



BJÖRN BORG


Corporate Governance Report 2021

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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 2.4 of the Code as the minutes of the Annual General Meeting 2020 were adjusted by a Director. The reason for the noncompliance was the very limited number of participants in the Annual General Meeting 2020 due to COVID-19 and that the shareholders were offered the opportunity to vote by mail at the AGM. Björn Borg also derogated during the year from point 2.4 of the Code as the Directors of the company have constituted a majority of the members of the Nomination Committee for the AGM 2022. The reason for the noncompliance is that this composition was considered motivated against the backdrop of the ownership structure and that large, engaged owners are represented on the Board of Directors.

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 2022

The 2022 AGM will be held on May 19, 2022 and due to the ongoing pandemic the Board of Directors has decided that this year's meeting will be held without the physical presence of shareholders, proxies or external parties and that the exercise of voting rights may only take place via post before the meeting. The notice convening the meeting with additional information 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 Act (2022:121) on temporary exceptions to facilitate the holding of general meetings as well as the Code.

Annual General Meeting 2021

The 2021 Annual General Meeting was held on 18 May 2021 and was conducted in accordance with Sections 20 and 22 of the Act (2020:198) on temporary exemptions to facilitate the conduct of general and association meetings, meaning that shareholders may exercise their voting rights at the meeting only by voting in advance, so-called

postal voting. At the Annual General Meeting, a decision was made on the re-election of the board members Alessandra Cama, Anette Klintfält, Fredrik Lövestedt, Mats H Nilsson, and Heiner Olbrich and the re-election of Jens Høgsted as a regular board member. At the AGM, a decision was also made, among other things, on a limited authorization for the Board to make a decision on a new share issue with a maximum total of SEK 390,625 (divided into a maximum of 1,250,000 new shares). The authorization also included the right to decide on a new share issue with a decision on non-cash contributions or that a share shall be subscribed for with a right of set-off or otherwise with conditions in accordance with Chapter 13, Section 7, Chapter 14, Section 9 or Chapter 15, Section 9 of the Companies Act. During the Annual General Meeting, a decision was also made to amend the Articles of Association in accordance with Appendix 7 to the 2021 Annual General Meeting Minutes. The minutes from the Annual General Meeting are available on Björn Borg's website.

NOMINATION COMMITTEE

According to the resolution of the 2021 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 2021 and ask them to appoint one person each to participate in the Nomination Committee. If any of these shareholders chooses to waive their entitlement to appoint a member, the entitlement passes to the shareholder who, after these shareholders, has the largest shareholding. The Nomination Committee, whose composition was published on the Group's website in October 2021, consists of the following members for the 2022 AGM:

- Heiner Olbrich, Chairman of the Board
- Marika Svårdströmer, appointed by Martin Bjäringer
- Per Josefsson, shareholder
- Mats H Nilsson, shareholder
- Fredrik Lövestedt, shareholder

Marika Svårdström was named Chairman of the Nomination Committee. According to the resolution of Björn Borg's 2021 AGM, the Nomination Committee's mandate is to propose to the 2022 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 three meetings at which minutes were taken since the 2021 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 2021 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.

THE BOARD OF DIRECTORS

In accordance with the Articles of Association, Björn Borg's Board of Directors shall consist of a minimum of four and a maximum of eight members. Directors are elected annually at the AGM for the one-year term until the following AGM. At the 2021 AGM, Alessandra Cama, Anette Klintfält, Fredrik Lövestedt, Mats H Nilsson and Heiner Olbrich were re-elected as Directors, and Jens Høgsted was re-elected as a regular Board member. Heiner Olbrich was re-elected Chairman of the Board.

The Board meets the requirements in the Code in that a majority of the members must be independent in relation to the company and the management, and that at least two of these members are independent in relation to the company's major shareholders. Prior to the 2021 AGM, the Nomination Committee concluded that all of the nominated Directors were independent of both the company and company management as well as of major shareholders with the exception of Anette Klintfält, who was not considered independent in relation to 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, took place within the company during the fourth quarter and its conclusions were presented in full to the Nomination Committee.

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

The Board's rules of procedure

Pursuant to the Swedish Companies Act, Björn Borg's Board is responsible for the company's organization and the management of its affairs as well as appointing the CEO. The Board lays down the company's goals and strategy, adopts critical policy documents and continuously monitors compliance with these. The Board is also has the ultimate responsibility for ensuring that the company's organization is structured in such a way that the company has satisfactory control over the company's accounting, asset management and overall financial position. The Board also has the ultimate responsibility for its various committees. The Board's rules of procedure, which were last adopted at the Board meeting on 19 August 2021, establish the principles for the Board's work, the division of work within the Board, the delegation between the Board and the CEO, and the financial reporting. The Chairman of the Board is responsible for ensuring that the Board's work is conducted in an efficient manner, to chair the meetings and maintain ongoing contact with the CEO.

