

Corporate Governance Report

MEKO consists of around 130 companies with operations primarily in Denmark, Estonia, Finland, Latvia, Lithuania, Norway, Poland and Sweden. The Parent Company of the Group is the Swedish public limited liability company MEKO AB, whose shares are listed on Nasdaq Stockholm.

Principles for corporate governance

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

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

1 Shareholders

The MEKO share has been listed on the Nasdaq Stockholm, Mid Cap segment since May 29, 2000. On December 31, 2023, share capital amounted to SEK 141 M, represented by 56,416,622 shares. At year end, MEKO AB had 83,861 treasury shares. Treasury shares do not carry entitlement to dividends or votes. The total market value for the company on December 31, 2023 amounted to SEK 6.2 billion, based on the closing price of SEK 109.40. All shares

(excluding treasury shares) provide the same voting rights and equal rights to the company's earnings and capital. MEKO's Articles of Association do not include any restrictions on how many votes each shareholder can cast at a General Meeting.

On December 31, 2023, there were 11,637 shareholders (12,009). On the same date, the ten largest shareholders controlled 66.2 percent (69.2) of the capital and voting rights, while foreign owners accounted for 46.9 percent (43.5) of the capital and voting rights.

Shareholders which directly or indirectly represent at least one-tenth of the voting rights for all shares in MEKO are LKQ Corporation and subsidiaries, whose shareholding on December 31, 2023 amounted to 26.6 percent (26.6), and Swedbank Robur Fonder with a holding equivalent to 10.6 percent (11.3). For further information on MEKO's shares and shareholders, refer to pages 23–24.

2 General Meeting

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

Overall Corporate Governance Model



It is the company's aim that the General Meeting be a consummate body for shareholders, in accordance with the intentions of the Swedish Companies Act, which is why the objective is usually that the Board in its entirety, the representative of the Nomination Committee, the President and CEO, auditors and other members of the Group Management Team must always be present at the Meeting. With regard to participation in the 2024 Annual General Meeting, shareholders, in addition to the possibility of participating physically, can choose to participate by postal voting.

Annual General Meeting 2023

The Annual General Meeting was held in Stockholm on May 23, 2023. The complete minutes of the Annual General Meeting are available on the company's website at www.meko.com. In brief, the Annual General Meeting resolved:

Application of the Swedish Corporate Governance Code

The Group applied the Swedish Corporate Governance Code ("the Code") without any deviations. In 2023 as the new Nomination Committee has a Chairman who is not a Board member.

- to adopt the income statement and balance sheet, the consolidated income statement and the consolidated balance sheet
- to pay a dividend of SEK 3.30 per share to shareholders.
- to discharge the members of the Board and the President from liability,
- that the number of members of the Board elected by the General Meeting shall be eight with no deputy members.
- to pay total Board fees of SEK 3,940,000, of which SEK 775,000 relates to fees to the Chairman of the Board and SEK 495,000 relates to the Executive Vice Chairman, and also SEK 360,000 relates to fees to each of the other Board members elected by the Annual General Meeting who are not employed by the Group. Total Board fees also include fees to members of the Board's committees, paid as follows: SEK 150,000 to the Chairman of the Audit Committee, SEK 60,000 to each of the other members of the Audit Committee, SEK 60,000 to the Chairman of the Remuneration Committee and SEK 30,000 to each of the other members of the Remuneration Committee
- re-election of Chairman Robert M. Hanser and Board members Eivor Andersson, Kenny Bräck, Joseph M. Holsten, Magnus Håkansson, Helena Skåntorp and Michael Løve as well as the election of Justin Jude as new Board member.
- to re-elect the auditing firm of PricewaterhouseCoopers AB as the company's auditor for the period until the close of the 2024 Annual General Meeting
- to adopt the Board's proposals for guidelines regarding remuneration of senior executives
- to adopt the Board's proposal to establish a long-term share-based incentive program (LTIP 2023) and in conjunction with this to authorize the Board to decide on the acquisition of own shares and transfer of own shares
- to adopt authorization for the Board, for the period until the next Annual General Meeting, on one or more occasions, with or without preferential rights for shareholders, to make decisions on new share issues of not more than 5,641,662 shares

3 Nomination Committee

In accordance with the guidelines established at the Annual General Meeting on May 23, 2023, MEKO has established a Nomination Committee comprising four members. The largest shareholders of the company were contacted by the company's Board based on the list of registered shareholders on August 31, 2023 as provided by Euroclear Sweden AB.

