



**Kate Swann**  
Chair

**Born:** 1964  
**Elected:** 2021  
**Education:** University of Bradford with a degree in Business Management.  
**Other assignments:** Advisor to EQT. Chair of Parques Reunidos, Moonpig PLC and IVC Evidensia. Board director of England Hockey. Independent in relation to Beijer Ref and its management.  
**Previous experience:** CEO of SSP Group plc. CEO of WH Smith.

Depending on the company's largest shareholders.

**Own and related shareholding 2023:**  
6,460 B shares in Beijer Ref AB.

80,827,501 ordinarie shares and 30,658,707 preference shares in EQT:s MPP (Management Participation Program).



**Albert Gustafsson**  
Board member

**Born:** 1977  
**Elected:** 2021  
**Education:** B.Sc. in Business Administration.  
**Other assignments:** Partner and Head of Private Equity Sweden at EQT. Board member of ETON, Bluestep.  
**Previous experience:** Board Member of Dometic, Granngården, Scandic and Iver.

Independent in relation to Beijer Ref and its management. Depending on the company's largest shareholders.

**Own and related shareholding 2023:**  
0 shares in Beijer Ref AB.



**Per Bertland**  
Board member

**Born:** 1957  
**Elected:** 2021  
**Education:** MBA, University of Lund.  
**Other assignments:** Chairman of Dendera Holding AB. Chairman of Inwido AB. Board member of IV Produkt AB. Board Member of Lindab AB. Board member Fortnox AB. Partner of Small Cap Partners.

**Previous experience:** CEO of Beijer Ref. COO of Beijer Ref. CFO of Indra AB and Ötab Sport AB within the Aritmos Group.

Dependence based on own shareholding. Independent in relation to Beijer Ref and its management.

**Own and related shareholding 2023:**  
7,874,000 A shares and 84,900 B shares in Beijer Ref AB.



**Joen Magnusson**  
Board member

**Born:** 1951  
**Elected:** 1985  
**Education:** Master of Business Administration.  
**Other assignments:** The Royal Physiographic Society's Economic Council and others.  
**Previous experience:** CEO of G & L Beijer AB until 30 June 2013. Employed by Teglund Marketing AB, Statskonsult AB, Skrinet AB.

Dependence based on own shareholding. Independent in relation to Beijer Ref and its management.

**Own and related shareholding 2023:**  
9,360,000 A shares and 475,476 B shares in Beijer Ref AB.



**Nathalie Delbreuve**  
Board member

**Born:** 1972  
**Elected:** 2022  
**Education:** Master's Degree in Business Administration– Finance at the Ecole Supérieure de Commerce de Paris  
**Other assignments:** CFO Verrallia Group SA.  
**Previous experience:** Operational finance roles in B2B services, technology and manufacturing sectors. Nathalie's experience spans international environments with a strong focus on cost management, M&A and divestments. Previous workplaces include PricewaterhouseCooper, XPO Logistics (formerly Norbert Dentressangle) and Plastic Omnium Group.

Independent in relation to Beijer Ref and its management.

**Own and related shareholding 2023:**  
0 shares in Beijer Ref AB.



**William Striebe**  
Board member

**Born:** 1950  
**Elected:** 2021  
**Education:** Doctor of Laws degree from University of Connecticut Law School and a BA in history from Fairfield University.  
**Other assignments:** Independent consultant at WFS Consulting advising on business and M&A related issues.  
**Previous experience:** Vice President, Joint Ventures, Vice President, Global Business Development, UTC Climate, Controls & Security and has over 30 years of experience from the UTC/Carrier business.

Independent in relation to Beijer Ref and its management.

**Own and related shareholding 2023:**  
720 B shares in Beijer Ref AB.



**Frida Norrbom Sams**  
Board member

**Born:** 1971  
**Elected:** 2015  
**Education:** M. Sc. in Business Administration, Uppsala University.  
**Other assignments:** President and CEO Hydros cand Group. Board member of Ballingslöv International AB.  
**Previous experience:** EVP, Head of EMEA at Husqvarna Group, VP Sales and Service region 2 at Husqvarna Group, SVP & Managing Director North Europe Sanitec Oy, EVP & CIO Sanitec Oy, Senior Manager BearingPoint/Andersen Business Consulting, EVP, Head of Application division NKT A/S.

Independent in relation to Beijer Ref and its management.

**Own and related shareholding 2023:**  
32,180 B shares in Beijer Ref AB.



**Kerstin Lindvall**  
Board member

**Born:** 1971  
**Elected:** 2021  
**Education:** Master's degree from the Swedish University of Agricultural Sciences, Uppsala.  
**Other assignments:** Chief Corporate Responsibility Officer at ICA Gruppen. Board member of ICA Gruppen's board management. Member of the Swedish Chemicals Agency's Transparency Council and UN Global Compact Sweden.  
**Previous experience:** 25 years of experience within the ICA Group as, among other things, head of environmental & social responsibility, quality manager and internal communications manager. Board member of KRAV and several positions of trust within industry organizations.

Independent in relation to Beijer Ref and its management.

