

Corporate governance report for the 2021 financial year

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Corporate governance principles

In addition to the rules laid down by law or regulation, JM applies the Swedish Code of Corporate Governance (the Code). JM complies with the Code without exception.

Through detailed and transparent accounting, JM will increase the knowledge of shareholders and other stakeholders about how the Board of Directors and the Executive Management operate in order to ensure that shareholders' demands for return on invested capital are met. Priority areas for long-term value creation include high ethical standards, JM's core values and code of conduct, professionalism, transparency and JM's contribution to social development.

JM has pursued for many years a long-term and systematic project to continuously develop its internal governance and control. This project has resulted in, for example, additional enhancements to the company's governance and control with regard to investment, selling and production decisions as well as governance and control during the project implementation phase. Internal governance and control are also exercised through the systematic committee work of the Board. In order to promote the development of the Board, an annual assessment of the Board's work is conducted.

Shareholders and Annual General Meeting

The General Meeting, which is the Company's highest decision-making body, gives all shareholders the possibility to participate and exercise their influence. The Annual General Meeting (the general meeting at which the Annual Report and the auditors' report on the consolidated accounts are presented) addresses the Company's development, and decisions are made on several key issues, such as adoption of the annual report, dividends, discharge of liability for the Board, election of auditors, remuneration for the Board and auditors, and election of new Board members for the period extending to the next Annual General Meeting.

The Company publishes notification of the Annual General Meeting no earlier than six weeks and no later than four weeks before the meeting. The Company announces the time and place of the Annual General Meeting in connection with the Q3 report, usually in late October. The possibility of foreign shareholders following or participating in the Annual General Meeting through simultaneous interpretation or translation of presented material into other languages has not been considered necessary since, to date, such shareholders have had Swedish representation.

Annual General Meeting

The 2021 Annual General Meeting was held on March 24 by absentee ballot. A total of 190 shareholders were represented, representing about 62 percent of the total votes. One of the resolutions made by the 2021 Annual General Meeting was to authorize the Board to make decisions on the acquisition of own shares. Minutes from the Annual General Meeting can be found on JM's website (jm.se). The 2022 Annual General Meeting will be held on March 31.

Major shareholders

One shareholder, Samhällsbyggnadsbolaget i Norden AB, has a shareholding in the Company representing at least one-tenth of the voting rights for all shares in the Company. Its holding amounts to 27.6 percent on January 31, 2022. JM's Articles of Association do not limit shareholders' voting rights for any owned or

Board Meetings in 2021

FEBRUARY (THREE MEETINGS)

Year-end Report, proposals on dividend and buy-back of shares, review session with auditors, remuneration system, adoption of the annual accounts, decisions on property acquisition and housing starts, and notification and other matters leading up to the Annual General Meeting

APRIL (ONE MEETING)

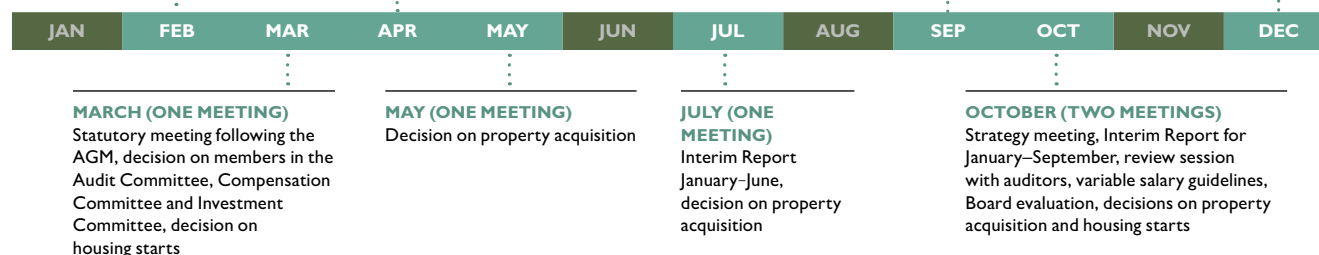
Interim Report January–March, decisions on work procedure, policies and guidelines, decision on acquisition of own shares, decisions on property acquisition and property sales

SEPTEMBER (ONE MEETING)

Decisions on property acquisition and housing starts

DECEMBER (ONE MEETING)

Decision on property acquisitions and evaluation of the President



Fixed items on the agenda of ordinary Board meetings include a status report from the President and updates from the Committees.

represented shares. The Articles of Association do not contain any provisions on the appointment and dismissal of Board members or on amendments to the articles.

JM does not apply any special arrangements relating to the function of the general meeting of shareholders, either due to provisions in the Articles of Association or, as far as is known to the Company, shareholder agreements.