The Nomination Committee for the 2024 Annual General Meeting consists of Dominick Zarcone appointed by LKQ Corporation, Magnus Sjöqvist appointed by Swedbank Robur Fonder AB, Thomas Wuolikainen appointed by Fjärde AP-Fonden and Erik Nordström appointed by Didner & Gerge Fonder AB. In accordance with the guidelines, Dominick Zarcone was appointed the Chairman of the Nomination Committee. MEKO's Board member, Helena Skåntorp, was co-opted to the Nomination Committee. No fees are paid to the Nomination Committee members.

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

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

- number of Board members and deputy Board members,

Annual General Meeting 2024

The Annual General Meeting will be held on May 16, 2024 at 7A Posthuset, Vasagatan 28, 111 20 Stockholm, Sweden. In addition to physical participation, participation can also take place through postal voting. Read more in the convening notice for the Annual General Meeting on www.meko.com

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

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

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

4 Board of Directors Size and composition

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

Board members

In the opinion of the Nomination Committee, the Board has a suitable composition considering the company's operations, financial position, stage of development and circumstances otherwise. An important starting point for the proposal of Board members was that the Board's composition should reflect and provide space for the different knowledge and experience that the company's strategic development and governance may demand. The company has a Diversity Policy for the Group that includes the company's Board and management. The company's Diversity Policy, which was prepared in accordance with the Code's rule 4.1, aims to achieve an even distribution in the Board and management in terms of age, gender, education and professional background. The Diversity Policy forms the basis of the Nomination Committee's proposal to the Board at the 2024 Annual General Meeting.

Chairman

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

The Board's working procedures

The Board is ultimately responsible for the company's organization and management and is to also make decisions pertaining to strategic issues. During 2023, the Board held 13 meetings (13), of which 0 (1) were independent. Minutes of the meetings have been kept by the Board secretary, which is the Group's Director of Legal Affairs. In the event of issues that risk involving conflicts of interest, independent Board meetings are held where the Board members representing LKQ Cooperation do not participate or receive the minutes.

Relevant meeting documentation was sent to all members prior to each meeting, which were then held in accordance with the approved agenda. On occasions, other senior executives participated in Board Meetings in a reporting capacity, as necessary. No dissenting opinions to be recorded in the minutes were expressed at any of the meetings during the year. The Board meetings during the year

addressed the fixed items of each meeting agenda, such as the year-end financial statement including a proposal on dividends, interim reports, budgets, strategies, business situation, financial reporting, investments and market development (refer to the figure Overview of all points on the Board's agenda in 2023 on page 38).

Duties of the Board of Directors

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

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

The Board evaluates its work every year and it is the duty of the Chairman of the Board to ensure that evaluation is performed. During 2023, the Chairman organized a digital Board evaluation and evaluation

Overview of all points on the Board's agenda in 2023¹⁾²⁾

December 13

- Budget 2024

November 8

- Q3 2023, Interim report
- Decision on investment in central warehouse in Norway
- Updating of policies

August 22

- Q2 2023, Interim report



February 14

- Q4 2022, Year-end report
- Dividends
- External auditors' report
- Risk analysis & strategy update Q4

April 4

- Approval of the Annual Report and remuneration report

April 17

- Invitation to the Annual General Meeting and proposals to the Annual General Meeting

May 15

- Q1 2023, Interim report
- Distribution of shares according to LTIP 2020

May 23

(Board meeting and Statutory Board meeting)

- Board's rules of procedure and instructions for the President
- Committees' rules of procedure, updating policies
- Election of Vice Chairman
- Election of committee members
- Company signatories

June 14

- Strategy 2023–2028
- Divestment of warehouse property in Denmark

1) At each ordinary Board meeting, the Group's position and performance and the outlook for the future were discussed.
 2) Extra Board meetings in 2023: March 20 Long-term financial targets 2027. April 12 Mandate to complete sale and leaseback transaction for properties in Finland. June 16 Change to loan agreements. December 6 Decision on reorganization in Norway.

