

CORPORATE GOVERNANCE REPORT 2019

The Björn Borg share is listed on Nasdaq Stockholm.

CORPORATE GOVERNANCE AT BJÖRN BORG

Corporate governance refers to the rules and structure established to effectively control and manage the operations of a corporation. Ultimately the purpose of corporate governance is to satisfy the demands of shareholders for a return on their investment and the demands of all stakeholders for information regarding the company and its development.

The principles of corporate governance that Björn Borg applies, in addition to the rules pursuant to law or other legislation, follow the Swedish Code of Corporate Governance ("the Code"). The Board of Directors is responsible for monitoring the application of the Code. If a company that is bound by the Code does not comply with the Code in any respect, the company must report this noncompliance, describe the solution it has adopted instead and state the reasons for doing so. During the year Björn Borg derogated from point 1.4 of the Code (point 1.5 of the version in effect at the time) as the minutes of the Annual General Meeting 2019 were adjusted by a Director. The reason for the noncompliance was that the minutes had to be signed directly after the AGM to ensure that the automatic redemption program approved by the AGM could be registered by the Swedish Companies Registration Office in time.

This corporate governance report does not constitute part of the formal annual report.

ANNUAL GENERAL MEETING

Björn Borg's highest decision-making body is the Annual General Meeting (AGM).

The AGM elects the company's Board of Directors and the Chairman. Among the other duties of the AGM are to adopt the balance sheet and income statement, decide on the disposition of the profit from the company's operations and decide whether to discharge from liability the Directors and the CEO. The AGM also decides on remuneration to the Board and approves the compensation guidelines for management. The AGM in addition elects the company's auditors and decides on their remuneration. Further, the AGM may resolve to increase or reduce the share capital and can amend the Articles of Association. With respect to new issues of shares, convertibles or warrants, the AGM may authorize the Board to take decisions.

Annual General Meeting 2020

The 2020 AGM, which previously scheduled for May 14, 2020, has been postponed due to the outbreak of the coronavirus. The AGM will be held on June 30, 2020 and the notice convening the meeting will be released no later than four weeks in advance and issued in accordance with the Articles of Association and the rules that apply according to the Companies Act and the Code.

Annual General Meeting 2019

The 2019 AGM was held in Stockholm on May 14, 2019. The AGM resolved, among other things, to re-elect Directors Alessandra Cama, Göran Carlson, Christel Kinning, Fredrik

Lövstedt, Mats H Nilsson and Heiner Olbrich as Directors, and elected Anette Klintfält as a new Director. The AGM also resolved to transfer earnings to shareholders through an automatic share redemption procedure and gave the Board limited authorization to resolve to issue new shares. The minutes of the AGM are available on Björn Borg's website.

NOMINATION COMMITTEE

According to the resolution of the 2019 AGM, Björn Borg's Nomination Committee shall be appointed by having the Chairman of the Board contact the four largest shareholders by votes as of August 31, 2019 and ask them to appoint one person each to participate in the Nomination Committee. The Nomination Committee, whose composition was published on the Group's website in November 2019, consists of the following members for the 2020 AGM:

- Heiner Olbrich, Chairman of the Board
- Bo Jungner, appointed by Martin Bjäringer
- Mats H Nilsson, shareholder
- Marianne Flink, appointed by Swedbank Robur
- Thomas Ehlin, appointed by the Fourth Swedish National Pension Fund

Bo Jungner was named Chairman of the Nomination Committee. According to the resolution of Björn Borg's 2019 AGM, the Nomination Committee's mandate is to propose to the 2020 AGM the number of Directors to be elected by the meeting, their remuneration, any compensation for committee work, the composition of the Board, the Chairman of the Board, a resolution on the Nomination Committee, the Chairman of the AGM and the election of the auditors and their remuneration. The Nomination Committee has held four meetings at which minutes were taken since the 2019 AGM, in addition to other contacts. No compensation was paid to the members of the committee.