**Own and related shareholding 2023:**  
0 shares in Beijer Ref AB.



**Christopher Norbye**  
CEO & President

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**Born:** 1973  
**Employed since:** 2021  
**Education:** MBA University of Miami.  
**Previous experience:** Executive Vice President & Head of Entrance Systems Division Assa Abloy.  
**Shareholding 2023:** 10,926 B shares and 100,000 options in Beijer Ref AB.

100,000,000 ordinary shares and 50,000,000 preference shares in EQT:s MPP (Management Participation Program).



**Joel Davidsson**  
CFO & EVP

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**Born:** 1982  
**Employed since:** 2023  
**Education:** MSc in Finance, Stockholm School of Economics.  
**Previous experience:** CFO Rosti Group, Vice President & Head of FP&A and Investor Relations Alfa Laval, CFO roles within Assa Abloy Entrance Systems and Investment Banking roles in London and Stockholm.  
**Shareholding 2023:** 0 shares in Beijer Ref. 10,000 options in Beijer Ref AB.

16,709,981 ordinary shares and 4,177,495 preference shares in EQT:s MPP (Management Participation Program).



**Simon Karlin**  
COO & EVP EMEA

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**Born:** 1968  
**Employed since:** 2001.  
**Education:** Master of Business Administration, Lund University.  
**Previous experience:** Business & Finance Director Beijer Ref, Business control Svedala Industri Group.  
**Shareholding 2023:** 141,000 B shares and 60,000 options in Beijer Ref AB.

26,116,505 ordinary shares and 15,600,000 preference shares in EQT:s MPP (Management Participation Program).



**Jonas Steen**  
COO & EVP APAC

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**Born:** 1976  
**Employed since:** 2010.  
**Education:** Master of Science in Chemical Engineering and Economics, Lund University.  
**Previous experience:** VP Beijer Ref Nordic and Eastern Europe, Business Control in Trelleborg Group.  
**Shareholding 2023:** 24,000 B shares and 70,000 options in Beijer Ref AB.

17,411,003 ordinary shares and 10,400,000 preference shares in EQT:s MPP (Management Participation Program).





**David Ericsson**  
Head of M&A & EVP

**Born:** 1986  
**Employed since:** 2016  
**Education:** Masters degree in Business Administration, University of Lund.  
**Previous experience:** VP Beijer Ref East Europe, Business controller Beijer Ref, Business controller Tunstall Healthcare UK Ltd.  
**Shareholding 2023:** 0 shares in Beijer Ref. 3,000 options in Beijer Ref AB.

17,411,003 ordinary shares and 10,400,000 preference shares in EQT:s MPP (Management Participation Program).



**Kristian Lexander**  
CDO/CIO & EVP

**Born:** 1975  
**Employed since:** 2021.  
**Education:** Master of Science with major in Informatics, Jönköping International Business School, Napier University Edinburgh.  
**Previous experience:** CIO & SVP Nederman, Senior Director William Demant, Senior Manager Accenture.  
**Shareholding 2023:** 0 shares in Beijer Ref. 50,000 options in Beijer Ref AB.

8,705,501 ordinary shares and 5,200,000 preference shares in EQT:s MPP (Management Participation Program).



**Hanna Grasso**  
HR & Communications & EVP

**Born:** 1978  
**Employed since:** 2022  
**Education:** Masteres Degree in International Business Administration, Jönköping International Business School.  
**Previous experience:** HR Director Trelleborg Engineered Coated Fabrics, HR Manager Operations Skånemejerier (Lactalis), HR Manager Sweden Saint Gobain Sekurit AB & Emmaboda Glass AB  
**Shareholding 2023:** 0 shares in Beijer Ref. 0 options in Beijer Ref AB.

6,964,401 ordinary shares and 4,160,000 preference shares in EQT:s MPP (Management Participation Program).



**Yann Talhouet**  
COO Toshiba HVAC Western Europe & EVP

**Born:** 1974  
**Employed since:** 2011.  
**Education:** MA, Paris Dauphine University, MBA, Insead, Fontainebleau.  
**Previous experience:** CEO of Toshiba HVAC Western Europe, Carrier Corporation. Management Consultant at Kearney.  
**Shareholding 2023:** 60,000 B shares and 20,000 options in Beijer Ref.

17,411,003 ordinary shares and 10,400,000 preference shares in EQT:s MPP (Management Participation Program).



**Henrik Thorén**  
CSCO & Head of Sustainability & EVP

**Born:** 1970  
**Employed since:** 2022.  
**Education:** B.Sc. Mechanical Engineering, Chalmers University of Technology and M.B.A International Business Management, Uppsala Universitet.  
**Previous experience:** Vice President Supply Chain & Procurement, Business Unit Service, Vestas, and other senior international management positions within Supply Chain & Sourcing, Ericsson.  
**Shareholding 2023:** 0 shares in Beijer Ref. 10,000 options in Beijer Ref AB.

11,400,000 ordinary shares and 10,400,000 preference shares in EQT:s MPP (Management Participation Program).

# Corporate governance and corporate responsibility



**2023 was characterised by exciting progress and significant achievements for Beijer Ref. Sales amounted to SEK 32 billion, reflecting a notable 42 per cent increase compared to 2022. The EBITA margin, excluding items affecting comparability, amounted to 10.6 per cent, compared with 9.8 per cent in 2022. The company's ambitious sustainability goals remained an important focus during the year and in November Beijer Ref's climate goals were approved by the Science Based Targets initiative (SBTi), which marked an important commitment for the company to continue to participate in the climate transition and contribute to a greener future.**

A balanced focus on the company's long-term and short-term goals, is a key part of the board's work. During the year, we made good progress in many of the goals. The group's geographical presence was expanded by

means of 15 acquisitions, each of which contributed valuable synergies and further strengthened Beijer Ref's decentralised business model.