Board remuneration and attendance

	Total remuneration, SEK	Attendance at Board meetings	Attendance at independent Board meetings	Attendance at Audit Committee meetings	Attendance at Remuneration Committee meetings
Robert M. Hanser	865,000	13/13	-	4/4	4/4
Helena Skåntorp	645,000	13/13	-	4/4	
Eivor Andersson	420,000	13/13	-		4/4
Kenny Bräck	360,000	13/13	-		
Joseph M. Holsten	420,000	12/13	-	3/4	
Magnus Håkansson	420,000	13/13	-	4/4	
Michael Løve	390,000	11/13	-		2/4
Justin Jude	420,000	8/13	-	1/4	

of the committees and internal and external audits together with an external supplier for all Board members. The collective opinion based on the 2023 evaluation is that the Board's work functioned well during the year and that the Board fulfilled the Code's requirements regarding the Board's work.

Board committees

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

5 Remuneration Committee

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

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

In 2023, the Remuneration Committee consisted of the Board members Eivor Andersson (Chairman), Robert M. Hanser and Michael Løve.

In 2023, the Remuneration Committee held four meetings. The respective member's participation is presented in the table on page 38.

In addition, the company's President and CEO Pehr Oscarson has been present at four meetings and the company's CFO has been the committee's secretary during four meetings.

6 Audit Committee

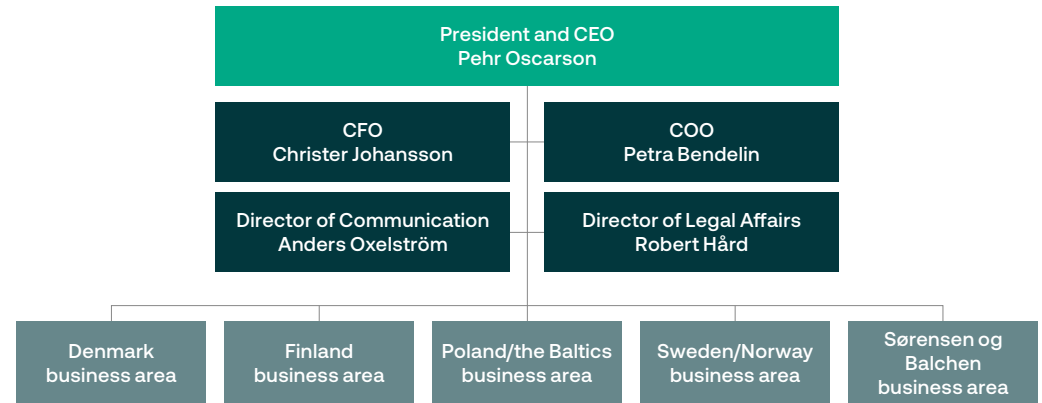
The Audit Committee's tasks are documented in the rules of procedure for the Audit Committee, which are annually approved by the Board of Directors. The Committee monitors the effectiveness of internal control with regard to the financial reporting presented by the management with any shortcomings and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

- The Audit Committee monitors the financial reporting and ensures its reliability. It monitors the internal and external audit process, as well as the external auditor's impartiality and independence toward the company, including the extent to which the auditor provides the company services other than auditing.
- The Audit Committee's duties include a risk review regarding the Group's operational and financial risks.
- With regard to financial reporting, the Audit Committee has a special responsibility to monitor the effectiveness of the company's internal control.
- The Audit Committee also meets the external auditors without the presence of Group management at least once a year.
- The Audit Committee annually evaluates its own work, as well as the work of the external and internal auditors. In addition to the Committee's members, a selection from management and relevant employees participates in the work on the evaluation. In 2023, this took place through a digital platform that provided the possibility of full anonymity. In addition, the Audit Committee recommends proposals on external auditors and the remuneration of the auditors for the upcoming year to the Nomination Committee.