The work of the Board

In 2021, the Board held five meetings, four of which were in connection with the quarterly financial reporting and one meeting per capsulam. Directors' attendance at this year's Board meetings is shown in the table below.

Compensation Committee

The Board has established a Compensation Committee consisting of the Chairman Heiner Olbrich and Mats H Nilsson, and from 17 August 2021 also Fredrik Löfstedt, to prepare proposals concerning remuneration and other terms of employment for the senior executives. Until the 2022 Annual General Meeting, the Remuneration The committee held one meeting at which minutes were taken leading up to the 2022 AGM, as well as informal meetings and other contacts. During the year, the committee, which is only a drafting committee, (i) prepared the Board's resolutions on remuneration principles, remuneration and other terms of employment for company management, (ii) monitored and evaluated current and expiring remuneration schemes for management, and (iii) monitored and evaluated the application of the guidelines for remuneration to senior executives as resolved by the AGM as well as current remuneration structures and remuneration levels in the company.

Audit Committee

The Board has established an Audit Committee consisting of Chairman Heiner Olbrich, Mats H Nilsson and Fredrik Löfstedt. The Audit Committee supports the Board in its work to ensure the quality of Björn Borg's financial reporting and is tasked, among other things, with 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 election of auditors. In 2021, the committee held a total of four meetings, all in connection with the quarterly reports. All of the Committee's members attended these meetings. In 2021, the CEO attended the meetings as a co-opted member. The Audit Committee is a drafting committee.

THE CHIEF EXECUTIVE OFFICER

The Board has established instructions for the CEO's work and role, which in its current wording were adopted on 19 August 2021. The CEO is responsible for the day-to-day management of the Group's operations in accordance with 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 any shares in companies with which Björn Borg has significant business interests. For more information about the CEO, see page 95 in the annual report.

ATTENDANCE OF DIRECTORS IN 2021

	Feb 25	Apr 12 *	May 18	Aug 19	Nov 18
Alessandra Cama	1	1	1	1	1
Jens Høgsted**	–	–	1	1	1
Anette Klintfeldt	1	1	1	1	1
Fredrik Löfstedt	1	1	1	1	1
Mats H Nilsson	1	1	1	1	1
Heiner Olbrich	1	1	1	1	1
Number of participants	5 (of 5)	5 (of 5)	6 (of 6)	6 (of 6)	6 (of 6)

* The meeting was held per capsulam, with all members participating in the decisions.

** The person in question joined the Board at the 2021 AGM.

THE COMPANY'S AUDITORS

The external auditors review Björn Borg's annual report and accounts as well as the administration of the Board and the CEO. After each financial year, the auditors submit an audit report to the AGM. At the 2021 AGM, the registered auditing company BDO Mälardalen AB was appointed auditor of the company for the period until the conclusion of the next AGM. The auditor Johan Pharmanson was appointed as the principal auditor. The election of an auditor shall take place at the 2022 AGM.

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

REMUNERATION TO THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

Remuneration is paid to the Chairman and members of the Board in accordance with the decision of the Annual General Meeting. The AGM resolved in accordance with the Nomination Committee's proposal that fees for the coming term of office shall be paid with (i) SEK 420,000 to the Chairman of the Board and SEK 180,000 to the other 3 members, (ii) SEK 16,000 to members of the Compensation Committee and SEK 27,000 to its chairman and (iii) SEK 55,000 to members of the Audit Committee and SEK 80,000 to its chairman.

According to a resolution at the 2021 Annual General Meeting on guidelines for remuneration to senior executives, remuneration to the CEO and the other members of the company's management may consist of a fixed salary, variable remuneration, pension and other benefits. In addition, and independently of the guidelines, the Annual General Meeting may decide on share and share price-related remuneration. Any variable remuneration is based on the outcome in relation to defined and measurable goals designed with the aim of promoting the company's business strategy and long-term value creation, and is maximized at 50% of the fixed salary during the measurement period, which is normally one year.

Fixed salary and variable remuneration as well as benefits for the CEO and management of Björn Borg appear from 8 in the annual report.

FINANCIAL REPORTING

The quality of the financial reporting is ensured through policies and instructions established by the Board for division of responsibilities and governance, such as the instructions for the CEO regarding, among other things, the financial reporting. The Board receives the latest financial reports prior to each Board meeting, and at each Board meeting the financial situation of the Parent Company and the Group is discussed. The Board also deals with interim reports and the annual report. At least once a year, the company's auditors report on whether the company has ensured that accounting, management and financial control function satisfactorily. After a formal report, the company management's representatives leave the board meeting so that the board members can have a dialogue with the auditors without the participation of executives in the company.

