

A man with a beard and a blue shirt is smiling and looking towards the camera. He is standing in front of a blurred industrial building with a blue sky. The image is split into two main sections: a blue diagonal section on the left and a white section on the right.

**Nederman**

We shape  
the future  
for clean air

The Clean  
Air Company

Corporate Governance  
Report 2023

# Corporate Governance

Nederman Holding AB (publ) is a Swedish public limited company with its registered office in Helsingborg, Sweden. Nederman was listed on the Nasdaq Stockholm Small Cap list in 2007 and has been registered on the Nasdaq Stockholm Mid Cap list since 1 January 2014.

As a listed company, Nederman applies the Swedish Corporate Governance Code (the Code). The Corporate Governance Report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Companies Act, Nasdaq Stockholm's Rule Book for Issuers, the Code, and other applicable Swedish laws and regulations. In addition to rules pursuant to laws or other legislation, Nederman uses internal control instruments that are also the basis for the group's corporate governance, including the Articles of Association, rules of procedure for the Board of Directors, the terms of reference for the CEO, policy documents and the group's Code of Conduct. The Articles of Association and the group's Code of Conduct are available at [nedermangroup.com](http://nedermangroup.com) and policy documents are available at the group's intranet.

Governance of the Nederman group takes place through the shareholders via the General Meeting of Shareholders, the Board of Directors, the CEO and Group management of Nederman in accordance with, among other things, the Swedish Companies Act, other laws and regulations, the Articles of Association and the rules of procedure for the Board of Directors. Considering Nederman's group structure, the composition of the boards of its operating subsidiaries, which often include representatives from Group management, constitute another element of governance for the group.

## SHAREHOLDERS

At the end of 2023, the company had 4,569 shareholders. Investment AB Latour was the largest shareholder with 29.98 percent of the shares, while Neudi Kapital AB owned 10.03 percent, IF Skadeförsäkring AB (publ) owned 9.90 percent and Swedbank Robur Fonder AB owned 8.90 percent. The ten largest shareholders had a total holding corresponding to 80.29 percent of the shares. Foreign investors held 16.45 percent of the shares. For further information about the share and shareholders, see pages 142-143.

## ANNUAL GENERAL MEETING

The General Meeting of Shareholders is the highest decision-making body, in which the shareholders can exercise their influence by voting on key issues, such as the adoption of the income statement and balance sheet, appropriation of the company's profit, discharge from liability of Board members and the CEO, the election of Board members, the Chairman of the Board and auditors, and remuneration to the Board of Directors and auditors. The Annual General Meeting was held in Helsingborg on 24 April 2023. At the Meeting, 60 shareholders participated, representing 77.91 percent of the total number of shares and votes in the company.

The Meeting adopted the income statement and balance sheet, and the consolidated income statement and balance sheet, and granted discharge from liability for the Board members and CEO. The Board decided to distribute the profit in accordance with the proposal on the allocation of profits, meaning that the dividend for the 2022 financial year would be SEK 3.75 per share, corresponding to SEK 131.6m, and SEK 491.9m would be carried forward.

The Meeting decided in accordance with the Board of Directors' proposal on the transfer of treasury shares under the 2021-2022 LTI programme and on authorisation of the Board of Directors' to acquire and transfer the company's treasury shares. The Meeting also resolved to approve the Board of Directors' remuneration report.

The Meeting decided in accordance with the proposal in the notification of the Meeting to elect six Board members. In accordance with the proposal of the Nomination Committee, Gunilla Fransson, Ylva op den Velde Hammargren, Sven Kristensson, Johan Menckel and Sam Strömerstén were re-elected to the Board of Directors, alongside the first-time election of Anders Borg. Johan Menckel was elected Chairman of the Board.