Rule 4.1 of the Swedish Code of Corporate Governance is applied as a diversity policy for the Board of Directors. Leading up to 2019 AGM the Nomination Committee focused on analyzing and discussing potential Board candidates from the standpoint of Björn Borg Group's operations, stage of development and circumstances in general. The Nomination Committee discussed the Board's size and composition in terms of experience and competence in all the areas relevant to Björn Borg's operations. The Nomination Committee paid special attention to the need for gender parity on the Board.

BOARD OF DIRECTORS

In accordance with the Articles of Association, Björn Borg's Board of Directors consists of a minimum of four and a maximum of eight members. Directors are elected annually at the AGM for a one-year term up until the following AGM. The 2019 AGM reelected Directors Alessandra Cama, Göran Carlson, Christel Kinning, Fredrik Lövstedt, Mats H Nilsson and Heiner Olbrich as Directors, and elected Anette Klintfält as a new Director. Heiner Olbrich was reelected Chairman of the Board.

The Board fulfills the requirements of the Code in that a majority of the Directors are independent in relation to the company and the management, and that at least two of them

are independent in relation to the company's major shareholders. Prior to 2019 AGM the Nomination Committee concluded that all of the nominated Directors were independent of the company and its management as well as of major shareholders with the exception of Anette Klintfält, who was not considered independent of the company and its management as she had been hired by the company as a consultant in 2017 and 2018.

An annual board review, one of the aims of which is to analyze the Board's work and whether the Board's composition is appropriate for the company's needs, was conducted within the company in the fourth quarter, and its conclusions were presented in their entirety to the Nomination Committee.

The Board is assisted by an attorney, who serves as external secretary. For more information on the Directors, see page 94 of the annual report.

The Board's rules of procedure

Pursuant to the Companies Act, Björn Borg's Board is responsible for the company's organization and the management of its affairs as well as for appointing the CEO. The Board lays down the company's goals and strategy, adopts critical policy documents and continuously monitors compliance thereto. The Board also has ultimate responsibility for its various committees. The Board's rules of procedure, which were adopted most recently at the Board meeting on August 15, 2019, define the principles for Board work, the delegation between the Board and the CEO, and the financial reporting.

Board work

In 2019 the Board held five scheduled meetings, four of which were in connection with the quarterly financial reports and one by circulation in connection with the preparations for the AGM. Directors' attendance at the year's Board meetings is shown in the table below.

Compensation Committee

The Board has established a Compensation Committee consisting of Chairman Heiner Olbrich and Mats H Nilsson to prepare proposals on remuneration and other terms of employment for senior executives. The Committee held one

meeting at which minutes were kept leading up to the 2020 AGM, in addition to informal meetings and other contacts. During the year the Compensation Committee, which is only a drafting committee (i) prepared the Board's resolutions on remuneration principles, remuneration and other employment terms for company management, (ii) monitored and evaluated current and expiring remuneration schemes for management, and (iii) monitored and evaluated the application of the remuneration guidelines for senior executives as resolved by the AGM as well as current remuneration structures and remuneration levels in the company.

Audit Committee

Björn Borg's Board of Directors has established an Audit Committee consisting of Chairman Heiner Olbrich, Mats H Nilsson and Christel Kinning. The Audit Committee supports the Board in its efforts to quality assure Björn Borg's financial reports and is tasked with, among other things, ensuring that accurate, qualitative financial reports are prepared and communicated. The Audit Committee is also tasked with issuing a recommendation to the Nomination Committee on the auditors' election. The committee convened a total of four times in 2019, all in connection with the quarterly reports. All of the Committee's members attended these meetings, except for the November meeting, which Christel Kinning did not attend. In 2019 the CEO attended the meetings as a co-opted member, except for the meeting in February. The Audit Committee is a drafting committee.

CHIEF EXECUTIVE OFFICER

The Board has established an instruction for the CEO's work and role, which in its current wording was adopted on August 15, 2019. The CEO is responsible for day-to-day management of the Group's operations according to the Board's guidelines and other established policies and guidelines, and reports to the Board.