THE BOARD OF DIRECTORS' REPORT ON INTERNAL CONTROL TO THE PART IT RELEASES FINANCIAL REPORTING

The Board is responsible, in accordance with the Swedish Companies Act and the Code, for internal control. The following report on internal control regarding financial reporting 2021 has been prepared in accordance with these regulations and forms part of the corporate governance report. Björn Borg's Board of Directors has evaluated the need for a special review function (internal audit) and has concluded that no such function is currently justified taking into account the staffing of the company's finance function in relation to the nature, scope and complexity of the business.

ORGANIZATION OF INTERNAL CONTROL REGARDING FINANCIAL REPORTING

Control environment and corporate governance

The control environment forms the basis for internal control regarding financial reporting. The Board's rules of procedure and instructions for the CEO and the Board's committees ensure a clear division of roles and responsibilities aimed at efficient management of the company's risks. The Board has established a number of basic guidelines and frameworks that are important for internal control. Examples of these are the Board's rules of procedure, financial policy, code of conduct and communication policy, which have been reviewed during the year. The Board's audit committee's specific task is to monitor and ensure the quality of financial reporting. The Audit Committee follows up the internal control in connection with meetings prior to the quarterly reporting. The company's management reports regularly to the board based on established routines, as does the audit committee. Management is responsible for ensuring that established routines and systems for internal control are followed to ensure correct management of significant risks in day-to-day operations. This includes, among other things, routines and guidelines for various executives in order for them to understand the importance of their respective roles in maintaining good internal control.

Risk assessment

The company management works continuously and actively with risk analysis, risk assessment and risk management to ensure that the risks faced by the company are managed in an appropriate manner within the established framework. The risk assessment takes into account, for example, the company's administrative routines regarding operational, financial and legal risks. Balance sheet and income statement items where the risk of significant errors could arise are also reviewed continuously. Assessment of risks in various major balance sheet and income items is graded and followed up. The risk analysis has identified a number of critical processes, the greatest focus being on the purchasing and revenue processes, where valuation of inventories and accounts receivable has a high focus in the analysis of the balance sheet. The Audit Committee plays an important role in the risk assessment as it reports its observations and focus areas to Björn Borg's Board

Communication and control activities

The Board receives financial reports before each Board meeting. The Parent Company and the Group's financial situation are treated as a separate item at each Board meeting. The Audit Committee plays an important role in the follow-up process as it reports its observations and focus areas to the Board. Manuals, guidelines and policy documents that are important for financial reporting are updated and informed on an ongoing basis to all interested parties via internal meetings or e-mails. To ensure that the external information provision is correct, Björn Borg has a communication policy established by the Board. The information reporting and financial reporting for all Swedish subsidiaries is handled by Björn Borg's finance department. The foreign subsidiaries are managed locally. The company's auditors perform audits of the financial reporting in the group and thus audit processes, systems, routines and year-end work performed by Björn Borg's finance department.

Follow-up

The board of Björn Borg is ultimately responsible for internal control. The task of the audit committee appointed by the Board is to, among other things, ensure the quality of the company's financial reporting, to obtain information on the direction of the audit and to review the effectiveness of the internal control systems for financial reporting. The Audit Committee has the internal control structure as a recurring item at its meetings.

BJÖRN BORG SHARE AND OWNERSHIP

The shares in Björn Borg AB are listed on Nasdaq Stockholm, the small cap list. The total number of shares in Björn Borg amounts to 25,148,384. There is only one class of shares. The share capital amounts to SEK 7,858,870 and the quotient value per share is SEK 0.3125. A share entitles the holder to one vote at the Annual General Meeting and there are no restrictions on how many votes each shareholder can cast at the Annual General Meeting. The number of shareholders in Björn Borg at the end of the year was 9,063 (8,456). The largest shareholder as of December 31, 2021 was Martin Bjäringer, through companies and directly, with 9.9 percent of the shares and votes. There are no restrictions on the right to transfer the Björn Borg share due to a provision in law or in Björn Borg's Articles of Association. Björn Borg is also not aware of any agreements between shareholders that may entail restrictions on the right to transfer Björn Borg shares.

TEN LARGEST OWNERS AS OF 31 DEC. 2021

	No. of shares	%
Martin Bjäringer	2,500,000	9.9
Mats Nilsson	1,638,440	6.5
Schottenius family	1,406,400	5.6
Lazard Frères Banque	1,315,000	5.2
Nordnet Pension	1,251,629	5.0
Avanza Pension	1,218,378	4.8
Fredrik Löfstedt	1,050,040	4.2
Per Josefsson	1,000,000	4.0
Sten A Olssons Pension Foundation	725,102	2.9
ABN AMRO	510,898	2.0
Total, largest owners	12,615,887	50.2
Sum, others	12,532,497	49.8
Total number of shares	25,148,384	100.0

BORG TRAINING CLUB



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BJÖRN BORG

BJÖRN BORG AB

Frösundaviks allé 1, SE-169 70 Solna, Sweden

Tel +46 8 506 33 700

www.bjornborg.com