillström and Jörgen Zahlin and meets the requirements imposed in terms of expertise in accounting or auditing. The work of the Committee is regulated by a special set of instructions adopted by the Board of Directors as part of its agenda. The Audit Committee met three times in 2021. Meetings of the Audit Committee are minuted and reported orally at Board meetings.

## Remuneration Committee

The tasks of the Remuneration Committee include preparing the Board's decisions regarding proposed guidelines for the remuneration of senior executives. The current guidelines are published on BE Group's website. The Board shall prepare proposals of new guidelines at least once every four years and present the proposal for resolution at the Annual General Meeting. The guidelines are to apply until new guidelines have been adopted by the General Meeting. For each financial year, the Board of Directors shall prepare a report on paid and deferred remuneration that is covered by the remuneration guidelines. The report is submitted to the Annual General Meeting for approval and will be made available on the BE Group website at the latest three weeks before the meeting date. The actual remunerations agreed during the year are detailed in Note 3 in the annual report.

The Remuneration Committee shall also follow and evaluate programs for variable remuneration of Company management, the application of guidelines for the remuneration of senior executives and applicable remuneration structures and remuneration levels in the Company. The Remuneration Committee's members are independent in relation to the Company and executive management. In the Board's handling of and decisions on remuneration-related issues, the President or other members of Company management do not attend if they are concerned by the issues.

Members of the Remuneration Committee are the Chairman of the Board Jörgen Zahlin and Petter Stillström. The work of the Committee is regulated by a special set of instructions adopted by the Board of Directors as part of its agenda. The meetings of the Remuneration Committee are reported orally to the Board of Directors.

## Board remuneration

The fees for the Board members elected by the Annual General Meeting are determined by the Annual General Meeting on the basis of the Nomination Committee's proposal. Employee representatives to the Board of Directors do not receive Board members' fees. In accordance with a resolution by the 2021 Annual General Meeting, a fee of SEK 420,000 was paid to the Chairman of the Board for the period extending from the 2021 Annual General Meeting until the 2022 Annual General Meeting. The other Board members were each paid SEK 210,000 for the same term of office. In addition, the members of the Audit Committee were paid fees totaling SEK 150,000, of which SEK 70,000 was paid to the Chairman of the Committee and SEK 40,000 each to the other two members.

## Group management

Group management of BE Group have during 2021 consisted of the President and CEO, the CFO, the Managing Director for Finland and the Managing Director for Sweden. The President leads operations within the parameters set by the Board of Directors. BE Group's Group management meets continuously under the leadership of the President in order to follow-up the operations and discuss Group-wide issues and also to formulate proposals for a strategic plan, business plan and investment documentation that the President thereafter presents to the Board of Directors for a decision. Please refer to the Company Report and [www.begroup.com](http://www.begroup.com) for a more detailed presentation of Group management.

## Remuneration principles for senior executives

The annual general meeting 2020 resolved on the guidelines for executive remuneration. The individuals who are members of the group management of BE Group during the period of which these guidelines are in force, fall within the provisions of these guidelines. The guidelines are forward-looking, i.e. they are applicable to remuneration agreed and amendments to remuneration already agreed. These guidelines do not apply to any remuneration decided or approved by the general meeting. The actual remunerations agreed during the year are detailed in Note 3.

## The guidelines' promotion of BE Group's business strategy, long-term interests and sustainability

BE Group is a trading and service company in the steel and metal industry. Customers mainly operate in the construction and manufacturing industries in Sweden, Finland and the Baltic States, where BE Group is one of the market's leading actors. With extensive expertise and efficient processes in purchasing, logistics and production, BE Group offers inventory sales, production service and direct deliveries to customers based on their specific needs for steel and metal products. BE Group's vision is to be the most professional, successful and respected steel service company in the markets where the company is active. A prerequisite for the successful implementation of BE Group's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. The objective of BE Group's guidelines for executive remuneration is therefore to offer competitive remuneration on market terms, so that competent and skillful personnel can be attracted, motivated and retained. These guidelines enable the company to offer the executive management a competitive total remuneration. For more information regarding the company's business strategy, please see [www.begroup.com](http://www.begroup.com).

## Types of remuneration, etc.

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

#### *Fixed cash salary*

The fixed cash salary for the senior executives within BE Group shall be individual and differentiated on the basis of the individual's responsibility and performance, and shall be determined annually.

#### *Variable cash remuneration*

The variable cash remuneration shall be based on predetermined, well-defined and measurable financial criteria for the group and the relevant business area and may amount to not more than fifty (50) percent of the total fixed cash salary during the measurement period for the criteria. The criteria for variable cash remuneration shall mainly relate to the group's and the business area's respective underlying operating result and, in addition, individual criteria may be established. The criteria shall be designed so as to contribute to BE Group's business strategy and long-term interests, including its sustainability, by for example being linked to the business strategy or promoting the senior executive's long-term development within BE Group. The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year.

#### *Pension benefits*

For the CEO and other senior executives, pension benefits shall be premium defined. Variable cash remuneration shall not qualify for pension benefits. The pension premiums for premium defined pension shall amount to not more than 30 percent of the fixed annual cash salary.

#### *Other benefits*

Other benefits may include, for example, life insurance, health and medical insurance, company cars and housing allowance. Such benefits may amount to not more than 10 percent of the fixed annual cash salary.