Nomination Committee

The Nomination Committee is a body elected by the Company's Annual General Meeting that is tasked with nominating Board members, a Chair of the Board, and an auditing company as well as proposing fees for the Board, the committees of the Board, and auditors. The work of the Nomination Committee is governed by the instructions for the Nomination Committee as adopted by the Annual General Meeting. This committee consists of representatives for the four largest shareholders in the Company that wish to participate. The Chair of the Board is the fifth member and convenes the meeting.

The Chair of the Board convened the Nomination Committee for the 2022 Annual General Meeting in August 2021, and the Committee consists of the following people:

Ilija Batljan, Samhällsbyggnadsbolaget i Norden AB
Anders Oscarsson, AMF Försäkring & Fonder
Marianne Nilsson, Swedbank Robur Fonder
Johannes Wingborg, Länsförsäkringar Fondförvaltning AB
Fredrik Persson, Chair of the Board of JM.

The Nomination Committee represents approximately 48.1 percent of the total number of JM shares. Ilija Batljan is chair of the Nomination Committee. The Nomination Committee held five minuted meetings and also corresponded by email and telephone. Members of the Nomination Committee have not received any compensation from JM.

Auditors

Following a proposal by the Nomination Committee, the 2021 Annual General Meeting elected PricewaterhouseCoopers AB (PwC) to be the auditor. The election covers the period up until the end of the 2022 Annual General Meeting. Auditor-in-charge is Ann-Christine Hägglund, and the

auditor's report is also signed by Fredrik Kroon. They have no other assignments that affect their independence as an auditor for JM.

Fees and remuneration to PwC	2021	2020
Auditing services	5.5	5.5
Tax services	0.2	0.1
Other services	0.5	2.4
Total	6.2	8.0

Information about the auditing company's services to JM in addition to auditing is provided in Note 5 on page 98.

Board of Directors

Composition

According to the Articles of Association, JM's Board of Directors shall consist of a minimum of five and a maximum of nine members. No deputies shall be appointed. The members of the Board of Directors are elected by the Annual General Meeting for one year at a time. In addition, the employee organizations are legally entitled to appoint two ordinary members as well as two deputies.

The Nomination Committee has applied Code Rule 4.1 as its diversity policy for the Board. The Nomination Committee determined the following in its reasoned statement prior to the 2021 Annual General Meeting: The Nomination Committee considers JM to have a well-functioning Board of Directors and that the current composition of the Board, given the Company's operations, development stage and circumstances in general, is appropriate and features diversity and breadth with regard to the members' competence, experience and background. The Nomination Committee also considers it to be valuable to have a balance of both continuity and renewal within the Board. Three of the now proposed seven Members were elected at the past two Annual General Meetings. The Nomination Committee's proposal to the Board therefore does not include any new-elects despite Eva Nygren's decision to decline re-election. JM's Board of Directors has consisted of seven Board Members for several years. However, the number was expanded to eight at the 2020 Annual General Meeting. Since Eva Nygren has now declined re-election, it is desirable to return to seven Board Members.

The proposed Board has broad experience and skills, including for relevant sustainability aspects, within areas that are important for JM, such

as housing and property development, project development and construction activities, consumer markets, finance, and good knowledge of geographic markets that are relevant for the Company. The Nomination Committee has applied Code Rule 4.1 as its diversity policy. It can be noted that JM has had an even gender distribution in its Board of Directors for many years, and the Members proposed to the Annual General Meeting include three women and four men. The proposal thus fulfills the requirements of the Code for an even gender distribution. All of the proposed Members are considered to be independent in relation to the Company and its management as well as major shareholders in the Company.

The 2021 Annual General Meeting resolved to elect the seven members proposed by the Nomination Committee.

The employee organizations appointed two members and two deputies. The composition of the Board of Directors is presented on pages 126–127, as is participation by the members elected by the Annual General Meeting in committees (A = Audit Committee, C = Compensation Committee, I = Investment Committee).

Attendance during the 2021 calendar year is also presented.

The Board of Directors held eleven meetings. The Audit Committee held five meetings. The Compensation Committee held five meetings. The Investment Committee held nine meetings.

Independence

All Board members elected at the Annual General Meeting are considered independent in relation to the Company and all are independent in relation to the shareholders.

DUTIES/RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board's duties concern strategic issues such as JM's business concept, key policies, market, finance and financial position, internal control and risk management, personnel, leadership and decisions concerning housing starts of projects, acquisition and sale of development properties and project properties.

New-elects to the Board of Directors are introduced to the company's operations and the work of the Board as required and according to that below.

