

# Corporate governance



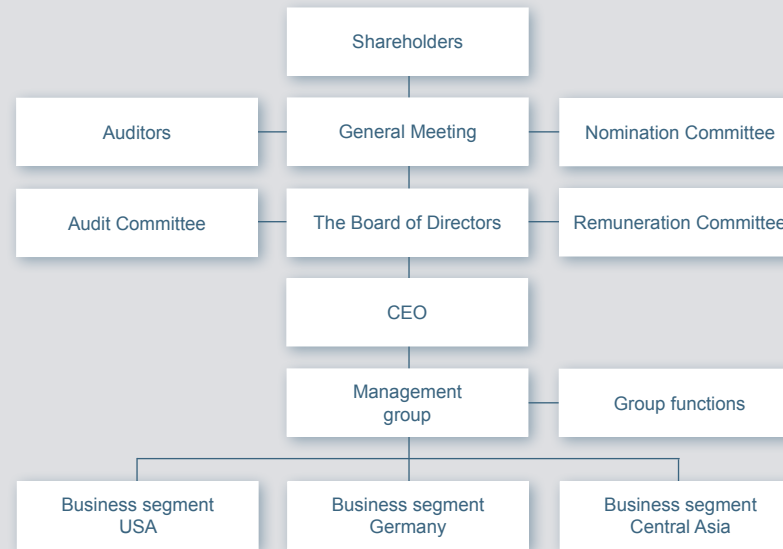
## Corporate governance

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# Corporate governance report



Ferronordic AB (publ) is a Swedish public company domiciled in Stockholm. The Company's shares have been listed on Nasdaq Stockholm since October 2017. Ferronordic applies the Swedish Code of Corporate Governance (the Code). It is the Board's opinion that Ferronordic in 2023 has complied with the Code in all respects and therefore has no deviations to report or explain. This corporate governance report is not included in the formal annual report but has nevertheless been reviewed by the Company's auditors.

## Control structure

Ferronordic has a clear framework for corporate governance. The purpose is to achieve effective and efficient governance and to maintain and develop a trusting relationship with the Company's stakeholders. Shareholders exercise their influence by participating and voting at the general meeting. Management and responsibilities are divided between the Board and the CEO in accordance with Swedish legislation, the Code, Nasdaq Stockholm's listing requirements and internal instructions and policy documents.

## Shareholders

Information about Ferronordic's share capital and owners can be found on pp. 62–63.

## General Meeting

The Annual General Meeting is the Company's highest decision-making body through which the shareholders exercise their right to make decisions regarding the Company's affairs. The Annual General Meeting shall be held during the first half of the year after the end of each financial year. The Annual General Meeting makes resolutions regarding dividends, the election of the Board members, the election of auditors and other matters required by the Swedish Companies Act, the Articles of Association and the Code. Notice convening a general meeting is published in the Swedish official gazette, Post- och Inrikes Tidningar and on the Company's website. The fact that a notice has been issued is also announced in Dagens Industri. Notices are also communicated to the market through press releases. All shareholders are entitled to participate in the Annual General Meeting, either in person or by proxy, provided that they are recorded in the share register on the record date to the Annual General Meeting and have given notice of their participation. All shareholders are entitled to have an item dealt with at the Annual General Meeting, provided that they inform the Board in writing early enough so that the item can be included in the notice. At the Annual General Meeting, shareholders also have the opportunity to ask questions to the Board and the management.

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## Annual General Meeting 2023

The Annual General Meeting took place on 11 May 2023 at Radisson Blu Hotel, Nybrokajen 9 in Stockholm. At the meeting, 36.41 percent of the shares and votes were represented in person or by proxy.

The Annual General Meeting made the following resolutions:

- to approve annual and consolidated accounts
- to pay a dividend of SEK 7.5 per share
- to discharge the Board members and the CEO from liability
- to determine the remuneration of the Chairman of the Board, Board members and the auditor
- to elect Annette Brodin Rampe, Lars Corneliusson, Håkan Eriksson, Staffan Jufors, Aurore Belfrage and Niklas Florén (all re-elected) Board members
- to elect Staffan Jufors (re-election) as Chairman of the Board
- to elect KPMG AB (re-election) as auditor
- to approve the Nomination Committee's proposal for principles for the Company's Nomination Committee
- to adopt guidelines for remuneration to senior executives

Minutes and other documents from the Annual General Meeting are available at the Company's website [www.ferro nordic.com](http://www.ferro nordic.com).