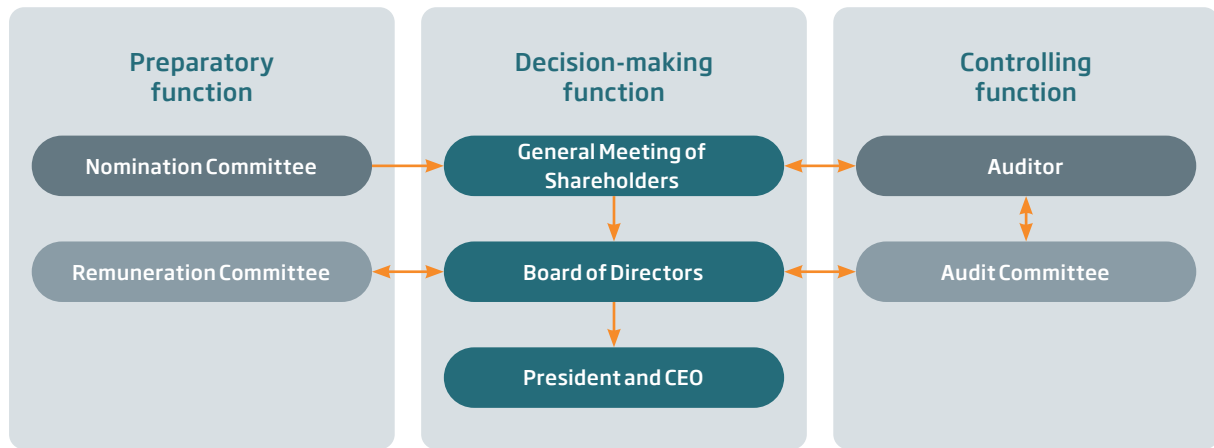
On 3 February 2023, it was announced that Anna Kinberg Batra had relinquished her seat on the Board of Directors as a consequence of being appointed by the government to the position of Governor of Stockholm County. Following Anna Kinberg Batra's departure from the Board of Directors, it comprised five members and thereby still met the requirements of the Articles of Association regarding the number of members until the appointment of Anders Borg at the Annual General Meeting on 24 April.

## NOMINATION COMMITTEE

The 2019 Annual General Meeting decided to establish instructions for the Nomination Committee concerning the composition of the committee and its assignments. According to the instructions, the Nomination Committee is to consist of one representative from each of the four largest shareholders and the Chairman of the Board. If any of the four largest shareholders waives their right to appoint a representative to the Nomination Committee, the right will pass to the next largest shareholder. The Nomination Committee's tasks are to prepare proposals, ahead of the next Annual General Meeting, concerning the election of the Chairman of the Board and other Board members, the election of the Chairman of the Meeting, remuneration issues and related issues, and, where applicable, the election of auditors.

In accordance with the Annual General Meeting's guidelines for the work of the Nomination Committee, Ossian Ekdahl, Investment AB Latour (Chairman); Henrik Forsberg Schoultz, Neudi Kapital AB; Fredrik Ahlin, IF Skadeförsäkring AB and Oscar Bergman, Swedbank Robur, were appointed to the Nomination Committee ahead of the Annual General Meeting in 2024. Johan Menckel, Chairman of Nederman's Board of Directors, is a co-opt-

## Overall structure of corporate governance in Nederman



ed member of the Nomination Committee. For questions concerning the work of the Nomination Committee, contact ossian.ekdahl@gmail.com.

### BOARD OF DIRECTORS

The Board of Directors is the second highest decision-making body after the General Meeting of Shareholders. The overall assignment of the Board is to decide on the company's business direction, its resources and capital structure as well as its organisation and management. The Board's general obligations also include continuously evaluating the company's financial situation and approving the company's business plan. In its general undertaking, the Board addresses overall issues such as the company's strategy, acquisitions, major investments, divestments, the publication of annual reports and interim reports, and the appointment of the CEO.