Duties/Responsibilities

The most important governing documents are:

- Strategic focus
- Articles of Association
- Rules of Procedure for the Board of Directors, Instructions for the Allocation of Duties between the Board and the President, and Instructions for Financial Reporting
- JM's policies (Sustainability Policy, Integrity Protection Policy, Information Security Policy, Employee Policy, Work Environment Policy, Communication Policy, Financial Policy, Tax Policy and Purchasing Policy)
- JM's ethical guidelines, JM's Code of Conduct, guidelines to prevent victimization, sexual harassment and discrimination, guidelines for communication, and guidelines for purchasing.

Duties of the Chair of the Board of Directors

The Chair of JM's Board of Directors has ultimate responsibility for the Company complying with the established strategic focus. In this context, the Chair has regular contact with the Company's President and serves as a discussion partner to the President. The work of the Chairperson otherwise complies with the requirements of the Code.

Secretary to the Board

The Company's General Counsel is the Secretary to the Board. The General Counsel is not a member of the Board of Directors.

Evaluation by the Board of its own work

The performance of the Board of Directors is evaluated every fall. In 2021, the evaluation consisted of a paper survey that was sent to all Board members. The results of the evaluation were discussed and presented to the Board and the Nomination Committee.

Board's evaluation of the President

The Board of Directors evaluates the President's performance annually. In 2021, the evaluation consisted of a paper survey that was sent to all Board members. The results of the evaluation of the President were discussed and presented to the Board.

Important matters during 2021

The Board of Directors made the following decisions and others in 2021:

- The Board of Directors held a separate strategy meeting at which it adopted the strategic plan for the Company
- The Board of Directors decided on housing starts for seven residential projects and one project property, which have an estimated total project expense exceeding the maximum level delegated to the President of either SEK 400m in the total project expense or SEK 400m in project expense per phase
- The Board of Directors decided on eight acquisitions of development properties, which have a purchase sum exceeding the maximum level delegated to the President of SEK 100m
- The Board of Directors decided on the sale of one rental project
- The Board of Directors decided to propose that the Annual General Meeting authorize the Board to decide on acquisition of own shares for the period up to the next Annual General Meeting. Following a resolution by the Annual General Meeting to grant the Board authorization, a decision was made to acquire own shares
- The Board of Directors decided on short-term and long-term variable remuneration programs
- The Board of Directors decided on JM's existing policies and guidelines.

Duties of the Committees

The committees usually meet in conjunction with Board meetings or when necessary. Minutes are kept and shared with the Board of Directors and the auditors. Verbal accounts are provided at Board meetings about the topics discussed at committee meetings. There is no delegated right of decision with the exception of:

- The Compensation Committee, which approves salaries and other terms and conditions for Executive Management, excluding the President
- The Audit Committee approves fees and compensation to the external auditors for auditing work as well as the external auditor's provision of services other than auditing. The Audit Committee starts more in-depth initiatives in selected areas or projects.

All Board members elected by the Annual General Meeting are also members in one or several committees. The Chairperson of the Board chairs the Compensation Committee. The Chairperson of the Audit Committee is Thomas Thuresson, and the Chairperson of the Investment Committee is Olav Line.

The Director of Human Resources reports for the Compensation Committee. Each business unit manager reports for the Investment Committee. The Chief Financial Officer reports for the Audit Committee. The President attends the meetings of the Compensation Committee and the Investment Committee.

Audit Committee

The Audit Committee has three members: Thomas Thuresson (Chairperson), Fredrik Persson and Annica Ånäs. The committee held five meetings during the calendar year.

The work of the Audit Committee during the year was primarily focused on:

- Review and analysis of financial statements, interim reports and Annual Report
- Quality assessment of internal control systems, control procedures, the Internal Audit and risk management
- Review of the audit plan of the external auditors and other internal planning for internal audits and risk management
- Preparation of the Corporate Governance Report
- Recommendation for the election of external auditors in consultation with Executive Management, the Board of Directors and the Nomination Committee prior to the Committee's recommendation for the Annual General Meeting
- Review and monitoring of the auditor's impartiality and independence regarding approval of fees and compensation to the auditors for auditing work as well as advance approval of the auditor's provision of services other than auditing
- Monitored the statutory audit
- Initiation of in-depth initiatives within select areas
- Progress reporting and review of areas or projects of special interest
- Reporting and presentation to the Board of Directors of observations noted during review sessions with auditors and management
- Otherwise completed the tasks placed on the Audit Committee according to applicable laws, ordinances and the Swedish Code of Corporate Governance.

Compensation Committee

The Compensation Committee has three members: Fredrik Persson (chair), Camilla Krogh and Kaj-Gustaf Bergh.

The Committee held five meetings during the calendar year.