The notable acquisition of the North American HVAC company, Heritage Distribution, was closed on 20 January. The North American market is marked by significant fragmentation, while regulatory initiatives are driving the transition towards electrification and energy efficiency. This combination creates great opportunities for Beijer Ref. Heritage comes with a highly skilled management team that has integrated well.

Collaboration between the board and management has continued to be very positive during the year. Together, we have evaluated various strategic choices and business projects and identified both opportunities and risks. One of the strengths of Beijer Ref's decentralised business model is its ability to effectively adapt to local changes, with speed and flexibility. In a rapidly changing world, this is extremely valuable.

Sustainability is a key element of Beijer Ref's business strategy, and it is very gratifying that the company's OEM sales have shown such strong growth. The goal for 2025 is for 50 per cent of Beijer Ref's total OEM sales to consist of products with low GWP values (lower than 150). This goal shows our commitment to the environment and our ambition to contribute to a sustainable future.

The company's new financial goals were introduced at Beijer Ref's Capital Markets Day on 30 November. The Board of Directors believes that these new goals better reflect the positive outlook we see for the growth of the business. The financial goals also contribute to increased transparency towards the market and helps our wider shareholder base better understand our business model.

I would like to extend a big thank you to my colleagues, both on the board, in the management team and throughout the rest of the group, for their commitment and valuable contributions. Their dialogues and ideas have enriched our collaboration and helped us to continue to build Beijer Ref and its unique culture.

**Kate Swann**  
Chair of the board

## Corporate Governance and Corporate Responsibility

Beijer Ref applies the Swedish Corporate Governance Code and here presents the annual corporate governance report for 2023. Investigation of the corporate governance report has been performed in accordance with RevR 16 by the company's auditor.

The composition of the Nominating Committee deviates from the rules of the Swedish Corporate Governance Code in that the number of board members on the Nominating Committee forms a majority of the members of the Nominating Committee and that more than one of these is not independent of the company's major shareholders. This composition has been made to safeguard the interests of the largest shareholders in accordance with the instructions of the Nominating Committee, adopted by the Annual General Meeting.

## Extraordinary General Meeting 2023

An Extraordinary General Meeting was held on 17 February 2023. The Annual General Meeting resolved, in accordance with the Board of Directors' proposal, to amend the Articles of Association regarding the limits for the minimum and maximum share capital and the number of shares. The purpose of the amendments was to adjust the limits to enable the planned preferential rights issue. The General Meeting further resolved, in accordance with the Board of Directors' proposal, to authorise the Board of Directors, during the period until the Annual General Meeting 2023, to decide on a new issue of class B shares with preferential rights for the company's shareholders, corresponding to issue proceeds of approximately SEK 14,000,000,000 within the limits of the share capital. The purpose of the authorisation was to repay the bridge facility that financed the company's acquisition of Heritage Distribution in the USA and to finance issue-related costs.

## Shareholder influence through the Annual General Meeting

The shareholders' influence is exercised through participation at the annual general meeting, which is Beijer Ref's highest decision-making body. The annual general meeting decides on the articles of association and elects board members, the chair and the auditor and decides on their fees. The annual general meeting also decides on the adoption of the income statement and balance sheet, on the allocation of the company's profit and on discharge from liability to the company for the board members and CEO. The annual general meeting also decides on the composition and work of the nominating committee and decides on principles

for remuneration and terms of employment for the CEO and other senior executives.

The annual general meeting 2023 was held on 25 April 2023 in Malmö. Shareholders were able to exercise their voting rights both by attending the meeting in person and by postal voting in accordance with the provisions of Beijer Ref's Articles of Association. A total of 517 shareholders were represented at the meeting through personal presence, proxies, associates or registered postal votes, all registered as present at the meeting. These represented approximately 79.6 (79.1) per cent of the total votes. Three shareholders, EQT, Joen Magnusson and Per Bertland, together represented 62.2 per cent of the votes represented at the meeting. Madeleine Rydberger, a member of the Swedish Bar Association, was elected to chair the meeting. All board members elected by the meeting were available.

**The full minutes of the meeting may be found on Beijer Ref's website. Among other things, the AGM decided on:**

- Dividend in accordance with the proposal of the board and the CEO of SEK 0.94 per share for the financial year 2022, corresponding to SEK 476,699,780.44.
- Re-election of board members: Albert Gustafsson, Frida Norrbom Sams, Joen Magnusson, Kate Swann, Kerstin Lindvall, Natahlie Delbreuve, Per Bertland and William Striebe. Kate Swann was re-elected as chair of the board.
- Determination of remuneration to the board and auditor.
- Principles for remuneration and other terms of employment for the CEO and other senior executives.
- Adoption of income statements and balance sheets.
- The board's proposal for a resolution to authorise the Board of Directors to decide on a new share issue within the specified frameworks, in order to be able to pursue the company's acquisition strategy.
- Implementation of a long-term share-based incentive programme.