The Board of Directors follows a written rule of procedure that is adopted annually at the first Board meeting following election. The rules of procedure stipulate how work is to be divided between Board members, how often the Board of Directors is to meet and to what extent any deputies are to participate in the work of the Board and attend meetings. The rule of procedure also regulate the Board's obligations, the establishment of a quorum, the division of responsibilities between the Board and the CEO, etc. The Board meets according to an annual schedule that is decided in advance. Extraordinary meetings may be called to address events of unusual importance. In addition to Board meetings, the Chairman of the Board of Directors and the CEO conduct an ongoing dialogue with respect to the management of the company.

Once a year, the entire Board conducts a systematic evaluation of the company's senior executives. In this context, "senior executives"

includes certain deputy managers, meaning a broader group of employees.

In recent financial years, the Board has made decisions concerning several matters of strategic importance. In 2023, particular emphasis was placed on measures to increase profitability in underperforming markets such as China, to develop the service business, as well as on investments in upgrading the Group's production and logistics as well as digital initiatives. The increased geopolitical uncertainty was also an issue for the Board of Directors' work during the year. In 2023, in addition to the first Board meeting following election, the Board held six minuted meetings. To date, two minuted meetings have been held in 2024. The 2023 Annual General Meeting resolved that a total of SEK 2,009,000 would be paid in directors' fees, with SEK 773,000 paid to the Chairman of the Board and SEK 309,000 to each of the other members elected by the Annual General Meeting, with the exception of the CEO. It was furthermore resolved that a fee of SEK 108,000 would be paid to the Chairman of the Audit Committee and SEK 71,000 to the committee members, and that a fee of SEK 54,000 would be paid to the Chairman of the Remuneration Committee and SEK 27,000 to the other member.

As stated in the Articles of Association, the General Meeting of Shareholders has full decision-making power in election of Board members and there are no other regulations concerning appointment and dismissal of Board members. The Annual General Meeting elects Board members annually for the period until the next Annual General Meeting is held. The Board of Directors is to consist of at least three and no more than eight ordinary members and may be supplemented with a maximum of three deputies. In addition, there may be employee representatives. The members elected by the Annual General Meeting are all, with the exception of Johan Menckel, independent in relation to the major share-

holders and, with the exception of the CEO, in relation to the company and company management. The Board meets the requirements of the Code with respect to independent members. The members are presented on page 76 and at [nedermangroup.com](http://nedermangroup.com).

The main shareholders and Board members carry out a detailed annual evaluation of the Board. Among other things, the evaluation includes the Board's composition, individual Board members and the Board's work and procedures. The Nomination Committee has reviewed the written evaluation of the work of the Board and has received a report on the work of the Board from the Chairman of the Board.

During most of 2023, Nederman's Board of Directors comprised six members elected by the 2023 Annual General Meeting. On 3 February, Anna Kinberg Batra relinquished her seat on the Board of Directors as a consequence of being appointed by the government to the position of Governor of Stockholm County. Following Anna Kinberg Batra's departure from the Board of Directors, it comprised five members until the appointment of Anders Borg at the Annual General Meeting on 24 April. The CEO is a member of the Board of Directors. The CFO is not a member of the Board of Directors but, as a rule, participates in Board meetings by presenting information. The Chairman of the Board does not participate in the operational management of the company.

#### Attendance at Board meetings

■ Anders Borg	4 of 4 possible
■ Gunilla Fransson	6 of 6 possible
■ Ylva op den Velde Hammargren	5 of 6 possible
■ Sven Kristensson	6 of 6 possible
■ Johan Menckel	6 of 6 possible
■ Sam Strömerstén	6 of 6 possible

#### CEO

The division of activities between the Board and the CEO is regulated by the rules of procedure for the Board and in the terms of reference for the CEO. The CEO is responsible for implementing the business plan as well as the day-to-day management of the company's affairs and the daily operations of the company. This means that the CEO makes decisions on those issues that can be considered to fall under the day-to-day management of the company. The CEO may also take action without the authorisation of the Board in matters which, considering the scope and nature of the company's business, are unusual or of great importance, which cannot await a decision by the Board without seriously compromising the company's business activities. The terms of reference for the CEO also regulate the CEO's responsibility for reporting to the Board. The Board receives a monthly written report containing a follow-up of the company's order statistics, sales, operating results, working capital developments, income statement, financial position and cash flow statement. The report also contains comments from the CEO and CFO, for example, regarding the various markets.