The Compensation Committee's tasks during the year were to:

- Prepare recommendations for salary, pension benefits and other terms and conditions for the President of the Company
- Prepare recommendations relating to general principles for remuneration to all other employees, especially in terms of variable compensation
- Draft proposal on incentive programs
- Approve salary and other terms and conditions for the Executive Management (excluding the President), based on Board-approved general principles
- Evaluate current programs for variable compensation for Executive Management.
- Draft proposal on guidelines for remuneration to senior executives
- Follow and evaluate the application of the guidelines for remuneration to senior executive resolved by the Annual General Meeting and applicable remuneration structures and remuneration levels in the Company.

Investment Committee

The Investment Committee has three members: Olav Line (chair), Kaj-Gustaf Bergh and Kerstin Gillsbro.

The committee held nine meetings during the calendar year.

The Investment Committee's duties during the year, within the framework of JM's order of delegation, have been to:

- Evaluate that the strategy for scope and focus pertaining to development properties and project properties is followed
- Prepare recommendations to purchase or sell development properties and project properties or shares and participations in companies as owner of such properties
- Prepare recommendations relating to investments in existing project properties
- Prepare recommendations relating to housing starts
- Prepare recommendations relating to external contract work.

Management and company structure

Executive Management

JM's business is operationally divided into six business units. Each business unit manager reports directly to the President. In the financial reporting, JM Norway and JM Finland form the JM International business segment.

Executive Management comprises the President, all heads of business units and heads of group staffs, in total nine people, and meets at least once a month. Management responsibility includes always working to ensure compliance with guidelines issued by the Board and the President.

The report structure is presented on page 132.

Governance and report structure

At JM, a large number of projects are in production at any given time. It is not unusual for a project to involve more than 100 people and have estimated volumes of more than SEK 100m.

Every project is run by a project manager who is responsible for the project's revenue and expenses. The project manager reports to the regional manager, who is directly subordinate to the business unit manager. All these people have profit responsibility. The business unit manager is responsible for deciding the revenue level in the projects.

Decisions to begin work on a project are made by the business unit management or Executive Management; for major projects such decisions are made by the Board. Follow-up of sold and reserved residential units occurs on a weekly basis, with reporting to the regional manager, business unit manager and President. Complete analyses and reconciliation of each project's revenue and expenses are performed every quarter.

More intense monitoring routines have been introduced for large projects. The business unit manager and the regional manager/head of subsidiary present quarterly reports to the President, the CFO and the person responsible for JM's Internal Audit function. Assessment data include the financial history of the project, future anticipated revenue and expenses and the current sales and reservations level.

The largest projects have special steering groups and are audited by JM's Internal Audit function and presented in the Audit Committee.

The governance structure can be seen below:



Board of Directors, CEO and Auditors



Fredrik Persson



Kaj-Gustaf Bergh



Kerstin Gillsbro

BORN	Born in 1968	Born in 1955	Born in 1961
NATIONALITY	Swedish	Finnish	Swedish
SIZE OF HOLDING¹⁾	Shares in JM: 4,000	Shares in JM: 5,800	Shares in JM: 1,250
IN JM AS	● Board of Directors, Chair Elected to the Board in 2017 ● Compensation Committee, Chair ● Audit Committee, Member. Attendance: ● 11 of 11 ● 5 of 5 ● 5 of 5 - Total annual fees: SEK 1,060,000	● Board of Directors, Member Elected to the Board in 2013 ● Compensation Committee, Member ● Investment Committee, Member as of AGM 2021 - Attendance: ● 11 of 11 ● 4 of 5 ● 6 of 6 (as of AGM 2021). - Total annual fees: SEK 500,000	● Board of Directors, Member Elected to the Board in 2019 ● Investment Committee, Member - Attendance: ● 10 of 11 ● 9 of 9 - Total annual fees: SEK 435,000
MEMBER'S INDEPENDENCE	The Board member is considered to be independent in relation to the Company and its management as well as major shareholders in the Company.	The Board member is considered to be independent in relation to the Company and its management as well as major shareholders in the Company.	The Board member is considered to be independent in relation to the Company and its management as well as major shareholders in the Company.
TRAINING AND EDUCATION	MSc Econ., Stockholm School of Economics, Stockholm, Sweden.	LL.M. and B.Sc. Econ.	MSc. Eng.
WORK EXPERIENCE	Long career at Axel Johnson AB, including as CFO and then as President and CEO. Previously at Aros Securities and ABB Financial Services.	15 years at Gyllenberg and SEB. 12 years as CEO of Föreningen Konstsamfundet in Finland.	Previously at NCC, most recently as the CEO of NCC Boende AB.
OTHER SIGNIFICANT ASSIGNMENTS	Chairman of the Board of the Confederation of Swedish Enterprise and AB Ellevio AB. Board member of AB Electrolux, Hufvudstaden AB, Interogo Holding AG, ICA Gruppen AB and Ahlström Capital OY.	Chairman of the Board of Ab Tallberg Oy. and of Pensions-försäkringsaktiebolaget Veritas.	CEO of Jernhusen AB since 2011. Board Member at Christian Berner Tech Trade AB. Member at Förtroenderådet SNS and Sweden Green Building Council.