## Annual General Meeting 2024

Ferronordic AB's Annual General Meeting 2024 will take place on 16 May 2024 at 14.00 at Radisson Blu Hotel, Nybrokajen 9 in Stockholm. Further information is available at the Company's website [www.ferro nordic.com](http://www.ferro nordic.com).

## Nomination Committee

At the 2023 Annual General Meeting, the following principles were established regarding the Nomination Committee's appointment and composition:

- The Nomination Committee shall consist of four members
- At the end of the third quarter, the Chairman of the Board shall contact the four largest shareholders and encourage them to appoint their respective representatives to the Nomination Committee

If a member of the Nomination Committee resigns, the shareholder who appointed the resigning member shall be asked to appoint a new member. The Chairman of the Nomination Committee shall, unless the Nomination Committee decides otherwise, be the member appointed by the largest shareholder. The Nomination Committee shall act in the interests of all shareholders. Its duties also include evaluating the composition and work of the Board and submitting proposals for the Annual General Meeting regarding:

- election of Chairman for the AGM
- decision on the number of Board members
- election of the Board and the Chairman of the Board
- election of auditor (in collaboration with the Board's audit committee)
- remuneration of Board members, Board committees and auditors
- determination of principles regarding the Nomination Committee for the next Annual General Meeting

The Nomination Committee's mandate applies until a new Nomination Committee has been constituted. In case of material ownership changes during the mandate period, the Nomination Committee shall ensure that a new large shareholder is represented in the Nomination Committee. The composition of the Nomination Committee shall be announced no later than six months prior to the Annual General Meeting. The members of the Nomination Committee receive no compensation from the Company but are entitled to reimbursement for reasonable expenses. Prior to the 2023 Annual General Meeting, the Nomination Committee consisted of Jörgen Olsson (Chairman), representing Skandinavikonstult i Stockholm AB, Peter Zonabend, representing Per Arwidsson and related parties, Anders Blomqvist, representing Lars Corneliusson and related parties, and Lars Hagerud, representing AltoCumulus.

The Nominations Committee for the 2024 Annual General Meeting consists of the following persons:

- Jörgen Olsson (chairman), representing Skandinavikonstult i Stockholm AB
- Peter Zonabend, representing Per Arwidsson and related parties
- Anders Blomqvist, representing Lars Corneliusson and related parties
- Lars Hagerud, representing AltoCumulus

All members are independent of the Company and management. The proposals of the nomination committee will be made public in connection with the notice of the Annual General Meeting, at the latest.

## The Board of Directors

The Board is responsible for the Company's organisation and the management of the Company's operations. The Board's tasks include:

- establishing goals and determine the Company's strategy
- appointing, evaluating and, if necessary, dismissing the CEO
- ensuring that there are effective systems to follow-up and control the Company's operations
- ensuring that there is sufficient control over the Company's compliance with laws and other regulations
- ensure that the Company's information disclosure is characterised by transparency and is correct, relevant and reliable

The Chairman of the Board ensures that the Board's work is conducted efficiently and that the Board fulfils its obligations. In accordance with the Code, the Board evaluates its work each year through a systematic and structured process consisting of a questionnaire completed anonymously by each member. The results are compiled by the Board's secretary and presented to the entire Board. The result is discussed and additional comments are added. The results of the evaluation are documented and presented to the Nomination Committee.