Henrik Bunge (b. 1973) has been CEO since August 4, 2014. He does not own shares in any company with which Björn Borg has significant business interests. For more information on the CEO, see page 95 of the annual report.

DIRECTORS' ATTENDANCE IN 2019

	Feb 21	Apr 4*	May 14	Aug 5	Nov 14
Alessandra Cama	1	1	1	1	1
Göran Carlson	1	1	1	1	1
Christel Kinning	1	1	1	1	1
Anette Klintfeldt**	–	–	–	1	1
Fredrik Lövestedt	1	1	1	1	1
Mats H Nilsson	1	1	1	1	1
Heiner Olbrich	1	1	1	1	1
No. of attendees	6 (of 6)	6 (of 6)	6 (of 6)	7 (of 7)	7 (of 7)

* Meeting held by circulation with all members participating in the decisions.

** The individual in question was appointed as a Director at the 2019 AGM.

THE COMPANY'S AUDITORS

The outside auditors review Björn Borg's annual accounts, accounting records and the administration of the Board of Directors and the CEO. After every financial year the auditors submit an audit report to the AGM. The 2019 AGM elected the registered public accounting firm Deloitte AB as auditor of the company until the conclusion of the next AGM. Authorized Public Accountant Didrik Roos is chief auditor. The next auditors' election will be held at the 2020 AGM.

Further information on the auditors can be found on page 94 in the annual report. Information on the auditors' fee can be found in Note 10.

REMUNERATION TO DIRECTORS AND SENIOR EXECUTIVES

Remuneration to the Chairman and other Directors is resolved by the AGM. According to the resolution of the 2019 AGM, the Chairman received of SEK 420,000 and other Directors received SEK 180,000. For committee work in 2019 the members of the Compensation Committee were paid SEK 16,000 and the Chairman was paid SEK 27,000, while the members of the Audit Committee were each paid SEK 55,000 and the Chairman was paid SEK 80,000.

According to the remuneration guidelines for senior executives approved by the 2019 AGM, the remuneration for the CEO and other members of management can consist of a base salary, variable compensation, long-term incentive schemes and other benefits, including a pension. Any variable compensation is based on performance relative to predefined, measurable metrics and is maximized relative to the target salary.

The fixed and variable salary components and benefits for the CEO and the management of Björn Borg are indicated in Note 8 of the annual report.

INCENTIVE SCHEME

The Annual General Meeting 2019 resolved to introduce a new long-term incentive plan, LTIP 2022, which can be described as variable cash remuneration based on the price of the Björn Borg share.

Employees entitled to participate in the incentive plan, which runs between 2019 and 2022, are members of the company's management team. Under LTIP 2022, participants may be entitled to a cash payout from Björn Borg, depending on price of the Björn Borg share and based on each participant's annual fixed salary for 2019.

The first level of payout under the incentive plan is 25 percent of each participant's yearly fixed salary for 2019, which participants are entitled to if the price of the Björn Borg share has been traded at a price of SEK 35 for a period of one hundred (100) non-consecutive days during any of the years 2020, 2021 and 2022. The highest level of payout under the incentive plan is 160 percent of each participant's fixed annual salary for 2019, on the condition that the Björn Borg share has been traded at a price of SEK 70 for the period described above.

As indicated above, the maximum payout in LTIP 2022 is 160 percent of management's aggregate annual salaries for 2019. On the assumption that nine management team

members participate in LTIP 2022, the maximum payout under LTIP 2022 will be SEK 28,520,000, including social security costs.

FINANCIAL REPORTING

The quality of the financial reporting is assured through the Board of Directors' policies and instructions on delegation of responsibility and control as well as the instruction for the CEO on financial reporting, among other things. Prior to each of its meetings, the Board receives the latest financial reports and at each meeting it addresses the financial situation of the Parent Company and the Group. The Board also addresses the interim and annual reports. At least once a year the company's auditors report on whether the company has ensured that its accounts, their management and financial controls are working satisfactorily. After the formal report management's representatives leave the meeting, so that the Directors can dialogue with the auditors without the participation of the company's senior executives.