Every year, the senior executives formulate a strategy proposal, which is discussed and adopted at the final Board of Directors' meeting during the autumn. Work on the business plan, including the budget for the coming year, is usually carried out from the

bottom up and based on the strategy. The CEO and the CFO present the business plan proposal to the Board of Directors. After the Board of Directors discusses the business plan, it is usually adopted at the last meeting during the autumn. In addition, the company prepares a monthly updated forecast.

#### COMMITTEES

**Remuneration Committee:** Questions about salary and benefits for the CEO and senior executives are addressed and approved by the Remuneration Committee. This committee consists of Johan Menckel (Chairman) and Gunilla Fransson. The committee is a body within the company's Board of Directors assigned to draft matters for the Board related to remuneration and other terms of employment for company management. The committee is also tasked with preparing guidelines for executive remuneration, which the Board of Directors then presents as a proposal to the Annual General Meeting. The two members of the Remuneration Committee held one minuted meeting in 2023.

The prevailing guidelines for executive remuneration were adopted by the Annual General Meeting in 2023. The guidelines are presented in the section, "Remuneration to senior executives."

**Audit Committee:** The main purpose of the Audit Committee is to supervise the group's financial accounting and reporting and the audit of the annual accounts. The Audit Committee's tasks include, among other things, responsibility for the preparation of the Board's work to ensure the quality of the financial reporting by reviewing the interim reports, annual report and consolidated financial statements. The Audit Committee is also tasked with preparing matters regarding the procurement of audit services and other services from the auditor and preparing certain accounting and audit matters to be dealt with by the Board. The work of the Audit Committee is governed by rules of procedure adopted by the Board of Directors. The Committee convened on five occasions in 2023 and has held one minuted meeting to date in 2024. The company's auditor participated on these occasions. On February 14, 2024 the company's auditor informed the Board of the results of its work and presented a report on the year's audit and its view of the company's internal control system without the presence of any members of company management. In 2023 and until the Annual General Meeting on 24 April, the Audit Committee consisted of Board members Ylva op den Velde Hammargren (Chairman.) and Sam Strömerstén and after the Annual General Meeting of Anders Borg (Chairman), Ylva op den Velde Hammargren and Sam Strömerstén.

#### Attendance at Audit Committee meetings

■ Anders Borg	5 of 5 possible
■ Ylva op den Velde Hammargren	6 of 6 possible
■ Sam Strömerstén	6 of 6 possible

#### AUDITOR

The auditor audits the company's annual report and accounting as well as the management of the Board of Directors and the CEO. The auditor submits an audit report to the General Meeting of Shareholders after each financial year. From 2011, the Annual General Meeting appoints an auditor for a period of one year.

At the Annual General Meeting on 24 April 2023, it was resolved in accordance with the Nomination Committee's proposal to re-elect the registered auditing firm Ernst & Young AB until the close of the 2024 Annual General Meeting, with Andreas Mast as lead auditor. Andreas Mast is an Authorised Public Accountant and member of FAR, the Swedish Institute of Authorised Public Accountants. Andreas Mast has long experience in auditing listed companies and companies in an international environment. He is now lead auditor for companies including Gunnebo, Lindex, Revolutionrace and VBG Group. The company's auditor audits the annual accounts and financial statements and the company's ongoing operations and procedures to provide an opinion on the accounting and management of the Board of Directors and the CEO. The 2023 Annual General Meeting resolved that the auditors should be paid on a current account basis. Fees to Ernst & Young AB for assignments other than auditing amounted to SEK 1.3m in 2023 and pertain mainly to auditing of the nine-month report and the sustainability report, as well as other auditing-related services.