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## Composition and work in 2023

Since the 2023 Annual General Meeting, the Board has consisted of 6 members without deputies, all elected at the 2023 Annual General Meeting for the period up to the 2024 Annual General Meeting. Detailed information about the Board members, including their shareholdings and other positions, can be found on pp. 70–71. According to the Code, a majority of the Board shall be independent in relation to the Company and the management, and at least two of the Board members who are independent of the Company and the management shall also be independent from the Company's major shareholders. The Board meets these requirements as 4 out of 6 Board members are independent from the Company and management as well as major shareholders. When composing the Board, the nomination committee considers the Company's diversity policy. The aim is that the Board as a collective and in accordance with the Company's diversity policy should reflect a breadth of knowledge and background. An even gender distribution is considered, and the last time new Board members were elected to the Board, the percentage of the newly elected was 50 percent women. The Board consists of 33 percent women.

## Board members, independence, number of meetings and attendance

	Elected year	Independent of the Company and company management	Independent of major owners	Total number of meetings
Annette Brodin Rampe	2017	Yes	Yes	8/8
Lars Corneliussen	2011	No	No	8/8
Håkan Eriksson	2016	Yes	No	8/8
Staffan Jufors	2017	Yes	Yes	8/8
Aurore Belfrage	2021	Yes	Yes	8/8
Niklas Florèn	2021	Yes	Yes	8/8

The Group's CFO and General Counsel attend the Board's meetings, but without voting rights. The General Counsel is also the Secretary of the Board.

In 2023, the Board held eight meetings. Over the year, the Board devoted particular focus to the following:

- The Group's earnings and financial position
- Interim reports
- The development of the CA, German and US economy and its impact on the markets and the Group's finances
- Corporate governance, risk management and internal control
- Strategy issues and business development, in particular the Group's expansion to the US
- Financial matters and ESG matters
- The Board continuously evaluates the work of the CEO. At least once per year, the Board discusses the evaluation of the CEO's work without the presence of the CEO or anyone else from the management

As resolved at the 2023 Annual General Meeting, the remuneration of the Board amounted to SEK 2.4m, of which SEK 800,000 was paid to the Chairman and SEK 400,000 to each of the other directors, except for Lars Corneliussen, who was employed by the Group. No additional compensation was paid for committee work.

## Audit Committee

The Audit Committee shall ensure the quality of the financial statements, maintain ongoing contacts with the auditors, monitor the auditors' independence and objectivity, prepare the election of the auditors (in collaboration with the Nomination Committee), monitor the internal control within the Group as well as dealing with other related matters.

In 2023, the Audit Committee consisted of the following members:

- Annette Brodin Rampe
- Håkan Eriksson (Chairman)
- Niklas Floren
- Staffan Jufors

All members of the Audit Committee are independent of the Company and the management. Except for Håkan Eriksson, all members are also independent of the Company's major shareholders. The members are deemed to have appropriate knowledge and experience of matters relating to executive remuneration. In 2023, the Audit Committee held 4 meetings. The Audit Committee convenes regularly to review drafts of the Group's interim reports and make recommendations to the Board, as well as sort out any matters before the reports are prepared by the Board. The Group's CFO and General Counsel are usually present at these meetings.

## Remuneration Committee

The Remuneration Committee prepares matters concerning remuneration principles, remuneration and other terms of employment, including share-related incentive programs for the CEO and other senior executives. The committee also monitors and evaluates ongoing and during the year completed programs for variable remuneration for management and the application of these guidelines. The follow-up assignment also includes following up and evaluating current remuneration structures and remuneration levels in the Group.

In 2023, the Remuneration Committee consisted of the following members:

- Aurore Belfrage
- Annette Brodin Rampe
- Håkan Eriksson
- Staffan Jufors (Chairman)

All members are independent to the Company and the management. Except for Håkan Eriksson, all members are also independent to the Company's major shareholders. The members are judged to have the required knowledge and experience in matters of remuneration to senior executives. In 2023, the Remuneration Committee held one formal meeting. In addition, the committee had continuous discussions by email and telephone in connection with the Board's meetings.

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## Sustainability and Ethics Committee

The Sustainability and Ethics Committee is responsible for overseeing and preparation of matters related to ESG, ethics and sustainability reporting. This committee was organised during the autumn 2023 and held two formal meetings.