In 2023, the Audit Committee consisted of Helena Skåntorp (Chair), Robert M. Hanser, Joseph M. Holsten, Magnus Håkansson and Justin Jude.

The Audit Committee held four meetings in 2023. The respective member's participation is presented in the table on page 38. The Group's external auditors, the President and CEO, the CFO, the Head of Risk Management, Internal Control and Internal Audit as well as the Group Accounting Manager participated at the meetings. The company's Head of Risk Management, Internal Control and Internal Audit was the Committee's secretary.

Group Management and business areas



7 Internal Audit

Internal Audit is an independent Group function, established to provide security for the Board and management. The need for an internal function is evaluated annually. Internal Audit examines different processes and procedures, gives the Board and management a balanced picture of the current situation and proposes improvement measures. This is done by evaluating and proposing improvements in such areas as risk management, compliance with central policies, guidelines and instructions and the effectiveness of internal control over the financial reporting. The Group's Head of Risk Management, Internal Control and Internal Audit is responsible for internal audit, who in his/her capacity in this function reports to the Chair of the Audit Committee. The function works Group-wide. The results of audits carried out are reported to the Audit Committee, the Board as a whole, the President and CEO and the Group Management Team and information is provided to management in each business area and other units where relevant.

Internal Audit conducted four audits during the year: an audit regarding internal control focusing on Poland, an audit focusing on cyber security in Sweden and Norway, an audit focusing on sustainability reporting and the implementation of CSRD's requirements, and an audit that followed up the Group's work with continuity planning. Internal Audit also conducted a survey of all business areas regarding the maturity of internal control activities. The partnership with EY continued in 2023.

8 President and CEO and Group Management Team

President and CEO









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

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






Group Management Team

In 2023, the Group Management Team consisted of the Group's President and CEO, Director of Business Development and Strategy, Director of Communication, Director of Legal Affairs, CFO and COO. During the financial year, three members left the Group Management Team: The Director of Communications, COO and CFO. An organizational merger has taken place of the product, purchasing, logistics and IT functions together with business development, strategy and sustainability under a new joint Chief Operating Officer (COO) as of July. The CFO stepped down on October 13 and was replaced by an interim CFO. A new Director of Communications was appointed on October 5 and assumed his position on December 18.