- Election of Deloitte AB as the company's auditor in 2023 with Richard Peters as chief auditor.
- Discharge from liability for the Board of Directors and the CEO.
- Beijer Ref's Annual General Meeting 2024 will be held on 23 April in Malmö. For further information about the next Annual General Meeting, see page 113 in this annual report.
- EQT Group, Joen Magnusson (family and company) and Per Bertland (family and company) each hold more than 10 per cent of the votes in the company. For further information about the share and shareholding, see pages 28-31 and the company's website.

### Nominating Committee

The Nominating Committee represents the company's shareholders and nominates board members and auditors and proposes their fees.

### Nominating Committee before the 2024 Annual General Meeting

The Nominating Committee was appointed in October 2023 and, in accordance with instructions adopted by the Annual General Meeting, shall consist of five members, including the Chair of Beijer Ref's Board of Directors. The members were appointed from among the company's four largest shareholders in terms of voting rights in accordance with the applicable instructions and consist of: Juho Frilander (EQT Partners), Joen Magnusson (own and related parties' holdings, member of Beijer Ref's Board of Directors), Per Bertland (own and related parties' holdings, member of Beijer Ref's Board of Directors), Patricia Hedelius (AMF Occupational Pensions and Funds) and Chair of Beijer Ref's Board of Directors, Kate Swann. Juho Frilander was appointed Chair of the Nominating Committee. The 2024 Nominating Committee has held 3 (6) meetings. The Nominating Committee has conducted its work by evaluating the work, composition and competence of the Board of Directors, and the diversity policy applied by the Nominating Committee is point 4.1 of the Swedish Corporate Governance Code.

A report on the work of the Nominating Committee was submitted in the Nominating Committee's explanatory statement, which was published before the Annual General Meeting 2023. Further information about the

Nominating Committee and its work can be found on the group's website: [www.beijerref.com](http://www.beijerref.com).

## Proposals to the Annual General Meeting 2024

**The Nominating Committee has prepared the following proposals to be presented to the Annual General Meeting 2024 for decision: The Nominating Committee has decided to propose to the Annual General Meeting:**

- Re-election of the members of the Board of Directors: Kate Swann, Albert Gustafsson, Joen Magnusson, Per Bertland, Frida Norrbom Sams, Nathalie Delbreuve, William Striebe and Kerstin Lindvall.
- Re-election of Kate Swann as Chair of the Board of Directors.
- Re-election of Deloitte AB as the company's auditor in 2024.

### Board of Directors

The Board of Directors has overall responsibility for the organisation and management of Beijer Ref. According to the Articles of Association, the Board of Directors shall consist of a minimum of 4 and a maximum of 8 members, with or without deputies. The board members are elected annually at the Annual General Meeting for the period until the end of the next Annual General Meeting.

### Responsibilities of the Chair

The Chair is responsible for ensuring that the work of the Board of Directors is well organised and effective and that the Board of Directors fulfils its duties. The Chair monitors the business in dialogue with the CEO. She is responsible for ensuring that the other board members receive the information and documentation necessary for a high quality of discussion and decisions, as well as verifying that the board's decisions are implemented.

### Composition of the Board of Directors 2023

Beijer Ref's Board of Directors consisted of eight members, elected by the Annual General Meeting. The CEO, CFO and General Counsel participate in all board meetings and other executives in the group participate as rapporteur on specific issues as necessary. For further information about the



board members, see pages 49-50 and note 6.

## Independence of the Board of Directors

The Board of Directors' assessment, which is shared by the Nominating Committee, regarding the board members' position of dependence in relation to Beijer Ref and the shareholders, appears on pages 49-50. As is shown, Beijer Ref complies with the Swedish Corporate Governance Code requirement that the majority of the AGM-elected members are independent of Beijer Ref and the executive management, and that at least two of these are also independent of Beijer Ref's major shareholders.

## The work of the Board of Directors in 2023

In 2023, Beijer Ref's board held 13 ordinary meetings. The company's financial position and investment activities were discussed at each ordinary board meeting. Work in 2023 has been largely focused on issues involving strategy and continued expansion through acquisition, as well as increased profitability. The company's auditor has met the Board of Directors without the management being present during the year. Between the board meetings, a large number of contacts have taken place between the company, its chair and other board members. Members are regularly sent written information concerning the company's activities, financial status and other relevant information. The measures taken by the board to monitor the functioning of internal control in relation to financial reporting and reporting to the board include requesting in-depth information in certain areas, in-depth discussions with parts of group management and requesting descriptions of the components of internal control, which are determined at the inaugural board meeting after the Annual General Meeting.

The board establishes instructions for the CEO at the same time. All members have attended all board meetings, which have been held both digitally and physically during the year.

## Evaluation of the members of the Board of Directors and the CEO 2023

The chair of the board is responsible for evaluating the board's work, including the input of individual members. This is done through an annual, structured evaluation with subsequent discussions by the board, at which the results of the survey, including comments submitted, are presented by giving individual responses to each question, as well as average and standard deviation. During 2023 the evaluation has been done through a web-

based evaluation of the board where the board members individually, and anonymously, decide on statements regarding the board as a whole, the chair of the board, the CEO's work on the board and their own input. The evaluation focuses on improving the board's efficiency and focus areas, as well as the need for specific skills and working methods.