In 2023, the Sustainability and Ethics Committee consisted of the following members:

- Aurore Belfrage (Chairman)
- Annette Brodin Rampe
- Niklas Florén

## CEO and management

The Chief Executive Officer (CEO) is appointed by the Board and is responsible for the day-to-day management of the Group. In addition, the CEO has a management group that in 2023 consisted of 7 people. The management convenes on a regular basis and deals with the Group's financial development, Group-wide development projects, business development, leadership, recruitment and other strategic issues.

In 2023, the management consisted of:

- Lars Corneliussen, CEO
- Nadia Semiletova, Human Resources Manager
- Erik Danemar, Chief Financial Officer (Group) and Head of Investor Relations
- Dan Eliasson, General Counsel
- Henrik Carlborg, Head of Business Development
- Onur Gucum, Commercial Manager
- Anton Zhelyapov, Head of Rental and Used business

Information about management, including age, relevant education and shareholdings can be found on pp. 72–73. For certain matters, executive management is supplemented by the regional managing directors and certain other Group functions (Extended Management Team). The Group has established functions that are responsible for Group-wide activities, such as financial reporting, treasury, IT, communications, legal, HR, purchasing, logistics, real estate, etc.

## Remuneration to senior executives

The 2023 Annual General Meeting approved the following guidelines for remuneration to the Company's senior executives:

- Remuneration to executives is based on current market terms on the markets where Ferronordic operates. Remuneration shall also be competitive in order to attract and retain competent executives.
- Fixed salaries are established individually based on the criteria specified above, as well as the individual executive's areas of responsibility and performance. For expatriates with salaries in local currency, the fixed salaries can be adjusted to reflect changes in foreign exchange rates.

- Executives may receive variable salaries in addition to fixed salaries. Variable salaries are paid upon fulfillment of pre-determined and measurable performance criteria, primarily based on the development of the Group as a whole, and/or the part of the group's business that the executive is responsible for. Variable salary for the CEO as well as executives shall not exceed 100 percent of the fixed salary.
- A share or warrant-based long-term incentive program for the Company's and its subsidiaries' senior management may be introduced as per separate decision.
- Executives are entitled to customary non-monetary benefits such as company cars and company health insurance. In addition, company housing and other benefits can be offered on an individual basis, such as housing allowances and school/kindergarten allowances for expatriates.
- In addition to those pension benefits that executives are entitled to according to law, executives may be offered pension benefits that are competitive in the country where the individual in question is or has been a resident or to which the individual has a relevant connection. Pension plans shall be defined contribution plans without guaranteed pension levels.
- Severance pay shall not exceed 12 months' salary.

Remuneration to the CEO and other members of the management is described in Note 29. The Board may deviate from these guidelines if there are special reasons for doing so in an individual case. Remuneration already decided for the management that has not fallen due at the 2023 Annual General Meeting falls within the framework of the guidelines.

## Auditors

The Company's annual report and the Board and CEO's management are reviewed by the Company's auditor. The audit results in a report to the Audit Committee, where the auditor attends at least two meetings per year and in an audit report submitted after the end of the financial year to the Annual General Meeting. The Company's auditor is elected at the Annual General Meeting. The current auditor is KPMG AB, re-elected at the 2023 Annual General Meeting for the period until the next Annual General Meeting. The authorised public accountant Mats Kåvik is the auditor-in-charge. In addition to its assignment as auditor, KPMG has assisted Ferronordic in assignments regarding tax and accounting matters. The compensation paid to KPMG is described in Note 30.

## Report on internal control

According to the Swedish Companies Act and the Code, the Board is responsible for ensuring that the Company has good internal control. The Board shall also ensure that the Company has formalised routines to ensure that established principles for financial reporting and internal control are complied with and that the Company's financial reports are prepared in accordance with law, applicable accounting standards and other requirements for listed companies.

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*Control environment*

The control environment constitutes the basis for the internal control as well as the corporate culture that exists within the Group and within which the Group's managers and employees are operating. The control environment is built around the Group's policies and procedures, as well as the Group's divisions of responsibilities and authorities. The Group's Code of Conduct is an important document that aims to ensure that the organisation is characterised by integrity and good morals and ethics. Important documents for internal control over financial reporting include the Group's financial handbook, with instructions for accounting and reporting, and the Group's financial policy. The Group's responsibility and authority structure is established in the Board's instructions to the CEO and in the Group's signature policy, including authorisation and approval levels for different areas. The Group's insider policy regarding insider matters and the Group's information policy regarding external communication and press releases are other important policies and guidelines that aim to ensure proper internal control.

