

Corporate Governance Report 2023

Ependion AB (formerly Beijer Electronics Group AB) is a Swedish public limited company quoted on the Nasdaq Stockholm Main Market's Mid Cap List, with the ticker EPEN. Ependion applies the Swedish Code of Corporate Governance. The complete Code is available at [bolagsstyrning.se](https://www.bolagsstyrning.se).

The Corporate Governance Report for the financial year 2023 has been prepared in accordance with the Code's recommendations. Ependion has no instances of non-compliance to report.

Ependion's Auditors have performed a statutory review of this Corporate Governance Report.

Shareholders and Articles of Association

There were 5,438 (5,841) shareholders at the end of the year. The largest shareholder is Stena Adactum AB with 28.9% of the votes. Of total share capital at year-end, some 17% (15) was held by foreign investors. Ependion has two share classes, ordinary shares and class C shares, and the maximum permitted issue of class C shares is 5% of all Ependion shares, which carry 1/10 of a vote per share. The share capital amounts to 9,747,099 SEK, divided between 29,241,296 shares, of which 28,941,216 ordinary shares each carrying 1 vote, corresponding to 28,941,216 votes, and 300,080 class C shares each carrying 1/10 vote, corresponding to 30,008 votes. Each ordinary share has a quotient value of approx. 0.33 SEK. For more information on the share and shareholders, see pages 11-12. Information on shareholders is updated monthly, and is also available at the group's website, [ependion.com](https://www.ependion.com).

Ependion's Articles of Association contain no special provisions regarding the appointment or dismissal of Board members or amendments to the Articles of Association. For such resolutions at shareholders' meetings, the majority requirements stated in the Swedish Companies Act apply.

AGM 2023

The AGM was held on 10 May 2023. Shareholders were able to participate at the Meeting in Malmö in person, or by postal voting, and the Meeting was streamed on the Internet. 87 shareholders representing some 78% of the votes of Ependion attended the Meeting. Chairman of the Board Bo Elisson was elected Chairman of the Meeting.

Ependion's President & CEO Jenny Sjö Dahl reviewed the highlights of the group's operating activities over the past year and the first quarter of 2023, the operations of the two business entities, as well as ten success factors for the group. The auditors reported on their review of Ependion's accounting records and administration at the Meeting and reviewed their work over the past year.

The minutes of the Meeting are available from Ependion and have been uploaded to [ependion.com](https://www.ependion.com). Some of the resolutions of the Meeting follow:

- Dividend of 0.50 SEK per ordinary share.
- To approve the Board of Directors' remuneration report.
- That the Board of Directors shall consist of six (6) members with no deputies.
- To re-elect the Board members Bo Elisson, Johan Wester, Karin Gunnarsson, Lars Eklöf and Jonas Hård.
- To elect Charlott Samuelsson as a new Board member.
- To re-elect Bo Elisson as Chairman of the Board in accordance with the Nomination Committee's proposal.
- To appoint registered public accounting firm Öhrlings PricewaterhouseCoopers, Malmö, Sweden as Ependion's auditor for the period until the end of the AGM 2024.
- Total fees to the Chairman of the Board and other Board members of 1,850,000 SEK.
- Unchanged fees for service the Board of Directors' Audit Committee of 90,000 SEK to the Chairman of the Committee, and 50,000 SEK to other members.
- Unchanged fees for service on the Board of Directors' Remuneration Committee of 50,000 SEK to the Chairman of the Committee and 30,000 SEK to other members.
- To authorize the Board of Directors to decide on the new issue of a maximum of 2,880,000 ordinary shares on one or more occasions in the period until the next AGM.
- To resolve on the creation of a long-term share-based incentive program, LTI 2023/2026, and the associated hedging measures.
- To change corporate name from Beijer Electronics Group AB to Ependion AB by amending the Articles of Association.

Nomination Committee for the AGM 2024

The Nomination Committee was presented on 4 October 2023 and has four members, with one representative of each of the four largest shareholders before publication (holdings on the last business day of August 2023). The Chairman of the Board is co-opted to the Nomination Committee. Anders Wassberg, representing Stena Adactum AB, leads the work of the Nomination Committee. The Nomination Committee's duty is to consult on proposals for Board members, the Chairman of the Board, fees to Board members and Auditors, and Chairman of the next AGM. The Nomination Committee remains in place until a new Committee is appointed. The Nomination Committee held six meetings where minutes were taken. A number of informal telephone and email discussions were also held. All Board members have been interviewed by the Nomination Committee and responded to a survey on the Board's work.