BOARD REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

According to the Companies Act and the Code, the Board is responsible for internal control. The following report on internal control over financial reporting for 2019 has been prepared in accordance with these regulations and constitutes part of the corporate governance report. Björn Borg's Board has evaluated the need for a separate audit function (internal audit) and come to the conclusion that such a function is not motivated at present in view of the staffing in the company's finance department in relation to the nature, scope and complexity of the business.

ORGANIZATION OF INTERNAL CONTROL OVER FINANCIAL REPORTING

Control environment and corporate governance

The control environment serves as the basis for internal control over financial reporting. The Board of Directors' rules of procedure and instructions for the CEO and the Board's committees clearly define the delegation of roles and responsibilities in order to effectively manage the company's risks. The Board has established a number of fundamental guidelines and frameworks that are important to internal control. Examples include the Board's rules of procedure, finance policy, code of conduct and communication policy, which were reviewed during the year. The Board's Audit Committee has as its specific responsibility to monitor and quality assure the financial reporting. The Audit Committee monitors internal control in connection with its meetings prior to quarterly reporting. Management regularly reports to the Board based on established routines, as does the Audit Committee. Management is responsible for ensuring that the routines and systems established for internal control are followed to ensure proper management of significant operating risks. This includes routines and guidelines for various senior executives, so that they understand the importance of their roles in maintaining good internal control.

Risk assessment

Management works continuously and actively with risk analysis, risk assessment and risk management to ensure that the risks the company faces are managed appropriately within the frameworks that have been established. The risk assessment takes into consideration, among other things, the company's administrative routines with respect to operating, financial and legal risks. Balance sheet and income statement items are continuously reviewed as well if there is a risk of material errors. Assessed risks in major balance sheet and income statement items are graded and monitored. The risk analysis has identified a number of critical processes, with the greatest focus on procurement and revenue processes, where the valuation of inventory and accounts receivable is a key element of the balance sheet analysis. The Audit Committee plays an important role in risk assessment, since it reports its observations and priorities to Björn Borg's Board.

Communication and control activities

Prior to each of its meetings, the Board receives financial reports. The financial situation of the Parent Company and the Group is treated as a separate point at each Board meeting. The Audit Committee plays an important role in the monitoring process, since it reports its observations and priorities to the Board. Manuals, guidelines and policy documents important to financial reporting are updated and provided to all parties concerned at internal meetings or by e-mail. To ensure that external information is distributed correctly, Björn Borg has a communication policy laid down by the Board. Information reporting and financial reporting for all Swedish subsidiaries are managed by Björn Borg's finance department. Foreign subsidiaries are managed locally. The company's auditors conduct the audit of the Group's financial reporting and review the processes, systems, routines and accounting work conducted by Björn Borg's finance department.

Monitoring

The Board of Directors of Björn Borg is ultimately responsible for internal control. The Audit Committee appointed by the Board is responsible for, among other things, quality assuring the company's financial reporting, keeping updated on the focus of the audit and reviewing the effectiveness of the internal control systems for financial reporting. The Audit Committee has the internal control structure as a recurring point at its meetings.

BJÖRN BORG SHARE AND OWNERSHIP ANALYSIS

The shares in Björn Borg AB are listed on the Small Cap list on Nasdaq Stockholm. The total number of shares in Björn Borg is 25,148,384. There is only one class of share. The share capital amounts to SEK 7,858,870 and the quota value per share is SEK 0.3125. Each share carries one vote at the company's AGM, and there are no limitations on how many votes each shareholder may cast at the AGM. Björn Borg had 8,173 shareholders (8,009) at year-end. The largest shareholder as of December 30, 2019 was Martin Bjäringer, through companies and directly, with 9.7 percent of the shares and votes. There are no limitations on the right to transfer the Björn Borg share due to legal provisions or Björn Borg's Articles of Association. Nor is Björn Borg aware of any agreements between shareholders that could infringe upon the right to transfer Björn Borg shares.