Board of Directors

							
Robert M. Hanser	Helena Skåntorp	Eivor Andersson	Kenny Bräck	Joseph M. Holsten	Magnus Håkansson	Justin Jude	Michael Löve
Chairman of the Board. Member of MEKO's Audit and Remuneration Committee.	Executive Vice Chairman. Chairman of MEKO's Audit Committee.	Board member. Chairman of MEKO's Remuneration Committee.	Board member.	Board member. Member of MEKO's Audit Committee.	Board member. Member of MEKO's Audit Committee.	Board member. Member of MEKO's Audit Committee.	Board member. Member of MEKO's Remuneration Committee.
Education							
Degree in Business Administration, Mannheim University.	Graduate in Business Administration, Stockholm University.	Marketing Economist, IHM Business School, Stockholm.	Upper secondary school education.	M.B.A., Bachelor of Arts and certified public accountant.	Graduate in Business Administration, Stockholm School of Economics, and holds a Master of Science in Management, MIT Sloan School.	Bachelor of Science in Accounting, Franklin University, Ohio, US	Master of Science in Engineering (MSE), Technical University of Denmark, Denmark.
Elected in							
2021	2004	2018	2007	2017	2017	2023	2020
Born							
1953	1960	1961	1966	1952	1963	1975	1974
Position and Board assignments							
Senior adviser to McKinsey, Board member of Fersa Bearings SA. Member of advisory board of Mobilion VC, Israel	Chairman of the boards of Plint Holding AB/Plint AB and Ljung & Sjöberg AB with related companies. Board member of Bygg-PartnerGruppen AB with related companies and Bico AB. Chairman of the boards and founder of Nielstorp AB and Skåntorp & Co AB.	Chairman of the boards of Apohem AB and Svanudden AB, board member of AB Svenska Spel and First Camp Group AB.	Minority owner and Board member of Motorsport Auctions Ltd.	Board member of LKQ Corporation.	Chairman of the boards of Worklife Group AB, GS1 Sweden AB and Impande Foundation Sweden. Board member of Glasgruppen AB.	COO LKQ, and board member LKQ India Private Limited.	CEO of energy company OK, chairman of Kamstrup A/S, chairman of EnergiData A/S, board member of JP Politiken Hus, board member of SMIL-fonden.
Work experience							
Board member of LKQ Corporation. Multiple assignments within the German multinational technology and electronics company Robert Bosch GmbH, including as the President of Bosch in the UK, Director of Technical Sales South Region in Germany and the President of the Automotive Aftermarket Division in Germany.	President and CEO of Lernia AB, President and CEO of SBC Sveriges BostadsrättsCentrum AB, President and CEO of Jarowskij, CFO of Arla, and Authorized Public Accountant Öhrlings/PwC.	President and CEO of TUI Nordic, President of Coop Marknad AB and President of Ving Sverige AB/Thomas Cook Sweden.	Former professional racing driver.	Chairman of the Board of LKQ Corporation. President and CEO of LKQ Corporation. Active for 17 years in the U.S. and international operations of Waste Management, Inc., most recently as Executive Vice President and COO. Prior to that auditor at a public accounting firm.	CEO of MediaMarkt Sverige AB. CEO of RNB Retail & Brands AB, CEO of Expert Sverige AB, CFO of KF Group and Consultant at McKinsey & Co. Chairman of the Board of RNB Retail and Brands AB (publ) 2010–2011.	Senior positions in LKQ since 2004.	CEO of Netto, CEO of B&Q in the UK, Chief Operating Officer for Coop Denmark and Chief Operating Officer for Copenhagen Airports.
Own shareholdings and shareholdings of related parties							
14,795	3,142	1,000	1,571	None	None	None	4,667
Independent of the company/company management							
Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Independent of major shareholders							
Yes	Yes	Yes	Yes	No, dependent in relation to major shareholders of the company.	Yes	No, dependent in relation to major shareholders of the company.	Yes

Group Management Team

				
Pehr Oscarson	Christer Johansson	Petra Bendelin	Anders Oxelström	Robert Hård
President and CEO	CFO	COO	Director of Communication	Director of Legal Affairs
Born				
1963	1979	1978	1972	1966
Education				
Technical upper-secondary school, supplemented with short economics and management courses.	Master of Science in Engineering Physics, KTH Royal Institute of Technology with additional courses in economics and law at Stockholm University.	Master of Psychology/Behavioural Science, Luleå University of Technology.	Master of Political Science, Stockholm University.	Master of Laws, Lund University.
Employed				
2001	2024	2010	2023	2003
Work experience				
President MECA Scandinavia. Prior to that senior positions in MECA since 2001 and President of Swecar AB.	CFO of Hoist Finance, Vice President of Business Control at Northvolt, business development at SEB and advisor at McKinsey & Company.	President of ProMeister Solutions. Various positions within business development in MECA, Sigma, Tec-tura and as self-employed.	Partner at Kreab Worldwide, Head of News and current affairs at TV4, Senior News Director and Deputy Publisher at Dagens Nyheter.	Director of Legal Affairs, HR and Environment, MECA Group. Attorney-at-law, Advokatfirman Vinge. Clerk of Helsingborg District Court.
Board appointments				
Deputy Chairman of Association of Swedish Wholesalers of Automotive Parts and Accessories (SBF). Board member of Oscarson Invest Aktiebolag.	-	Chairman of Omnica. Board member of Green Giant Capital AB and Nic Christiansen Gruppen A/S.	-	-
Own shareholdings and shareholdings of related parties				
380,000	-	12,700	1,436	13,309
Share awards				
5,000 (LTIP 2021)	-	3,000 (LTIP 2021)	-	3,000 (LTIP 2021)
5,000 (LTIP 2022)	-	4,000 (LTIP 2022)	-	4,000 (LTIP 2022)
5,000 (LTIP 2023)	-	4,000 (LTIP 2023)	-	4,000 (LTIP 2023)

A new CFO was appointed on November 15 and assumed his position on February 19, 2024. The composition of current Group Management is presented in the illustration on page 39 and a more detailed presentation of its members on page 41.