¹⁾ Shareholdings pertain to personal holdings or a related natural or legal person's holdings of JM AB shares and other financial instruments as at 31/12/2021.

Employee representatives



Jan Strömberg
Employee representative
Born: 1959. MSc. Eng.
Deputy since 2011,
Member since 2015
Shares in JM: 2,000
Convertibles: SEK 562,074
Attendance: 11 of 11



Peter Olsson
Employee representative
Born in 1977. Carpenter.
Deputy since 2014,
Member since April 2018
Shares in JM: 0
Convertibles: SEK 0
Attendance: 11 of 11



Jonny Änges
Employee representative
Born in 1962. Construction engineer.
Deputy since 2015
Shares in JM: 0
Convertibles: SEK 0
Attendance: 11 of 11



Per Petersén
Employee representative
Born in 1970. Bricklayer.
Deputy since April 2018
Shares in JM: 0
Convertibles: SEK 0
Attendance: 10 of 11

				
Camilla Krogh	Olav Line	Thomas Thuresson	Annica Ånäs	Johan Skoglund
Born in 1977	Born in 1958	Born in 1957	Born in 1971	Born in 1962
Norwegian	Norwegian	Swedish	Swedish	Swedish
Shares in JM: 0	Shares in JM: 800	Shares in JM: 1,500	Shares in JM: 1,250	Shares in JM: 50,000 Convertibles in JM: SEK 4,526,078
- Board of Directors, Member Elected to the Board in 2020 - Compensation Committee, Member - Attendance: 11 of 11 3 of 3, (as of AGM 2021). - Total annual fees: SEK 425,000	- Board of Directors, Member Elected to the Board in 2017 - Investment Committee, Chair - Attendance: 11 of 11 9 of 9 - Total annual fees: SEK 460,000	- Board of Directors, Member Elected to the Board in 2016 - Audit Committee, Chair - Attendance: 11 of 11 5 of 5 - Total annual fees: SEK 520,000	- Board of Directors, Member Elected to the Board in 2019 - Audit Committee, Member - Attendance: 11 of 11 5 of 5 - Total annual fees: SEK 455,000	President and CEO of JM AB
The Board member is considered to be independent in relation to the Company and its management as well as major shareholders in the Company.	The Board member is considered to be independent in relation to the Company and its management as well as major shareholders in the Company.	The Board member is considered to be independent in relation to the Company and its management as well as major shareholders in the Company.	The Board member is considered to be independent in relation to the Company and its management as well as major shareholders in the Company.	
MSc. Eng. Executive MBA, Norwegian School of Economics.	MSc. Eng. NTH (NTNU), Trondheim.	MSc. Econ., Lund University. IMD (BPSE).	LL.M, B.Sc. Econ.	MSc. Eng., KTH Royal Institute of Technology, Stockholm, MSc. Program, Stockholm School of Economics.
The OBOS Group 2018–2020, most recently as CEO of Construction City Eiendom and Ulven AS. Previously at Skanska Norway.	30 years of experience from the property industry in Norway and Scandinavia, such as CEO of Rom Eiendom AS, Steen & Strøm AS and Norwegian Property AS.	29 years in different positions within the Alfa Laval Group, for 26 years as CFO.	CFO of Atrium Ljungberg AB. CFO of Hemsö AB and auditor at Deloitte. Experience from other Board assignments, such as the Finnish listed property company Technopolis Oyj.	35 years in various positions, such as site engineer, project manager, regional manager and business unit manager. President and CEO since 2002.
CEO of Ferd Eiendom AS.	CEO of Mustad Eiendom AS.	President of Tetra Laval Real Estate AB. Chairperson of Terratech Group AB. Member of the Board of Proact IT Group AB (publ), Solix Group AB and Skiold A/S.	CEO of Atrium Ljungberg AB since 2016. Member of the Board of Swedavia AB.	Board Member of The Confederation of Swedish Enterprise and Mentor Sverige. Chair of the Board of Polhem Infra AB and Vectura Fastigheter AB.

Eva Nygren was a Member of the Board of Directors, the Investment Committee and the Compensation Committee up to the Annual General Meeting and attended all Board meetings, Investment Committee meetings and Audit Committee meetings up to the Annual General Meeting.