#### *Foreign employments*

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

#### **Criteria for awarding variable cash remuneration, etc.**

The remuneration committee shall prepare, monitor and evaluate matters regarding variable cash remuneration. After the measurement period for the criteria for awarding variable cash remuneration has ended, it shall be determined to which extent the criteria have been satisfied. Evaluations regarding fulfilment of financial criteria shall be based on established financial information for the relevant period. Remuneration to the CEO shall be resolved by the Board of Directors. Remuneration to other senior executives shall be resolved by the CEO, after consulting the remuneration committee.

Variable cash remuneration can be paid after the measurement period has ended or be subject to deferred payment. The Board of Directors shall have the possibility, under applicable law or contractual provisions, to in whole or in part reclaim variable remuneration paid on incorrect grounds (claw-back).

#### **Employment term and termination of employment**

The notice period may not exceed twelve months if notice of termination of employment is made by the company. Fixed cash salary during the period of notice and severance pay may together not exceed an amount equivalent to the fixed cash salary for twelve months for the CEO and other senior executives. The period of notice may not exceed six months without any right to severance pay when termination is made by the executive.

#### **Salary and employment conditions for employees**

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

#### **The decision making process to determine, review and implement the guidelines**

The Board of Directors has established a remuneration committee. The committee's tasks include preparing the Board of Directors' decision to propose guidelines for executive remuneration. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The remuneration committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. The members of the remuneration committee are independent of the company and its executive management. The CEO and other members of the executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

#### **Derogation from the guidelines**

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the remuneration committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

#### **Provisions of the Articles of Association on appointment and discharge of directors and amendment of the Articles of Association**

There are no provisions in the Articles of Association on appointment and discharge of directors and amendment of the Articles of Association. In accordance with the provisions in the Companies Act, directors are elected by the Annual General Meeting for the period extending until the close of the first Annual General Meeting after that at which they were elected, and amendments to the Articles of Association are determined by the Annual General Meeting in accordance with the regulations set out in the Companies Act.

## Auditors

At the 2021 Annual General Meeting, the auditing firm Öhrlings PricewaterhouseCoopers AB was reelected to be the auditor for a period of one year. Eva Carlsvi, Authorized Public Accountant, is the Auditor-in-Charge. The auditor maintains regular contact with the Audit Committee and Group Management. The auditor works according to an audit plan, into which the opinions of the Board of Directors have been incorporated, and has reported its observations to the Board of Directors. Reports have been submitted during the progress of the audit and in connection with the adoption of the 2021 Year-end Report. The auditor also participates in the Annual General Meeting and outlines the audit process and the observations in an audit report. Remuneration to auditors is paid based on calculations in accordance with agreements that have been made. Information regarding remuneration in 2021 is provided in Note 4 of the Annual Report.

## Board of Directors' report regarding internal control

The purpose of internal control of financial reporting is to provide reasonable assurance regarding quality and reliability in the external financial reporting and to ensure that the reports are prepared in accordance with accepted accounting standards, applicable laws and provisions and other requirements for listed companies. To ensure this, the Company had the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework as a starting point.

## Internal control function

The Board of Directors and the Audit Committee follow up BE Group's assessment of internal control by means including discussions with BE Group's auditors. Given the above, the Board of Directors has elected not to maintain a separate internal audit unit. To test the internal control environment, a self-assessment is conducted, among other efforts, based on a Group-wide control framework. The Group's CFO reports the results of the test done of the internal control to the Audit Committee. BE Group's internal control of financial reporting covers five main areas: establishment of a control environment, risk assessment, control activities, information and communications and follow-up.

## Control environment

BE Group has a simple legal and operational structure and an established governance and internal control system. This allows the organization to react quickly to external changes. Operational decisions are made at the Group or business area level, while decisions on strategy, business direction, acquisitions and general financial issues are made by the Board of Directors and Group Management of BE Group. Internal control of financial reporting at BE Group is designed to work within this organization. Clear regulations on delegation of authority and responsibilities are followed within BE Group, which follow Group structure. Since 2012, the Board of Directors has applied a so-called "whistle blower" policy, which means that all employees have the possibility to anonymously report if they discover improprieties or illegal actions that affect vital interests for BE Group or the life and health of individual persons. The policy applies to improprieties committed by people in executive positions or other key personnel within the Company.

## Risk assessment

The risk assessment is based on a risk review that is updated annually and reported to the Audit Committee. Based on the results of this review, focus is set for the internal control work in the future.

## Control activities

The risks identified with regard to financial reporting are managed through the Company's control activities, such as authorization controls in IT systems and signature authentication. Detailed economic analysis of business performance including follow-up against business plans and forecasts supplements operations-specific controls and provides an overall assessment of reporting quality.

## Information and communication

The Group maintains channels of information and communication that serve to safeguard completeness and accuracy in financial reporting. Policies, manuals and job descriptions are available on the Company intranet and/or in printed form.

## Follow-up

The President is responsible for internal control being organized and followed up in accordance with the guidelines adopted by the Board of Directors. Financial control is exercised by the Corporate Finance Department. Financial reporting is analyzed monthly at a detailed level. The Board of Directors has followed up financial reporting at Board meetings and BE Group's auditor has reported its observations to the Board of Directors. The Board of Directors has received monthly financial reports and the Company's financial situation was discussed at every Board meeting.

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# AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

*This is a literal translation of the Swedish original report included in RevU 16*

**To the general meeting of the shareholders in BE Group AB (publ), corporate identity number 556578-4724.**

## Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2021 on pages 65-69 and that it has been prepared in accordance with the Annual Accounts Act.

## The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

## Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Malmö, 18 March 2022  
Öhrlings PricewaterhouseCoopers AB

**Eva Carlsvi**  
Authorized Public Accountant