### REMUNERATION TO SENIOR EXECUTIVES

The Annual General Meeting on 24 April 2023 adopted the Board of Directors' proposal for guidelines for executive remuneration. In relation to the earlier guidelines, this proposal entails that the company has changed the structure in terms of long-term variable remuneration for senior executives in accordance with the section "Long-term variable remuneration" below. Nederman's Group management fall within the provisions of these guidelines. The remuneration shall be on market terms and may consist of the following components: fixed salary, variable remuneration, pension benefits and other benefits. Fixed salary is paid for satisfactory work.

Annual variable remuneration ("STI"). The short term incentive shall be linked to predetermined, well-defined and measurable financial criteria. The satisfaction of criteria for awarding variable remuneration shall be measured over a period of one financial year (performance period). The STI remuneration may amount to not more than 50 percent of the total fixed salary under the performance period for the CEO and for other senior executives. The criteria for STI shall mainly relate to the group's profitability, working capital development and sustainability goals that are linked to the business. In addition, individual criteria may be established. The criteria shall be designed so as to contribute to the company's business strategy and long-term interests, including its sustainability.

#### Long-term variable remuneration ("LTI")

The STI shall be supplemented by a long-term incentive connected to the development of the share price. By connecting the LTI to the share price development, a common interest is created with the shareholders that aims to promote the company's business strategy, long-term interests and value creation.

The LTI payout, shall be subject to an undertaking by the executive to invest the LTI payout in Nederman shares without undue delay and to retain such shares for not less than three years.

The STI plus the LTI paid out to an executive each year, may in aggregate not amount to more than 150 percent of the total fixed salary for the CEO and not more than 100 percent of the total fixed salary for other senior executives.

Further variable remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 50 percent of the fixed annual salary and may not be paid more than once each year per individual.

For the CEO, pension benefits shall be premium-based. The pension premiums for premium-based pension shall amount to not more than 35 percent of the pension based salary. For other executives, pension benefits shall be based on a contractual ITP plan or be premium-based, unless the individual concerned is subject to defined-benefit pension under mandatory collective agreement provisions. Variable cash remuneration shall qualify for pension benefits. Pension premiums that follow from the contractual ITP plan or are premium-based, shall amount to not more than 35 percent of the pension based salary, unless other premium levels apply according to applicable ITP plan.

Other benefits may include, for example, life insurance, health and medical insurance and company cars. Such benefits may amount to not more than 20 percent of the fixed annual salary.

The notice period may not exceed 24 months if notice of termination of employment is made by the company for the CEO and twelve months for other executives. Fixed salary during the period of notice and severance pay may together not exceed an amount equivalent to the CEO's fixed salary for two years, and one year for other executives. When termination is made by the executive, the notice period may not exceed six months, without any right to severance pay.

#### Resolution on the transfer of treasury shares under the 2021-2022 LTI programme

The Annual General Meeting on 24 April 2023 decided in accordance with the Board of Directors' proposal on the transfer of treasury shares under the 2021-2022 LTI programme. The 2021-2022 LTI programme was concluded according to plan on 31 December 2022 and ten executives received a bonus in accordance with the programme terms. The Board of Directors' proposal means Nederman Holding AB transferred 12,325 treasury shares to participants who must hold the shares for at least three years.

#### Authorisation of the Board of Directors to acquire and transfer the company's treasury shares

The Annual General Meeting on 24 April 2023 decided in accordance with the Board of Directors' proposal on authorisation of the Board to acquire and transfer the company's treasury shares. The authorization means the Board of Directors has the right on one or more occasions during the period until the 2024 Annual General Meeting to resolve on the acquisition of treasury shares

and the transfer of treasury shares. The acquisition of treasury shares may take place on Nasdaq Stockholm at a price within a range between the highest buying price and lowest selling price, respectively, and the company's holding of treasury shares may amount to no more than 10 percent of all shares outstanding. The transfer of treasury shares may take place with no more than the number of shares held by the company on the date of the Board of Directors' decision and that are not required to supply shares under the company's incentive programme. The transfer of treasury shares may take place on Nasdaq Stockholm and as payment of the acquisition price when acquiring companies or businesses or when merging when the consideration is to correspond to the market value of the shares and can be paid in cash, with capital contributed in kind or through set-off against the asset in the company. The transfer may take place with deviation from the shareholders' preferential rights.