Nomination Committee Name	Owner's representative of	Votes,% 31 Aug. 2023
Anders Wassberg	Stena Adactum AB	28.9
Fredrik Carlsson	Svolder AB	15.2
Bengt Belfrage	Nordea Fonder	14.6
Loviza Runge	Fourth AP Fund	8.5
Bo Elisson, Chairman of the Board, co-opted		
Total		67.2

In its work on proposing a Board of Directors for the forthcoming term of office, the Nomination Committee appraised the work of the Board. The findings of this appraisal included the Board members being very committed, and their attendance was high. Generally, the Nomination Committee was able to conclude that Board work was effective, and that the members of the Board of Directors represent broad competence, with thorough industrial and financial knowledge, as well as knowledge of international trading conditions and markets.

When preparing its proposal for the Board of Directors, the Nomination Committee especially considered the stipulations of rule 4.1 of the Swedish Code of Corporate Governance, i.e. that the Board of Directors should have an expedient composition in terms of Ependion's operations, developmental phase and other circumstances, featuring diversity and breadth in terms of members' competence, experience and backgrounds, and that an even gender balance should be pursued. The Nomination Committee applied the relevant provision of the Swedish Code of Corporate Governance as its diversity policy when preparing its proposal.

The Nomination Committee's proposal for the Board of Directors to the AGM was presented on 16 February 2024.

The Nomination Committee proposes that the Board of Directors consists of five members. The Nomination Committee is proposing re-election of the Board members Johan Wester, Karin Gunnarsson, Lars Eklöf and Jonas Hård, and the election of Peter Nilsson. Bo Elisson has declined re-election. For personal reasons, Charlott Samuelsson has also declined re-election. The Committee also proposes that Peter Nilsson is appointed Chairman.

The proposed Board members represent broad-based skills, including thorough industrial and financial know-how, as well as knowledge of international trading conditions and markets. In its reasoned statement regarding its proposal to the Board, the Nomination Committee stated that the Board has an expedient

composition, featuring versatility and breadth in terms of Directors' skills, education, age, experience, background and length of service. Even gender division remains one of the Nomination Committee's highest priorities, and the Committee will continue to endeavor to improve gender division on the Board of Directors over time.

The rules stipulating Board member independence in accordance with the Swedish Code of Corporate Governance have been observed. According to the Nomination Committee, all proposed Board members apart from Johan Wester are independent of Ependion's major shareholders. All Board members are independent of Ependion.

Board of Directors

The Board of Directors bears ultimate responsibility for Ependion's organization and administration and taking decisions on Ependion's overall goals and strategy. The duties of the Board of Directors also include identifying how sustainability issues impact Ependion's risks and business opportunities. In the financial year 2023, the company's Board of Directors had six members appointed by the AGM.

Ependion has not set any specific age limit for Board members, nor any time limit for how long a Board member can serve on the Board of Directors. For detailed information on Board members, see ependion.com and pages 101-102.

The role of the Chairman of the Board

Apart from leading the Board of Directors' work, the Chairman of the Board continuously monitors progress by maintaining ongoing contact with the Chief Executive Officer on strategic matters. The Chairman of the Board represents the group on ownership-related matters.

The Board of Directors' working methods

The Board of Directors' work conforms to a yearly plan. Decisions are taken by the Board after an open discussion led by the Chairman. Ependion's Chief Financial Officer, also Compliance Officer for the Code of Corporate Governance, serves as Secretary of the Board of Directors. Apart from the Board meeting following election, which is held coincident with the AGM, the Board normally meets five times per year (scheduled meetings). Extra meetings are convened when necessary. The Board of Directors' and Chief Executive Officer's rules of procedure are adopted yearly at the Board meeting following election. Each meeting follows an agenda, with supporting documentation provided to Board members in good time before each Board meeting.

The Annual Accounts, proposed appropriation of profits and the financial statement are considered each financial year in the first scheduled Board meeting of the financial year. Coincident with this process, Ependion's Auditors submit a report to the Audit Committee regarding the Auditors' observations and judgments of the audit conducted.

The Chief Executive Officer is assigned to submit Interim Reports approved by the Board of Directors at scheduled meetings later in the financial year. Each scheduled meeting also includes several other matters on its agenda, including a report on the current results of operations.

The Board of Directors appraises its own work, and that of the Chief Executive Officer, on an ongoing basis. In addition, a formal appraisal is conducted led by the Chairman of the Board. In 2023, the appraisal was completed in the form of a survey presented to each Board member. Board members sent their responses to an external party, independent of the Board of Directors and Ependion, who collated the responses. The appraisal was then presented to the Chairman and to other Board members at the Board meeting in December 2023.