Secretary to the Board

Maria Bäckman
Chief Legal Counsel at JM AB
Born in 1973.
Secretary to the Board of Directors since 2012.
Shares in JM: 600
Convertibles: SEK 109,802

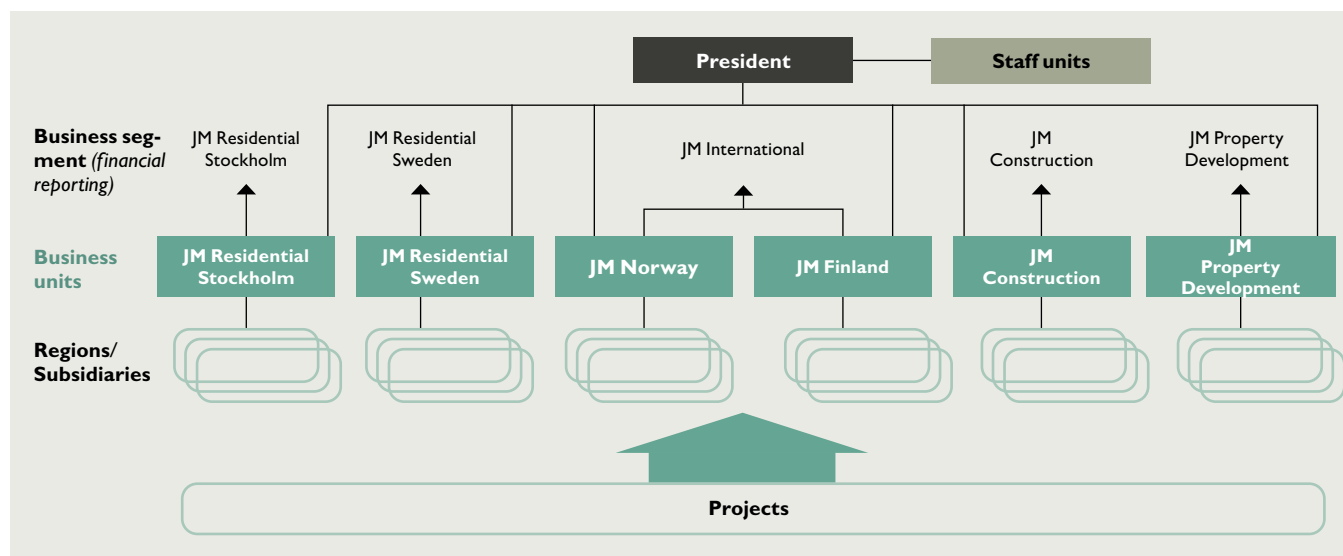
Auditors – PricewaterhouseCoopers AB

Ann-Christine Hägglund
Authorized Public Accountant, Auditor-in-charge. Born in 1966. Other assignments: Auditor-in-charge at NCC, Scandi Standard, Atrium Ljungberg and Business Sweden.

Fredrik Kroon
Authorized Public Accountant.
Born in 1985. Other assignments: Co-signing auditors in, for example, Nordr Sverige and audit leader NCC within the business area Infrastructure and Building Sweden.

The Annual General Meeting held in March 2021 elected PwC auditor of JM AB.

Reporting structure:

**Order of Delegation – President's right of decision**

The Board has delegated to the President the right of decision for:

- Purchases and sales of development and project properties up to SEK 100m
- Investments in existing project property up to SEK 400m for implementation of housing projects, or SEK 200m for implementation of office projects
- Housing starts for residential projects, up to a total project expense of SEK 400m excluding the purchase price for the property and housing starts of individual stages up to SEK 400m
- Submission of tenders and if won signing external contracting contracts up to SEK 400m
- Raising of new loans that are not linked to acquisition of a property, up to a total of SEK 400m per year for loans with a maturity shorter than one year, up to a total of SEK 250m per year for loans with maturities between one and ten years.

The Board makes the decision in other cases. These amounts are chosen to meet the Board's needs to exercise control and management's need for freedom of action. The President has the right to further delegate some of the above decision rights. Matters requiring decisions are prepared in part by the Business Committee, consisting of business unit and regional managers from the entire Group, and by the Executive Management. JM's operations as well as its governance and report structure are presented above.

Control framework**Financial reporting**

The President shall ensure that the Board receives progress reports on JM's operations, including JM's financial performance, financial position and liquidity as well as information about the status of larger projects and other significant events. These reports shall be of such a nature that the Board can make a well-informed evaluation. The financial reports the Board receives are presented in the Communication and Monitoring section on page 133.

The Board of Directors' description of internal control and risk management of financial reporting**Governance structure**

The Board has ultimate responsibility for establishing an effective internal control and risk management system. The responsibility for maintaining an effective control environment and regular work with internal control and risk management is delegated to the President. Risk management is an integrated part of decision-making at all levels within JM and incorporated as a natural element in JM's business processes.

For a detailed description of JM's risk management procedures please refer to pages 35–40 and 87.