It is considered very important to ensure that there is a clear link between remuneration and the Group's distinct values and financial goals in both the short and the long term. New guidelines for the remuneration of senior executives were adopted by the 2023 Annual General Meeting. The successful implementation of the company's strategy, long-term interests and sustainability agenda requires that MEKO can recruit and retain qualified employees with the right qualities. The total remuneration must therefore be market-based and competitive. The objective of the guidelines is to enable such remuneration, but also to link total remuneration to MEKO's strategy, long-term interests and sustainability agenda. This is achieved through the criteria in short-term variable remuneration programs. The same applies to long-term share-based incentive programs as resolved by the Annual General Meeting.

Read more about remuneration of senior executives in Note 5 of the 2023 Annual Report and in the company's remuneration report on www.meko.com.

9 Sustainability governance

Sustainability is an integral part of the Group's strategy and its operating activities. The strategy is based on our material sustainability areas where topics including the UN Sustainable Development Goals (SDGs) and climate-related financial risks and opportunities have been analyzed. At the Board meeting in June, the updated strategy for 2023–2028 was approved and the Board had already approved the materiality assessment that forms the basis of the strategy. Read more about the strategy on page 10 and the materiality assessment on page 90.

The Group has signed the UN Global Compact's principles in the areas of human rights, working conditions, the environment and anti-corruption. The Group's Code of Conduct is the Group's highest governing document in the area of sustainability, which is annually approved by the Board and con-

tains several policies. It also serves as the basis for the Group's other policies and rules.

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

The organizational governance for the strategic sustainability work rests with the Group Management Team, where the COO has the overall responsibility. The strategic sustainability work is led and coordinated by the Group's Head of Sustainability, who is also responsible for the Group's Sustainability Report and reports to the COO. Each business area is responsible for ensuring that work with the strategic sustainability issues takes place and that sustainability data is reported to the Group. Sustainability risks, including climate-related risks, are managed according to the risk management process. Read more on pages 26–30.

The Board of Directors has approved the sustainability targets set for operations, read more on page 90. Sustainability targets linked to the company's short-term incentive programs are followed up in the quarterly reporting to the Board, all sustainability targets are followed up on an annual basis. If necessary, additional sustainability-related information is also provided prior to decisions on an updated strategy or materiality assessment, for example, or with the aim of informing the Board of the ongoing work in sustainability and new regulations, such as the new Corporate Sustainability Reporting Directive (CSRD).

MEKO's Sustainability Report is a part of the company's Annual Report and is discussed and approved annually by the Board.

The evaluation of the Board's work, which was completed during the year, included issues related to such aspects as anti-corruption, sanctions and workplace and product safety. The evaluation showed, for example, that MEKO is deemed to have a functioning whistle-blower system and that sustainability issues are continuously followed up at Board meetings.

10 Investment Committee

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

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

11 Governance, Risk and Compliance Committee

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

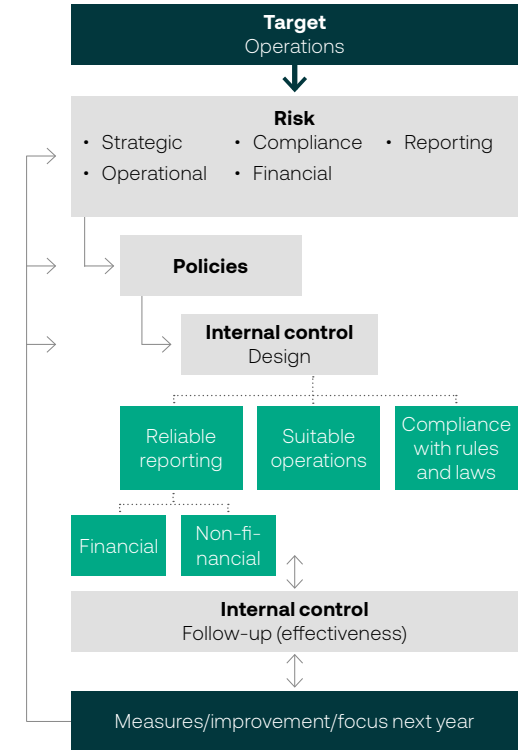
The Committee comprises all Group Management Team members and the Head of Risk Management, Internal Control and Internal Audit; the President and CEO serves as the Chairman and is ultimately responsible for risk management. The Committee held 12 meetings in 2023.