*Risk assessment*

Ferronordic has established an annual process for reviewing and assessing the Group's risks relating to financial reporting. The risk assessment also includes risks related to fraud and other irregularities, as well as the risk of loss or misappropriation of assets. Identified risks are prioritised and actions to manage and mitigate the identified risks are established. The risk assessment also forms the basis for the Board's annual plan for internal audit, through which risks related to financial reporting are evaluated on an ongoing basis. Based on the risk assessment, the Group's rules are evaluated continuously. The Board is updated continuously on material risks as well as actions planned or taken to manage and mitigate such risks.

*Control activities*

The purpose of the control activities is to identify and prevent errors and guarantee the quality of financial reporting. Based on the risk assessment, various control activities have been established. These aim to ensure that the requirements on the external financial reporting are fulfilled. The activities are both manual and automatic and include e.g. reviews and approvals of various types of transactions, analysis of key figures, verification of accounts and checklists and the application of controls for financial information in the IT systems used for the financial reporting. In addition, the Board and its audit committee, as well as management and the Group's internal audit function, constitute the general control bodies that carry out various control measures.

*Information and communication*

The annual report, year-end report, interim reports and current information are prepared in accordance with law and practice. The provision of information shall be reliable and characterised by transparency and openness. Information on the policies and procedures regarding financial reporting is given to all relevant employees at the beginning of their employment. Subsequent updates of applicable policies and procedures are communicated on an ongoing basis to all relevant employees. Policies and procedures regarding financial reporting are also available on the Group's intranet, available to all employees. The Board regularly receives financial updates and reports. Financial information can only be communicated by the CEO or CFO.

*Monitoring*

All process descriptions, policies and control documents are updated as needed. In addition, all policies are reviewed once a year. The Company's financial development is reviewed at every Board meeting. All interim reports, the annual report and the administration report are also reviewed and approved by the Board before they are made public. The efficiency of the assessment and management of risks are followed up at various levels within the Group, including during the management group's meetings and regional board meetings as well as within the internal audit process. The monitoring includes both formal and informal processes, e.g. comparisons between result and budget, monthly reviews of overdue accounts receivable etc.

*Internal audit*

Ferronordic has established an internal audit function. The role of the internal audit function is to independently and objectively assess and improve the efficiency of Ferronordic's internal control, risk management and governance processes. The head of internal audit reports functionally to the audit committee and administratively to the CEO. The internal audit function carries out regular reviews based on an annual internal audit plan, established by the Board based on the Group's risk assessment.

Stockholm, April 2024

The Board of Directors

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## Staffan Jufors

## Annette Brodin Rampe

## Lars Corneliusson

<b>Function</b>	Chairman of the Board, Chairman of the Remuneration Committee and member of the Audit Committee.	Board member and member of the Remuneration Committee and Audit Committee.	Board member.
<b>Nationality/born</b>	Swedish citizen. Born 1951.	Swedish citizen. Born 1962.	Swedish citizen. Born 1967.
<b>Member since</b>	2017	2017	2011
<b>Education</b>	Master's degree in business administration.	M.Sc. in Chemical Engineering.	M.Sc. in Business Administration.
<b>Other assignments</b>	Board member of the Nordens Ark foundation.	CEO of ImagineCare AB, board chairman of Storskogen Group AB, board member of PION Group AB and Episurf Medical AB.	
<b>Previous assignments and positions</b>	CEO of Volvo Trucks, CEO of Volvo Penta and board member of Akelius Residential Property AB, AF AB, Uniflex AB and Haldex AB.	CEO of the International English School. Board member of Peab AB, HerCare AB, Enströmgruppen AB and Stillfront Group AB.	Managing Director of CJSC Volvo Vostok and Head of Volvo Trucks Russia.
<b>Shares in Ferronordic</b>	90,000	2,000	993,590 shares and 182,000 warrants (through companies).