The results of the evaluation of the Board of Directors have been presented to the Nominating Committee. The Nominating Committee has also interviewed individual board members. In addition to the above annual board and CEO evaluation, the board evaluates the work of the CEO continuously by monitoring the development of the business towards the established goals.

## Committees of the Board of Directors

In 2023, the Board of Directors had an Audit Committee consisting of Nathalie Delbreuve (Chair), Frida Norrbom Sams and Albert Gustafsson. The Audit Committee met 6 (4) times in 2023. Albert was absent from one of the meetings; otherwise, all members have been present at every meeting held throughout the year, both digitally and physically.

## The work has mainly focused on:

- Current and new accounting issues.
- Review of interim reports, year-end report and annual report.
- Review of reports by Beijer Ref's auditor including the auditor's audit plan and follow up on
- audit fees.
- Assistance in drawing up proposals for the Annual General Meeting's decision on the election of the auditor.
- Review of procedures and work plan for the work of the committee.
- Ensuring that policies exist and rules are complied with.
- Follow-up and reporting back concerning the company's tax situation and tax audits.
- IT-related security issues.

- Review of Beijer Ref's risk analysis.

In 2023, the Board of Directors had a Remuneration Committee consisting of Kate Swann and Albert Gustafsson. The CEO and EVP HR and Communications present reports at these meetings. The Remuneration Committee met 3 (4) times during 2023. All members were present at all meetings, which were held digitally throughout the year. Questions are prepared during the first board meeting of the year and decided at the board meeting held in connection with the Annual General Meeting.

## The Remuneration Committee has, among other things, the task of monitoring and evaluating:

- The application of the company's guidelines for remuneration to senior executives and the current remuneration structures and levels of remuneration in the company. All programmes for variable remuneration for company management.
- Recommending long-term incentive programmes.

## External auditors

The Annual General Meeting appoints the external auditor. Beijer Ref's auditor is the accounting firm Deloitte AB, with authorised public accountant Richard Peters as chief auditor. Deloitte AB has been elected by the Annual General Meeting 2023 as Beijer Ref's auditor for the period until the Annual General Meeting 2024.

Deloitte AB has conducted a general review of the company's interim financial report for the period from January 1, 2023, to September 30, 2023, in accordance with International Standard on Review Engagements ISRE 2410.

## Internal audit

There is a limited internal control function. The function has performed a mapping of risks, developed focus areas and carried out a self-assessment procedure with the group's companies. There is no fully developed internal auditor function in the Beijer Ref group. In accordance with the rules of the Swedish Corporate Governance Code, the board of Beijer Ref AB has decided on any need for a special internal audit function. The board has found that there is currently no need for such an organisation in the Beijer Ref group. The background to this position is the compa-

ny's risk profile and the control functions and control activities that are built into the company's structure, such as active boards in all companies, a high degree of presence from local management and board representation by management at the level above etc. Beijer Ref has defined internal control as a process that is influenced by the board, the audit committee, the CEO, group management and other employees and designed to provide a reasonable assurance that Beijer Ref's goals are achieved in terms of: efficient and appropriate operations, reliable reporting and compliance with applicable laws and regulations. The internal control process is based on a control environment that creates discipline and provides a structure for the components of the process – risk assessment, control structures and follow-up. For information on internal control relating to financial reporting, see the section on internal control. For information on risk management, see pages 60-61.

#### CEO and Group Management

Christopher Norbye took up the position of President and CEO of the Beijer Ref Group on 30 August 2021. The President and CEO of Beijer Ref heads Beijer Ref's operations on an ongoing basis and is assisted by a group management team consisting of the heads of business operations, purchasing, IT, mergers and acquisitions, HR, communication, sustainability and finance staff/legal. At the end of 2023, group management, including the CEO, consisted of 9 people. CFO Ulf Berghult was succeeded by Joel Davidsson in October 2023. For further information about group management, see pages 51-52.

#### Remuneration to senior executives

The aim of Beijer Ref's remuneration policy for senior executives is to offer competitive and market-based remuneration, so that competent and skilled employees can be attracted, motivated and retained. These guidelines allow senior executives to be offered a competitive total remuneration. The guidelines are applied to remuneration that has been agreed upon, as well as changes made to already agreed remuneration, after the guidelines were adopted by the 2023 Annual General Meeting. The Board of Directors, in its capacity as the company's Remuneration Committee, shall prepare, monitor and evaluate matters relating to variable cash remuneration. The remuneration shall consist of fixed salary, variable cash remuneration, pension benefits and other remuneration. The variable cash remuneration shall be based on predetermined, well-defined and measurable financial

and non-financial goals for the group, as well as on a group and individual level, such as sales growth, profit growth and working capital development and, with regard to the non-financial goals, linked to clear functional goals and/or sustainability goals. The weighting between the respective goals set shall be so that the heaviest weighting is placed on profit growth. The non-financial goals may amount to a maximum of 20 per cent of the total variable cash remuneration. Fulfilment of criteria for the payment of variable cash remuneration shall be measurable over a period of one year. The CEO receives a maximum amount corresponding to 100 per cent of an annual salary and other senior executives in group management receive a maximum amount corresponding to 75 per cent of an annual salary. The board shall have the possibility, according to law or contract, to recover in whole or in part any variable remuneration paid in error.