## INTERNAL CONTROL

**Control environment.** Operational decisions are made at the company or business area level, while decisions about strategy, aims, acquisitions and comprehensive financial issues are made by the parent company's Board and Group management. The internal controls within the group are designed to function in this organisation. The group has clear rules and regulations for delegating responsibility and authority in accordance with the group's structure. The platform for internal controls of financial reporting consists of the comprehensive control environment and organisation, decision processes, authorisations and responsibilities which have been documented and communicated. In the group, the most significant components are documented in the form of instructions and policies in finance, ethics (Code of Conduct), communication, IT security, integrity, sustainability and quality, whistleblowing, export and sanctions, anti-corruption and fraud, anti-trust, diversity, health and safety, logistics, risk management, remuneration and authorisation instructions. During the autumn, the Board began work to ensure compliance with the changes proposed to the Code by the Swedish Corporate Governance Board concerning requirements for formalised procedures that ensure that established principles for sustainability reporting are met and the company's sustainability reporting is prepared in accordance with law, applicable reporting standards and other requirements on listed companies.

Nederman has a simple legal and operational structure and established management and internal control systems. The Board of Directors follows up on the assessment of the internal control, including through management reporting to the Audit Committee and through contacts with the Nederman's auditors. The Board of Directors has chosen not to have a special internal audit.

**Control activities.** To safeguard the internal controls, there are both automated controls, such as authorisation controls in the IT system and approval controls, as well as manual controls such as reconciliations and stock-taking. Financial analyses of the results as well as follow-up of plans and forecasts are used to supplement the controls and give a comprehensive confirmation of the quality of the reporting.

**Information and communication.** Documentation of governing policies and instructions are continuously updated and communicated in electronic or printed format. For communications with external parties, there is a communication policy that contains guidelines for ensuring that the company's information obligations are applied fully and correctly.

**Sustainability.** Nederman's business strategy process contains a clear focus on sustainability, which is anchored with the parent company's board. At each Board meeting, the company's CEO reports on social, environmental and economic movements within "The Clean Air Journey", a voyage with a focus on creating the solutions of the future in air filtration and environmental technology. At least one annual board meeting is held at one of Nederman's development units and/or at key customers, which provides an opportunity to present information and discuss environmental, social and economic progress for "The Clean Air Journey".

Nederman's business strategy process 2023 included in-depth work in Group management regarding sustainability. The Nederman Group sustainability-related performance measures and focal points are presented for Group management by division managers at every third meeting of Group management. The process means that the sustainability work is constantly evaluated and improved, which enables a good spread of efforts within the group.

In 2023, Nederman carried out preparatory work regarding the European Commission's Corporate Sustainability Reporting Directive (CSRD), which will apply to Nederman from 1 January 2024. In addition, Nederman extended its efforts regarding the EU Taxonomy regulation and now also reports under objective four: Transition to a circular economy.

**Follow-up.** The CEO is responsible for ensuring that the internal controls are organised and followed up according to the guidelines decided on by the Board of Directors. Financial management and control is carried out by the group's finance function. Financial reporting is analysed monthly at a detailed level. The Board has addressed the company's financial position at its meetings and has also received reports and observations from the company's auditor.

## ARTICLES OF ASSOCIATION

The Articles of Association stipulate the company's activities, the number of Board members and auditors, how notification of the General Meeting of Shareholders is to be made, the matters to be addressed at the Annual General Meeting and where the Meeting is to be held. The General Meeting of Shareholders has full decision-making power concerning amendments in the Articles of Association. The current Articles of Association were adopted at the Annual General Meeting on 27 April 2020, and can be found on the company's website at [www.nedermangroup.com](http://www.nedermangroup.com) and in the annual report for 2023 on page 145.