



BJÖRN BORG 

Corporate Governance Report 2023

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The Björn Borg share is listed on Nasdaq Stockholm.

CORPORATE GOVERNANCE WITHIN BJÖRN BORG

Corporate governance refers to the regulations and the structure established in order to lead the operations of a limited company in an efficient and controlled way. Ultimately, corporate governance aims to satisfy shareholders' demands for returns and all stakeholders' needs for information about the company and its development.

The principles for corporate governance that Björn Borg applies, in addition to the rules that follow from law or other constitutions such as The Companies Act (2005:551), the Annual Accounts Act (1995:1554), Nasdaq's regulations for issuers and the Swedish Code of Corporate Governance ("the Code"). The Board is responsible for monitoring the application of the Code on an ongoing basis. If a company covered by the Code does not comply with the Code in any respect, the company must report this deviation, describe the alternative solution chosen and state the reasons for this. Björn Borg did not make any deviations from the Code during the year.

This corporate governance report does not form 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 2024

The 2024 Annual General Meeting will be held on 16 May 2024 and this year's AGM will take place at 5.30 pm in Gate 01's premises, Frösundaviks allé 1, 169 70 Solna. Notice of the AGM with additional information will be published no later than four weeks in advance and will be issued in accordance with the Articles of Association and the rules that apply under the Swedish Companies Act as well as the Code. More information about Björn Borg's Annual General Meeting is available on Björn Borg's website, <https://corporate.bjornborg.com/en/arsstamma-2023/>.

Annual General Meeting 2023

The 2023 Annual General Meeting was held on 17 May 2023. At the AGM, among other things, decisions were made on the re-election of Board members Alessandra Cama, Anette Klintfält, Fredrik Löfstedt, Mats H Nilsson, Jens Høgsted, Heiner Olbrich and Johanna Schottenius. A decision was also made, among other things, on a limited authorization for the Board to decide on a new issue with a total of no more than SEK 390,625 (divided into no more than 1,250,000 new shares). The authorization also included the right to decide on a new share issue with determination of in kind or that shares should be subscribed with set-off rights, or otherwise with conditions according to Chapter 13 Section 7, Chapter 14 Section 9 or Chapter 15 Section 9 of the Swedish Companies Act. The AGM also authorized the Board to acquire and transfer own shares. The minutes from the Annual General Meeting are available on Björn Borg's website.

NOMINATION COMMITTEE

According to the resolution of the 2023 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 2023 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 2023, consists of the following members for the 2024 AGM:

- Heiner Olbrich, Chairman of the Board
- Mathias Nimlin, appointed by Martin Bjäringer
- Mats H Nilsson, shareholder
- André Schottenius, appointed by Schottenius family
- Thomas Eklund, shareholder

Mathias Nimlin was named Chairman of the Nomination Committee.

According to the resolution of Björn Borg's 2023 AGM, the Nomination Committee's mandate is to propose to the 2024 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 2023 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 2024 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

According to the Articles of Association, Björn Borg's Board must consist of a minimum of four and a maximum of eight directors. The directors are elected annually at the Annual General Meeting for the period until the end of the next Annual General Meeting. At the 2023 Annual General Meeting, Alessandra Cama, Anette Klintfält, Fredrik Löfstedt, Mats H Nilsson, Jens Høgsted, Johanna Schottenius and Heiner Olbrich were re-elected as Board members. Heiner Olbrich was re-elected as Chairman of the Board.

The Board meets the requirements of the Code in that a majority of the directors must be independent in relation to the company and the company management, and that at least two of them must be independent in relation to the company's major shareholders. Prior to the 2023 Annual General Meeting, the Nomination Committee made the assessment that all the proposed Board members were independent of both the company and its management as well as the major shareholders.

An annual Board evaluation, which among other things aims to look at how the Board works and whether the composition of the Board is appropriate for the company's needs, took place within the company during the fourth quarter and the conclusions were fully reported to the Nomination Committee.

The Board is assisted by a lawyer as the external Board secretary. For more information about the Board members, refer to page 94 of 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 17 August 2023, 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

The Board held six meetings in 2023, of which four were in connection with the quarterly financial reporting and two meetings per capsulam. The attendance of the Board members at the 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 Fredrik Lövestedt, to prepare proposals concerning remuneration and other terms of employment for the senior executives. Until the 2024 Annual General Meeting, the Remuneration The committee held one meeting at which minutes were taken leading up to the 2024 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 Lövestedt. 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 2023, 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 2023, 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 17 August 2023. 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.

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 2023 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 2024 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.

ATTENDANCE OF DIRECTORS IN 2023

	Feb 22	Apr 11*	May 17	Jun 28*	Aug 17	Nov 16
Alessandra Cama	1	1	1	1	1	1
Jens Høgsted	1	1	1	1	1	1
Johanna Schottenius	1	1	1	1	1	1
Anette Klintfeldt	1	1	1	1	1	1
Fredrik Lövestedt	1	1	1	1	1	1
Mats H Nilsson	1	1	1	1	1	1
Heiner Olbrich	1	1	1	1	1	1
Number of participants	7 (of 7)	7 (of 7)	7 (of 7)	7 (of 7)	7 (of 7)	7 (of 7)

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

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 455,000 to the Chairman of the Board and SEK 193,000 to the other 6 members, (ii) SEK 21,000 to members of the Compensation Committee and SEK 42,000 to its chairman and (iii) SEK 59,000 to members of the Audit Committee and SEK 86,000 to its chairman.

According to a resolution at the 2023 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 note 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 2023 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 8,721 (8,738). The largest shareholder as of December 31, 2023 was Nordnet Pension Insurance, through companies and directly, with 12.2 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, 2023

	No. of shares	%
Nordnet Pension Insurance	3,068,793	12.2
Martin Bjäringer	2,500,000	9.9
Mats Nilsson	1,638,440	6.5
Schottenius family	1,406,400	5.6
Thomas Eklund	1,379,952	5.5
Lazard Frères Banque	1,315,000	5.2
Avanza Pension	1,262,197	5.0
Per Josefsson	1,000,000	4.0
Fredrik Lövestedt	950,040	3.8
Carl Rosvall	465,000	1.8
Total, largest owners	14,985,822	59.6
Sum, others	10,162,562	40.4
Total number of shares	25,148,384	100.0

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