Senior executives' pension benefits, including health insurance benefits, are defined contribution. An amount equal to a maximum of 30 per cent of fixed annual salary is allocated to the CEO, and an amount equal to a maximum of 25 per cent of fixed annual salary is allocated to other senior executives.

Other benefits may include health insurance and car benefit, which shall not constitute a substantial part of the total remuneration. Extraordinary remuneration may be paid as one-off arrangements in exceptional circumstances for the purpose of recruiting or retaining executives. Such remuneration may not exceed an amount equal to one year's fixed salary. For senior executives outside Sweden, whose employment relationships are subject to rules other than Swedish, other conditions may apply as a result of legislation or market practice and adaptation may thus occur.

Severance pay and fixed salary during notice are paid to the CEO up to a maximum of 24 months' fixed salary and to other senior executives up to a maximum of 12 months' fixed salary. Senior executives may resign with a notice period of six months. In the event of resignation by a senior executive, there is no severance pay. In addition, compensation for any undertaking on restriction of competition may be paid. Such remuneration shall compensate for any loss of income and shall be paid only to the extent that the former executive is not entitled to severance pay for the corresponding period of time.

The board's discussion of and decisions on remuneration-related matters do not include the CEO or other members of group management, to the extent that they are affected by the issues. The board shall draw up proposals for new guidelines at least every four years and submit the proposal for decision by the annual general meeting. The board may decide to suspend these guidelines in whole or in part if, in an individual case, there are special reasons for doing so and a deviation is necessary to satisfy the long-term interests of the company, including its sustainability, or to ensure the company's financial viability.

For more detailed information on remuneration guidelines, see note 6 in this annual report.

**Further information on corporate governance may be found on Beijer Ref's website [www.beijerref.com](http://www.beijerref.com). This includes the following information:**

- Previous annual corporate governance reports
- Notice of the Annual General Meeting
- Minutes
- Quarterly reports

#### Internal control

The Board of Directors' responsibility for internal control is regulated by the Swedish Companies Act and the Swedish Corporate Governance Code. Internal control of financial reporting is intended to provide reasonable assurance of the reliability of the external financial reporting in the form of quarterly reports, annual accounts and year-end releases, and that the external financial reporting is prepared in accordance with law, applicable accounting standards and other requirements for listed companies.

#### External control instruments

**The external instruments that form the framework for corporate governance within Beijer Ref include:**

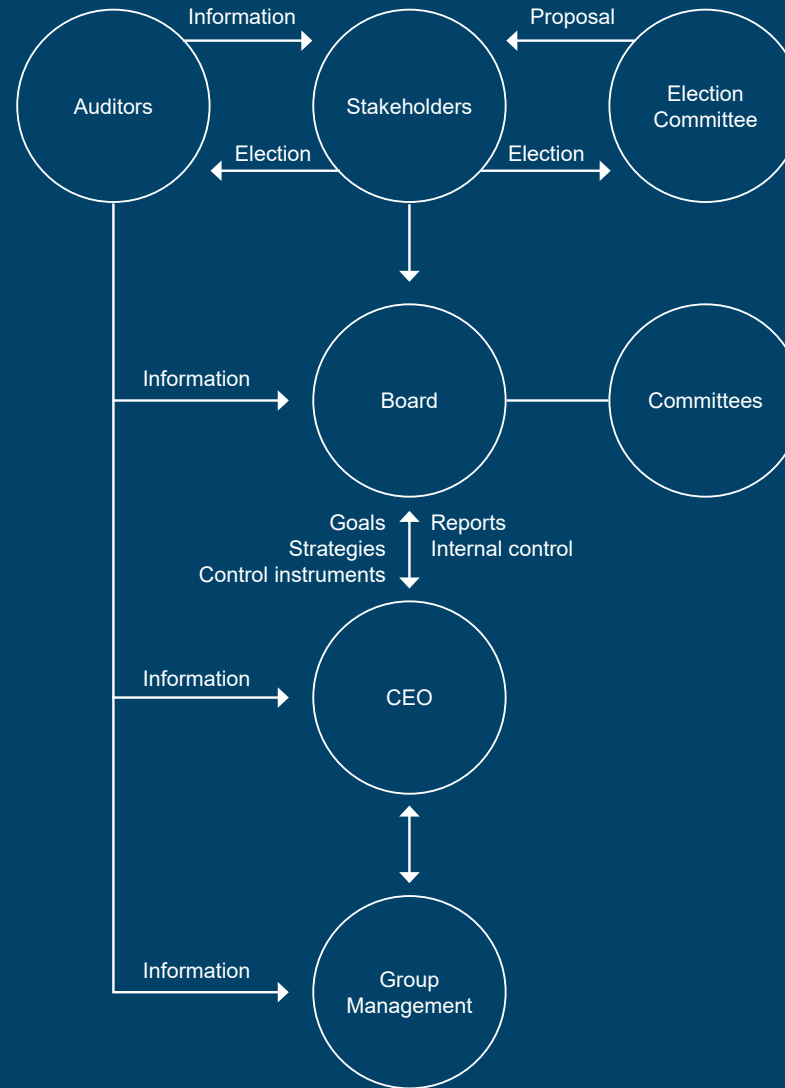


- The Swedish Companies Act
- Swedish and international financial reporting legislation
- Nasdaq OMX Stockholm's rules
- The Swedish Corporate Governance Code