TEN LARGEST SHAREHOLDERS DEC. 31, 2019

	No. of shares	%
Martin Bjäringer	2,450,000	9.7
Fourth Swedish National Pension Fund	1,697,261	6.7
Mats Nilsson	1,638,440	6.5
Swedbank Robur Small Cap Fund	1,475,946	5.9
Fredrik Lövstedt	1,050,040	4.2
Avanza Pension	1,031,208	4.1
Vilhelm Schottenius	1,023,520	4.1
Lazard Frères Banque	990,000	3.9
Nordnet Pension	805,800	3.2
Stiftelsen Vin och Sprithist muséet	500,000	2.0
Total, largest shareholders	12,662,215	50.4
Total, other	12,486,169	49.6
Total number of shares	25,148,384	100.0

AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

This is an unofficial translation of the Swedish auditor's report.

To the general meeting of the shareholders in Björn Borg AB
(publ) corporate identity number 556658-0683

ENGAGEMENT AND RESPONSIBILITY

The Board of Directors is responsible for the corporate governance statement for the financial year January 1, 2019 – December 31, 2019 on pages 96-99 and that it has been prepared in accordance with the Annual Accounts Act.

THE SCOPE OF THE AUDIT

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

OPINIONS

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

Stockholm, June 9, 2020
Deloitte AB

Didrik Roos
Authorized Public Accountant

OTHER INFORMATION

ANNUAL GENERAL MEETING

The Annual General Meeting of the shareholders of Björn Borg AB (publ) will be held on Thursday, June 30, 2020 at 10.00 am (CET) at the company's office, Tulegatan 11, Stockholm. Registration starts at 9.30.

To be entitled to participate in the Annual General Meeting, shareholders must be entered in the shareholders' register maintained by Euroclear Sweden AB by Wednesday, June 24, 2020 and must notify the company of their intention to participate by this date (Wednesday, June 24, 2020) in writing to Björn Borg AB, Tulegatan 11, SE-113 53 Stockholm, Sweden, by telephone to +46 8 506 33 700, through the company's website (<http://corporate.bjornborg.com/sv>) or by e-mail to stamma@bjornborg.com. When notifying the company, please include your name, personal identification or company registration number, address, telephone number and the names of those accompanying you.

Proxies and representatives of legal entities are advised to submit authorization documents well in advance of the meeting. A proxy template is available through Björn Borg's website (address above).

Shareholders whose shares are registered in the name of a nominee must temporarily re-register the shares in their own names with Euroclear Sweden AB to be entitled to participate in the meeting. For re-registration to be completed by Wednesday, June 24, 2020, shareholders must inform nominees well in advance of this date.

Due to the outbreak of the coronavirus, the Annual General Meeting will be held in the simplest form possible. Neither food nor drink will be offered and the CEO's presentation has been cancelled. Björn Borg encourages shareholders to vote by mail in order to minimize the number of participants attending the AGM in person and thus reduce the spread of the infection. More information on mail-in voting can be found in the notice and at <https://corporate.bjornborg.com/en/annual-general-meeting-2020>

2020 CALENDAR

The Annual General Meeting 2020 will be held at 10.00 pm (CET) on June 30, 2020.

The interim report for January-March 2020 will be released at 7.00 pm (CET) on May 14, 2020.

The interim report for January-June 2020 will be released on August 18, 2020.

The interim report for January-September 2020 will be released on November 20, 2020.

The year-end report for 2020 will be released on February 19, 2021.

FINANCIAL REPORTS

Financial reports can be downloaded from the company's website

www.bjornborg.com
or ordered by telephone +46 8 506 33 700
or by e-mail info@bjornborg.com.

SHAREHOLDER CONTACT

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IMAGES IN THE ANNUAL REPORT

The images used in the annual report were obtained from Björn Borg's spring/summer, high summer and fall/winter 2020 collections.