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*The board, cont.***Håkan Eriksson****Aurore Belfrage****Niklas Florén**

<b>Function</b>	Board member, Chairman of the Audit Committee and member of the Remuneration Committee.	Board member.	Board member and member of the Audit Committee.
<b>Nationality/born</b>	Swedish citizen. Born 1962.	Swedish citizen. Born 1979.	Swedish citizen. Born 1974.
<b>Member since</b>	2016	2021	2021
<b>Education</b>	M.Sc. in Business Administration.	Master of Business Administration.	M.Sc. in Computer Science and Engineering.
<b>Other assignments</b>	Board member of Skandinavkonsult i Stockholm AB, Skandinavkonsult Holding i Stockholm AB, Nivika Fastigheter AB, and Joheco AB.	Several board assignments (incl. My Telescope, Bubbleroom, The Swedish Institute's Transparency Council and Söderhub.com) and roles as investor in start-up companies in the technology sector.	CEO for WirelessCar.
<b>Previous assignments and positions</b>	Among others Board chairman and CEO of Kapitalkredit Sverige AB and board chairman of ClearCar AB.	Head of early stage EQT Ventures, co-founder Wrapp, columnist SvD Näringsliv.	Several positions within Sigma IT & Management and Volvo IT.
<b>Shares in Ferronordic</b>	2,450,000 (through companies).	-	50



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# Management and auditors

Lars **Corneliussen**Nadia **Semiletova**Henrik **Carlborg**Erik **Danemar**Dan **Eliasson**

	Lars <b>Corneliussen</b>	Nadia <b>Semiletova</b>	Henrik <b>Carlborg</b>	Erik <b>Danemar</b>	Dan <b>Eliasson</b>
<b>Function</b>	President and CEO.	Human Resources Director.	Business Development Director and Deputy CEO.	Group CFO and Head of Investor Relations.	General Counsel and Head of Treasury and Deputy CEO.
<b>Nationality/born</b>	Swedish citizen. Born 1967.	Russian citizen. Born 1979.	Swedish citizen. Born 1975.	Swedish citizen. Born 1976.	Swedish citizen. Born 1971.
<b>Education</b>	M.Sc. in Business Administration.	Studies in Organisational Management.	LL.M.	MBA (LBS) and BAs in Economics & Management and International Business.	M.Sc. in Law and B.Sc in Economics and Business Administration.
<b>Previous assignment and positions</b>	Managing Director of CJSC Volvo Vostok and Head of Volvo Trucks Russia.	Leading positions at British Petrol and Shell.	Consultant with a focus on M&A transactions. Partner at Hannes Snellman Attorneys at Law.	Senior positions for EF Education First, Black Earth Farming and Deutsche Bank in Russia.	Associate Lawyer at Linklaters. Senior positions for Nordea, Swedbank, Ikea and Catella in Eastern Europe.
<b>Shares in Ferronordic</b>	993,590 shares and 182,000 warrants (through companies).	3,770 shares and 90,500 warrants.	133,200 shares and 90,500 warrants.	8,000 shares and 90,500 warrants.	6,282 shares and 90,500 warrants.
<b>Employed since</b>	2011	2010	2013	2019	2020

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*Management and auditors, cont.***Onur Gucum****Anton Zhelyapov**

<b>Function</b>	Commercial Director.	Director of rental and used business.
<b>Nationality/born</b>	Turkish citizen. Born 1973.	Belarusian citizen. Born 1977.
<b>Education</b>	B.Sc. in Economics and Mathematics.	MBA at Stockholm School of Economics.
<b>Previous positions</b>	COO of Zeppelin caterpillar in Russia and various positions within the Volvo Group.	Various positions at Volvo Trucks.
<b>Shares in Ferronordic</b>	75,000 warrants.	768 shares and 90,500 warrants.
<b>Employed since</b>	2012	2015

*Auditor*

At the AGM 2023, KPMG was re-elected as the Company's auditor with Mats Kåvik (born 1962) as auditor-in-charge and without a deputy auditor, for a term of office until the next AGM. Mats Kåvik is an authorised public accountant and a member of FAR (the professional institute for authorised public accountants in Sweden).