**Internal control instruments**

**The binding internal control instruments include:**

- The Articles of Association
- Rules of procedure for the Board of Directors
- The Board of Directors' instructions to the CEO
- Authorisation rules
- Ethical guidelines
- Financial policy
- Finance Manual
- The internal control process
- Process for handling whistleblower cases



# Risks and risk management

**The Beijer Ref group's operations are affected by a number of external factors whose effects on the group's operating profit can be monitored to varying degrees.**

Group-wide rules, which are established by the board, form the basis for managing these risks at different levels within the group. The aim of these rules is to get an overall picture of the risk situation, to minimise negative effects on profit and to clarify responsibilities and authority within the group. Monitoring compliance with the rules is controlled by the designated persons and reported to the board.

## Control environment and structure

Beijer Ref has a strong ownership influence and the major shareholders are represented on the board.

Beijer Ref is by its nature decentralised and the individual companies' own organisations fulfil important functions in terms of company culture and the control environment, through the short decision-making paths that exist and the strong presence of local management. The legal organisation very much coincides with the operational one and there are therefore few decision-making fora that are not linked to the responsibilities of the various legal entities that are regulated by law.

The management work is based on the work of the board, which is the backbone of company management, and the organisation's various company boards. The regulatory framework that covers company management, such as the Swedish Companies Act, forms the basis for how the work of the board is performed and, through this way of working, powers and responsibilities are regulated by these laws. The decisions taken by the boards are minuted and followed up carefully. It is through this board work that control activities and follow-up of these is decided and carried out with local endorsement. It is the consistent practice within the group that, with critical issues such as important personnel issues, organisational issues etc., the immediate manager refers to their respective manager so as to endorse decisions before they are made.

The principle of far-reaching decentralisation is of great importance for the different companies' sense of their own significance and for motivation to work. The dissemination of responsibilities and powers leads to a strong will to live up to this responsibility and the expectations that come with it.

## Risk Management

The work of identifying, evaluating, managing and following up risks is an important part of the management and control of Beijer Ref's operations. Beijer Ref has an established process for enterprise risk management, which provides a framework for the group's work on risks. The process aims to provide a group-wide overview of the group's risks, thus enabling follow-up and management. The highest governing body for risk management is Beijer Ref's Board of Directors and its Audit Committee, which continuously reviews the risks. Risks are also managed on an ongoing basis at group level by a Risk Board led by the CFO, with representatives from Legal, IT, HR and Finance.

Senior executives in group and business area management are represented on boards at an underlying organisational level and in individual companies of significance. It is through this board work that control activities and follow-up of risks, among other things, are decided and implemented locally. The principle of far-reaching decentralisation is of great importance for the subsidiaries' own commitment and drive in each company. The dissemination of responsibilities and powers leads to a strong will to live up to this responsibility and the expectations that come with it. The large geographical spread of products and services offered within the group and the number of customers and suppliers provide a good underlying risk diversification.

Risk assessment regarding financial reporting at Beijer Ref aims to identify and evaluate the most significant risks that affect internal control of financial reporting in the group's companies, business areas and processes. The present situation is assessed and improvement points are established. Control activities are also evaluated and assessed on an ongoing basis.

Concerning sustainability risks, the group has developed a framework that deals with procedures and guidelines in areas such as the environment, employees, business ethics and efforts to avoid corruption, responsible supply chain and partnerships. The framework is disseminated to all subsidiaries, which then report back on action plans and results. With regard to the risks of compliance with new environmental laws and resolutions for HFC gases, Beijer Ref has conducted a review of its own handling and upgraded leakage safety in all filling stations to minimise the risk of leakage. With regard to risks in social working conditions, diversity and inclusion, ethics and anti-corruption, the group

has evaluated its own and its subsidiaries' management. Risks in social working conditions, ethics and anti-corruption are minimised by complying with the company's codes of conduct for employees and suppliers and other policies. The company also works on continuous e-learning in these areas.

Beijer Ref's crisis management is decentralised. As far as possible, incidents are handled and resolved locally, close to the occurrence of the incidents. The crisis organisation at group level, consisting of the CFO and members of the group Legal, Communications and Human Resources staff, shall ensure that relevant employees have the skills and abilities needed to handle incidents. In the event of a major incident that may have an impact on the group as a whole, the group's crisis organisation, including group management and the board, must be informed and assess how the incident is to be handled.

Insurance is handled centrally at the group's head office by the Treasury department together with insurance brokers.

Follow up to ensure the effectiveness of internal control of financial reporting is performed by the board, CEO, CFO and group management. The follow up includes monthly financial statements compared with budget, previous year and goals and quarterly reports with results supplemented by written comments. The follow up also includes following up on observations reported by Beijer Ref's auditor. Beijer Ref works according to an annual plan, which takes its starting point in the risk analysis and includes priority companies, acquired companies, main processes and specific risk areas.