Work of the Board of Directors in 2023

Board member	Elected	Position	Attendance			Dependent on		
			Audit Committee	Remuneration Committee	Board meetings	Fee*, SEK	Ependion	Major shareholders
Bo Elisson ¹	2013	Chairman		3/3	11/11	650,000	no	no
Ulrika Hagdahl ¹	2006	Member			5/5	300,000	no	no
Johan Wester ²	2015	Member	3/3	3/3	11/11	280,000	no	yes
Karin Gunnarsson ³	2018	Member	3/3		11/11	340,000	no	no
Lars Eklöf	2018	Member			11/11	250,000	no	no
Jonas Hård	2022	Member			11/11	250,000	no	no
Charlott Samuelsson	2023	Member			5/6		no	no
Total						2,070,000		

¹ Fee includes compensation of 50,000 SEK for committee work.

² Fee includes compensation of 30,000 SEK for committee work.

³ Fee includes compensation of 90,000 SEK for committee work.

Ulrika Hagdahl left the Board of Directors at the AGM 2023 and was replaced by Charlott Samuelsson (who accordingly did not receive any compensation).

Ulrika Hagdahl was replaced by Johan Wester in the Audit Committee in 2023. Ulrika Hagdahl has received compensation for committee work in 2022.

*Fees paid in arrears, and the above fees were approved by the AGM 2022.

Work of the Board in 2023

In the financial year 2023, the Board of Directors held 11 (17) Board meetings including the Board meeting following election. Extensive contact was maintained between Ependion, the Chairman of the Board and other members between Board meetings. Ependion's Auditors attended the first Board meeting of the year, reporting their observations on the group's internal controls and financial statement. The Auditors met the Board of Directors' Audit Committee on two other occasions.

Remuneration Committee

The Remuneration Committee is appointed yearly by the Board of Directors. The Remuneration Committee consults on the Board of Directors' decisions on remuneration of the Chief Executive Officer, decides on remuneration to other senior executives and consults on proposals for potential incentive programs. The Remuneration Committee collects decision support data and views from other Board members, the CEO and CFO. The Committee also collects comparative decision support data externally. In 2023, the members of the Remuneration Committee were Bo Elisson and Johan Wester, with Bo Elisson serving as Chairman. In the financial year 2023, the Remuneration Committee held 3 (3) meetings. Remuneration for committee work is payable in accordance with the resolution of the Annual General Meeting 2023.

Audit Committee

The Audit Committee members are Karin Gunnarsson and Johan Wester, with Karin Gunnarsson serving as Chairman. The duty of the Committee is to analyze, discuss and supervise Ependion's risk management, governance and internal controls, and financial reporting. The Committee maintains contact with Ependion's Auditors to stay informed on the audit of the accounts, reviewing and supervising auditor impartiality, and to discuss the orientation and scope of audit work. The Audit Committee has adopted guidelines for other services apart from auditing Ependion can purchase from its auditors. The complete guidelines are available at ependion.com. Remuneration for committee work is payable in accordance with the resolution of the Annual General Meeting 2023.

Remuneration to the Board and Management in 2023

In 2023, the Chief Executive Officer of the parent company, also President of the Group, and other senior executives drew basic salary and other benefits that are reported in Note 6, pages 71-72. Other senior executives mean the four people that made up Group Management in 2023 including the Chief Executive Officer. For more information on remuneration pursuant to the guidelines approved by the AGM, see the presentation of the Board of Directors in the remuneration report.

Remuneration to the CEO

Apart from contracted basic salary, for the financial year 2023, the Chief Executive Officer is also entitled to variable remuneration. Variable remuneration is based on the group's EBIT, order intake and free cash flow, and is a maximum of six months' salary. Pension and other customary benefits are additional. Each year, 30% of gross salary excluding bonus is provisioned as pension assurance for the CEO. This pension is defined contribution and becomes payable at age 65. According to agreement, the CEO has a notice period from Ependion's side of 12 months, which cannot be claimed for termination initiated by the CEO. The notice period from the Chief Executive Officer's side is six months. No other remuneration upon termination has been agreed.

Remuneration to other senior executives

Other senior executives have basic salary with a variable component. The variable component is based partly on the group's and partly on each business entity's volume, profitability and cash flow performance. Yearly variable remuneration is a maximum of six months' salary. Other senior executives have defined contribution pension agreements on market terms. Other customary benefits are additional. Maximum notice periods of 12 months for termination from Ependion's side have been agreed for other senior executives.

Incentive programs

The purpose of incentive programs is to promote senior management's commitment to the group's progress and thus increase value for the group's shareholders. In accordance with a resolution by the AGM 2022, the AGM 2023 resolved to create

a long-term share-based incentive program, LTI 2023/2026 for Management and a number of key individuals within the group. The plan measures performance in 2023, but has a three-year term, and involves up to 25 employees of the group. Participants in the plan undertake to hold Ependion shares themselves, to then receive what are termed performance shares on satisfying or exceeding performance targets for 2023.