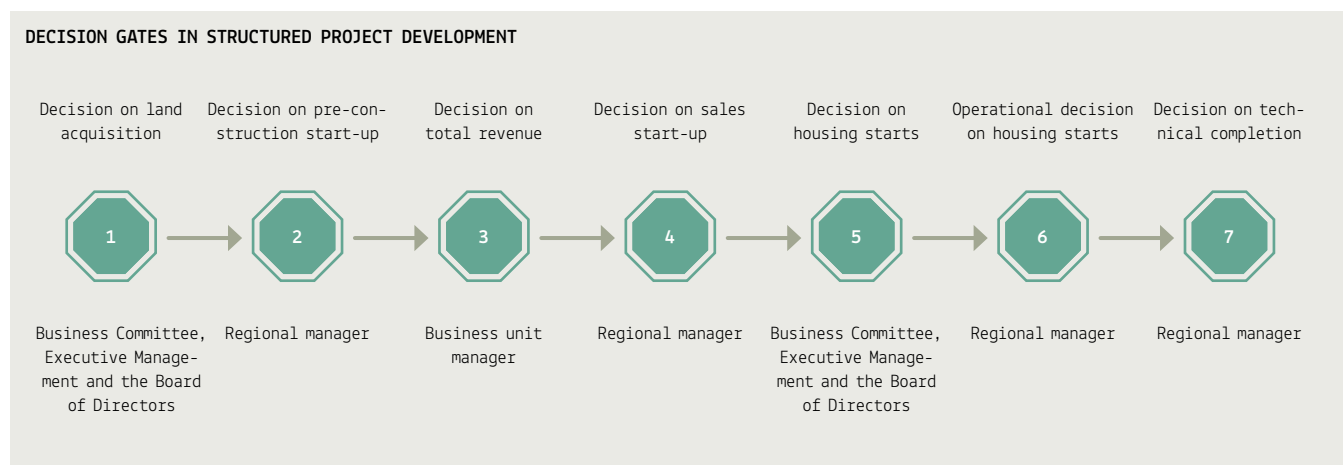
The Board has placed particular focus on effective control structures. The quality of JM's processes and systems for ensuring good internal control is based on the control environment, which includes the Board's adopted rules of procedure and instructions for financial reporting. The Audit Committee facilitates closer contact between the Board and the external auditors and Internal Audit, enabling the Board and its committees to learn about the Company's financial position in different ways. The Audit Committee meets four to five times a year. The external auditors also participate in Board meetings twice a year.

The main task of JM's Internal Audit function is to examine the suitability and efficiency of the operations by checking compliance with business-critical requirements in JM's Operations System. JM's Operations System is a comprehensive process-oriented work structure with the purpose of ensuring the efficiency of JM's business processes. The Internal Audit has the special task of examining the financial risks associated with larger projects. The Board ensures that JM has solid project and financial management through the work of Audit Committee.

As part of the objective to develop standardized working methods and processes within the Group, work is ongoing to achieve Structured Project Development (see pages 33–34 for more information). JM's management and support processes are regularly reviewed as a means to further systematize JM's structural capital in the form of processes, documentation and systems, thus facilitating the work of all employees.

A Code of Conduct has been implemented for JM employees. Its objective is to clarify and provide guidance for the values that should be followed at JM. The Whistleblower Function ensures the reporting of suspected

The decision process can be seen below:



irregularities, and the Ethical Council provides guidance in the event of difficulties interpreting the ethical guidelines and JM's Code of Conduct.

A plan was implemented earlier for the follow-up of compliance with JM's Code of Conduct for suppliers.

Control environment

JM's core values and corporate culture comprise the basis of internal controls with respect to financial reporting. Control environment refers to both the infrastructure with system support that was built for internal control and governance as well as JM's core values. The control environment consists, for example, of the organization, channels for decisions, authorities and responsibilities documented and communicated in normative documents such as internal policies, guidelines, manuals and codes. Examples include the allocation of duties between the Board and the President and other bodies the Board establishes, the order of delegation and authorization regulations, instructions for approval powers and accounting and reporting instructions.

Risk assessment

The Company applies a method or process for risk assessment and risk management to ensure that those risks to which the Company is exposed are managed within the established frames and that the risks are handled within the framework of existing processes/systems. JM's Operations System, which describes JM's business from a process perspective with established business-critical requirements, along with procedures for control, monitoring and follow-up of projects, comprises an important element of risk management.

Control activities

The risks identified with respect to financial reporting are managed via the Company's control activities, which are documented in process and procedure descriptions. These are in JM's Operations System, which governs a unified process and the use of a common business system. The purpose of control activities is to continually improve while preventing, detecting and correcting errors and deviations.