## Risks at Beijer Ref

Within Beijer Ref, a risk is defined as a future event that may adversely affect the Beijer Ref group's ability to fulfil its goals. The risk definition focuses on risks with significant potential to threaten one or more defined strategic goals. The risks are evaluated based on their impact on the overall strategic goals and the likelihood of the risk occurring within the next five years. Measures and action plans are also developed for each risk. The risks are then mapped based on probability and effect. Beijer Ref groups the risks in the areas Strategic, Business, Regulatory Compliance and Financial.

Identified risks	Management and exposure
<b>Access to capital and interest rate risks</b>	New banking requirements and higher interest rates, as well as the general economic situation, may affect the availability of capital. This is offset by Beijer Ref having financing with different banks and sources of financing, as well as different maturity dates for the credits.
<b>Beijer Ref's corporate culture</b>	There is a risk that Beijer Ref's corporate culture will be depleted unless the culture is preserved and maintained on a regular basis. Beijer Ref has a Code of Conduct to enhance and maintain the culture, as well as policies for business ethics and morality. The company also has an introductory course, an e-learning system for all new employees and new companies and global internal sales training.
<b>Changed legal requirements and regulations</b>	Changed legal and regulatory requirements, not least changes in environmental requirements, affect Beijer Ref's business. The company regularly monitors these requirements as part of its global surveillance. The company is positively affected by the European phase-out programme for CO <sub>2</sub> equivalents, at the same time as demand for the company's environmentally friendly range is increasing. The phasing-out will run until 2030 and the new technologies will gradually be established in other markets outside Europe, for example in Australia and New Zealand.
<b>Competition with existing customers</b>	As Beijer Ref delivers more and more systems, installation is usually included, which can compete with existing customers. The risk is mitigated by educating and offering services that customers take responsibility for.
<b>Currency risks</b>	The company is exposed to currency fluctuations, and continually hedges the foreign exchange exposure in certain subsidiaries so as to counterbalance this risk.
<b>Dependence on larger suppliers</b>	The company has a number of important agreements with HVAC suppliers. Beijer Ref has however, the strategy of having at least one supplier within each price segment and at least two suppliers in each market. Carrier, Toshiba, Mitsubishi Heavy Industries, Rheem and Gree are all important partners of the company in HVAC.
<b>Digitalisation and e-commerce</b>	Digitalisation and e-commerce create new trade patterns and behaviours that are continuously being evaluated. The risk is minimised by working under various different brands and via a differentiated product range. There is always a risk that the company will be affected by new players challenging the industry in this area.
<b>Increased competition and concentration in Europe</b>	Beijer Ref has a strong position in Europe and has historically had a head start, which could lead to downward price pressure on the market prices when new actors enter. Better products and entering new markets can reduce this risk.
<b>Macroeconomics</b>	Negative economic trends or a weakening of the purchasing power of Beijer Ref's end customers in the markets where Beijer Ref operates could trigger an industry-wide sales decline. Beijer Ref's business model is decentralised and flexible. Decision-making is close to the local market and the cost structure is flexible.

Identified risks	Management and exposure
<b>Political risks</b>	Political risks can affect liquidity and the general business climate. Beijer Ref continuously monitors and follows the political situation as part of the business analysis and avoids particularly vulnerable markets.
<b>Risk of data failure and data intrusion</b>	Data failure and intrusion affect Beijer Ref's sales and customer relationships to a limited extent, since the group has a decentralised IT environment. The company works to strengthen perimeter protection and is also working on other security solutions, such as password policy and double logins. The company continuously conducts cyber awareness training for all employees.
<b>Risk of fire, destruction, natural disasters and pandemic</b>	In emerging markets, the risk of natural disasters is greater and the company weaves this risk into its insurance solution and business interruption insurance so as to minimise the risk of harm and losses. One consequence of globalisation is that it is difficult to protect the company from pandemics; in these situations the company follows the WHO's recommendations. Like any other company, the company is affected by a pandemic, although the impact is minor since the business is classified as societally important.
<b>Risk of irregularities</b>	Beijer Ref has a decentralised organisation and its subsidiaries are governed by regular board meetings. A self-evaluation of internal control is performed annually. The company also has a whistleblower function and a code of conduct.
<b>Risks in new markets</b>	Before Beijer Ref enters new markets, a market analysis of the market is conducted, in order to become aware of the risks and to be able to manage them. The company ensures that there are skilled personnel to handle the new markets.
<b>Risks in the product range</b>	The risk that Beijer Ref does not get new environmentally friendly products on the market. This risk is mitigated against by a central category manager for each product segment who takes responsibility for the product throughout its entire life cycle and who is also responsible for bringing in new products.
<b>Risk related to dealers – customers buying directly from suppliers</b>	Customers tend to contract directly with suppliers, in order to obtain lower prices. Beijer Ref has many small customers, which can counteract this risk, while the company has a high level of availability in its product range.
<b>Risks related to product liability</b>	Poor quality products always negatively affect the Beijer Ref brand. The company always works with at least two brands in all markets and within different price segments. A central category manager, contracts with clear guarantee and liability clauses together with testing of products counteract this risk.
<b>Suppliers sell directly to larger customers and by-pass the wholesaler</b>	Beijer Ref's distribution network through branches and presence in 45 countries counteracts this risk and constitutes a fully-fledged alternative to suppliers and own brands, which further strengthens Beijer Ref's position.