A particular focus of the Committee is to ensure compliance with the Group's Enterprise Risk Management Policy (ERM), as well as other policies, guidelines and instructions needed to direct and control operations. The Group's risk management function is a second-line function under the Group Management Team, with reporting responsibility to the Board and the Audit Committee.

12 Internal control of financial reporting

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

Governance and control



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

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

reporting responsibility to the Board and the Audit Committee.

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

Control environment

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

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

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

Risk assessment

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

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

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

Control activities

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

In recent years, several internal control frameworks governed by the Group have been established with special controls for annual accounts and reporting, and for inventory management centrally and locally. During the year, work to strengthen the Group's internal control framework continued, where frameworks for the sales and purchasing processes were implemented. In addition, the work on a framework for IT general controls (ITGC) was further developed during the year, where controls related to cyber security have been prioritized and implemented.

Information and communications

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

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

Follow-up and evaluation

The final component in the framework pertains to follow-up of the structure and effectiveness of internal governance and control. In addition to that described above in section 12 "Internal control of financial reporting" on page 42, the Board also eval-

uates the information provided by the Group Management Team and auditors. In conjunction with this, the Audit Committee was responsible for the preparation of the Board's work to quality assure the Group's financial reporting. The President and CEO and most of the Group Management Team have quarterly reviews with the managing directors and CFOs of the respective business areas regarding the earnings for the quarter, through formal Board meetings. In addition, Group Finance, including the CFO, has monthly status meetings with the managing directors and CFOs of the respective business areas, in addition to close cooperation with the Group companies' CFOs and controllers regarding year-end financial statements and reporting. The follow-up and feedback concerning possible deviations arising in the internal controls are a key part of the internal control work, since this is an efficient manner for the company to ensure that errors are corrected and that the control is further strengthened.

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

13 External auditor

The auditors are appointed at the General Meeting and are charged with examining the company's financial reporting and the Board's and the President and CEO's management of the company. At the 2022 Annual General Meeting, PricewaterhouseCoopers AB (PwC) was re-elected as the auditing firm until the 2024 Annual General Meeting. The Auditor-in-Charge is Authorized Public Accountant Linda Corneliussen. PwC has a broad organization comprising specialized competency that is well-suited to MEKO's operations and has been the company's auditing firm since 2014.

Fees to auditors, SEK M

	2023	2022
PwC		
Fees for audit assignments	17	14
Audit-related services other than the audit assignment	1	0
Tax consultancy	-	0
Other services	1	5
Total PwC	18	19
Other auditing firms		
Fees for audit assignments	3	1
Audit-related services other than the audit assignment	0	0
Tax consultancy	0	0
Other services	0	0
Total other	3	1
Total fees to auditors	21	20

PwC submits an auditor's report for MEKO AB (publ) and for the company's subsidiaries, excluding a few smaller subsidiaries. For Koivunen OY with subsidiaries, KPMG are auditors. The auditors also perform a review of the third-quarter interim report and a special review of the sustainability data for 2023. The audit is conducted in accordance with the Swedish Companies Act, International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. The audit of annual report documents for legal entities outside Sweden is conducted in accordance with statutory requirements and other applicable rules in each country.

More information is available on www.meko.com

- Articles of Association
- Code of Conduct
- Information from previous General Meetings, from 2006
- Information about the Nomination Committee
- Information about principles of remuneration of senior executives
- The Board's evaluation of guidelines for remuneration of programs for variable remuneration
- Corporate Governance Reports from 2012
- Information about the 2024 Annual General Meeting