Examples of control activities in which risk assessments are managed:

- The Operations System that documents the operation's processes and established business-critical demands
- Project reviews before initiating acquisitions, pre-construction, production and sales starts
- Business committee meetings and Group Executive Management meetings preparing for investments in properties and initiation of residential production projects. Business unit managers, heads of corporate staff units and regional managers/subsidiary managers participate at these meetings (monthly)
- Forecast reviews with business unit managers (quarterly)
- Close monitoring of large projects at which the President, CFO, head of the Internal Audit, business unit managers and regional managers/subsidiary managers participate (quarterly)
- Group management meetings in larger projects (quarterly)
- Board meetings at subsidiaries
- The Internal Audit's review and control of the business-critical requirements and review of the economic risks in the larger projects (ongoing)
- Special review of compliance with JM's Code of Conduct for suppliers through, for example, on-site visits
- The Whistleblower Function ensures systematic and professional management of reported irregularities
- Ethical Council, which provides guidance in the event of difficulties interpreting the ethical guidelines and JM's Code of Conduct.

Communication and follow up

The Company has implemented information and communication channels to encourage completeness and accuracy in financial reporting; for example, by notifying concerned personnel about normative documents such as internal policies, guidelines, manuals and codes for financial reporting through JM's Intranet and Operations System.

The external auditors report their audit of internal control to the Board once a year in connection with the reporting of the third quarter.

JM's principal normative documents are the Rules of Procedure for the Board of Directors, Instructions for the Allocation of Duties between the Board and the President, Instructions for Financial Reporting and JM's

Authorization Regulations.

Other normative documents such as policies, guidelines, instructions and manuals for financial reporting are available on JM's Intranet as well as in the Operations System.

The most important documents for financial reporting are:

- JM's Authorization Regulations
- Schedule and instructions for forecasts and financial statements
- Financial statement and forecast processes
- Instructions for purchases and sales
- Treasury Policy
- Controlling within JM
- Accounting principles
- Procedure descriptions.

The Board of Directors receives financial reports in conjunction with the interim reports.

In addition to the outcome and forecast reports, the Audit Committee receives financial audit reports for larger projects. In connection with the delegation rules, the Board of Directors/Investment Committee receive regular estimates regarding acquisition and project investments and purchases/sales of properties. In addition, the Board of Directors' various Committees serve an important function in follow-up of activities.

The Board follows up and continuously reviews internal control to ensure that it works satisfactorily through the Company's central Internal Audit function. The results of the conducted audits and proposals for any measures that need to be taken are regularly reported to the Audit Committee. The Board of Directors also receives the opinions from the Company's external auditors.

Remuneration principles

Remuneration to the Board of Directors and Executive Management

Following a proposal from the Nomination Committee, the 2021 Annual General Meeting decided on fees to the Board Members who are not employed by the Company as follows:

- Remuneration will be SEK 900,000 to the Chairperson of the Board of Directors and SEK 360,000 to regular Board members who are not employed by the Company;
- Remuneration for work in the Audit Committee will be SEK 160,000 to the Chairperson and SEK 95,000 to the members;
- Remuneration for work in the Investment Committee will be SEK 100,000 to the Chairperson and SEK 75,000 to the members;
- Remuneration for work in the Compensation Committee will be SEK 65,000 to the Chairperson and each member.

The Annual General Meeting 2020 resolved on guidelines for remuneration to the senior executives that should apply until the Annual General Meeting 2024 unless circumstances arise that require an earlier revision. The Board of Directors will decide on salary, pension benefits and other remuneration for the President, and the Compensation Committee decides on such matters for the Executive Management excluding the President. Information about remuneration guidelines for JM's Executive Management can be found in the Board of Directors' Report on pages 80–81. Information about remuneration to the President and Executive Management can be found in Note 3 on page 96 of the Group Notes.

About 500 of JM's managers and leaders, including the President and Executive Management, are covered by a performance-based part of the salary system. The total salary comprises a basic and a variable component with a maximum result for the short-term variable component that, depending on position, varies between one and five monthly salaries. In addition to the financial result of the operations, which carries the greatest weight, the variable salary component is also based on individual target fulfillment, work environment targets, recycling goals, and the Customer Satisfaction Index. The principle is that the basic salary combined with a normal result for the variable component should result in a competitive salary. A long-term variable remuneration program is available to 20 to 30 key staff members in addition to the Executive Management.

Stockholm, February 28, 2022
Board of Directors

Auditor's statement on the Corporate Governance Statement

To the annual meeting of the shareholders of JM AB, corporate identity number 556045-2103.

Engagement and responsibility

The Board of Directors is responsible for the Corporate Governance Report for the year 2021 on pages 126–134 and that it has been prepared in accordance with the Annual Accounts Act.

Scope of the examination

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

Opinion

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

Stockholm, March 7, 2022

PricewaterhouseCoopers AB

Ann-Christine Hägglund
Authorized public accountant
Auditor-in-charge

Fredrik Kroon
Authorized public accountant