Directors' fees

Directors' fees, including fees for committee work, resolved by the AGM 2022, were 2,070,000 (1,805,000) SEK, which were disbursed in 2023, and allocated as in the above table. The AGM in May 2023 resolved on Directors' fees including fees for committee work, of 2,070,000 SEK for 2023, to be disbursed in 2024.

Management and corporate structure

The Chief Executive Officer is responsible for Ependion's ongoing administration, which covers all matters that are not reserved for the Board and administered by Management. Instructions approved by the Board of Directors formalize the Chief Executive Officer's authorization to make decisions regarding investments, company acquisitions and divestments and finance matters.

Senior executives currently consist of the Chief Executive Officer, the EVP/CFO, HR Director, Head of Sustainability and Presidents of the two business entities Westermo and Beijer Electronics. Group Management meetings are held regularly to discuss the group's strategic and operational progress and to monitor results of operations. For more information on the members of Group Management, see Ependion's website and page 107.

Business entities

The group's operations are organized into two business entities. The Presidents of each business entity are members of Group Management, and are responsible for the Income Statement and Balance Sheet of each entity.

Internal controls over financial reporting

In tandem with adopting the Interim Report for the third quarter and annual Financial Statement, Ependion's Auditors report their

observations from auditing and evaluating the company's internal controls. Ependion's Auditors participate in Board meetings and special meetings with the Audit Committee, which enables Board members to ensure that internal control is satisfactory and that reporting to the Board is effective.

According to the Swedish Companies Act, the Board is responsible for internal controls. This responsibility includes issuing annual financial reports. The Board of Directors receives the reports and sets standards on their content and presentation to assure quality. This implies that financial reporting should be expedient by applying applicable accounting standards and other requirements of listed companies.

The CEO presents a financial report to the Board of Directors at least once monthly, presented in a manner specified by the Board of Directors in advance. This enables the Board of Directors to monitor any divergences in terms of reporting or content.

Control environment, risk assessment and control structures

Ependion structures and organizes its operating activities proceeding from decentralized responsibility for profitability. The base of internal controls in a decentralized operation consists of a well-secured process intended to define targets and strategies for each business.

Defined decision-paths, authorizations and responsibilities are communicated through internal instructions, regulations and policies adopted by the Board of Directors. The group's primary financial policy documents are its accounting policies, finance policy and a reporting manual, including instructions for each financial statement. Ependion has an established control structure to manage the risks the Board of Directors and Management consider significant to internal controls regarding the group's accounting organization. Accounting managers at all levels play a key role in terms of integrity, skills and the ability to create the environment necessary

to achieve transparent and accurate financial reporting. Another important overall control activity is the monthly update on results that is conducted via the internal reporting system, and analyzed and subject to comment in reports to the Board. Monitoring the results of operations includes reconciliation against targets set, the most recent forecast and monitoring established key financial ratios.

In accordance with the Code's provisions, the Board of Directors has taken a view on the need for a dedicated internal audit function, and concluded that at present, there is no need to create such resources within the group. Coincident with its evaluation of this need, the Board of Directors considered the group's size, risk outlook and the control functions already established within the group, which include regular internal audits operated by the central finance function.

Financial reporting and information

The company's communication processes are intended to provide the market with relevant, reliable, accurate and up-to-date information on the group's progress and financial position. Financial information is regularly submitted in the form of financial statements, interim reports, annual reports and press releases on important news and events that can materially affect the share price. Presentations and teleconferences for financial analysts, investors and the media are held on the day of publication of annual and quarterly reports. All reports, presentations and press releases are published on the group's website and intranet.

Insider Policy

Ependion's Board of Directors has adopted an Insider Policy supplementing the Swedish Market Abuse Act. This Policy states the rules on registering insiders, their holdings and reporting, alerts and black-out periods for trading in financial instruments. The complete insider policy is available from [ependion.com](https://www.ependion.com).

Code of Conduct

Ependion's operations should be conducted with high standards of integrity and ethics. The group has adopted a number of values that function as a framework for employees and promote good judgment and consistent decision-making. Ependion's Board of Directors approves the Code of Conduct each year for the group's operations, which also includes guidelines for the group's conduct in society in order to ensure its long-term value-creating ability. The document is available in full at [ependion.com](https://www.ependion.com).

Staff can anonymously report grievances like discrimination and harassment to their first-line managers, direct to HR or via a whistleblower function that is also available to external stakeholders. The group works systematically in the segment using a whistleblower policy, communicated as part of its Code of Conduct. No situations of discrimination and harassment were reported in 2023.

Values

The overarching and principles values of the Code of Conduct adopted in October 2023 apply to the group and all group companies. The group's operations are based on autonomous business entities with their own values, with Ependion's role being to support these operations and invest in people, technologies and products for a secure and connected world