

# Corporate governance report for the 2022 financial year

## ■ Corporate governance report

### 120 CORPORATE GOVERNANCE PRINCIPLES

#### SHAREHOLDERS AND ANNUAL GENERAL MEETING

- 120 ANNUAL GENERAL MEETING
- 120 MAJOR SHAREHOLDERS
- 121 NOMINATION COMMITTEE
- 121 AUDITORS

#### BOARD OF DIRECTORS

- 121 COMPOSITION
- 122 INDEPENDENCE
- 122 DUTIES/RESPONSIBILITIES
- 122 EVALUATION BY THE BOARD OF ITS OWN WORK
- 122 EVALUATION BY THE BOARD OF THE PRESIDENT
- 122 IMPORTANT MATTERS DURING 2022
- 122 DUTIES OF THE COMMITTEES
- 123 GOVERNANCE AND REPORT STRUCTURE

### 124 BOARD OF DIRECTORS, CEO AND AUDITORS

- 126 ORDER OF DELEGATION –  
PRESIDENT'S RIGHT OF DECISION

#### CONTROL FRAMEWORK

- 126 FINANCIAL REPORTING
- 126 THE BOARD OF DIRECTORS' DESCRIPTION  
OF INTERNAL CONTROL AND RISK MANAGEMENT  
OF FINANCIAL REPORTING
- 126 GOVERNANCE STRUCTURE
- 127 CONTROL ENVIRONMENT
- 127 RISK ASSESSMENT
- 127 CONTROL ACTIVITIES
- 127 COMMUNICATION AND FOLLOW-UP

#### REMUNERATION PRINCIPLES

- 128 REMUNERATION TO THE BOARD OF DIRECTORS AND  
EXECUTIVE MANAGEMENT

### 129 AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE REPORT

#### MANAGEMENT AND COMPANY STRUCTURE

- 130 EXECUTIVE MANAGEMENT

## 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

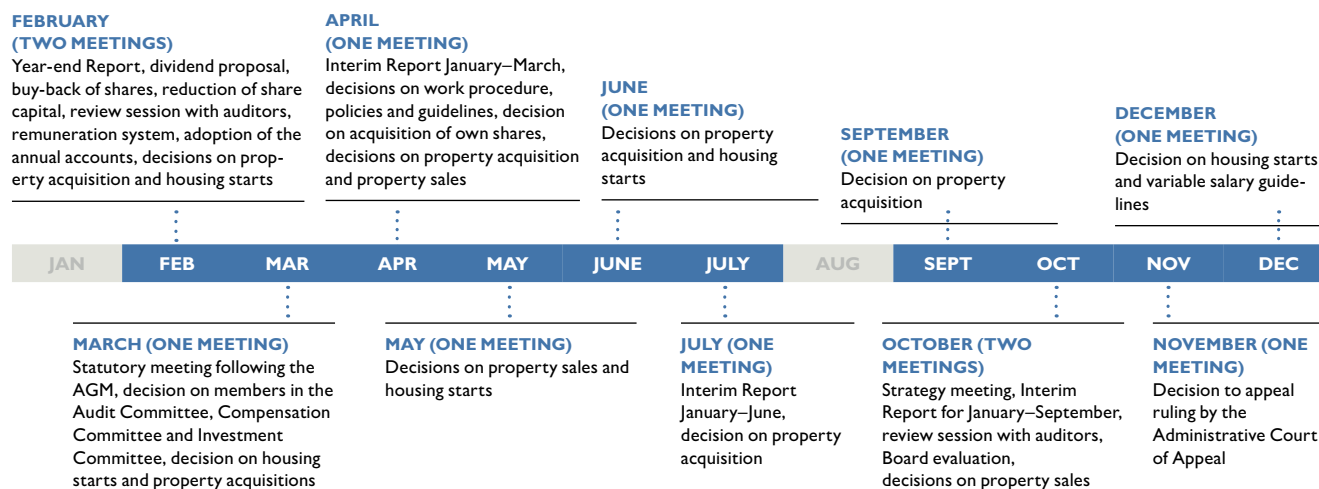
The General Meeting, which is the Company's highest decision-making body, gives all shareholders the possibility to participate and exercise their influence. The Annual General Meeting (the general meeting at which the Annual Report and the auditors' report on the consolidated accounts are presented) 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 no later than in conjunction with the Q3 report. 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 2022 Annual General Meeting was held on March 31 by absentee ballot. A total of 193 shareholders were represented, representing about 46 percent of the total votes. One of the resolutions made by the 2022 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 2023 Annual General Meeting will be held on March 30.

## Board Meetings in 2022



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

### Major shareholders

Two shareholders, Samhällsbyggnadsbolaget i Norden AB and AMF Pension, have a shareholding in the Company representing at least one-tenth of the voting rights for all shares in the Company. Their holdings amount to 30.6 percent and 11.4 percent, respectively, on January 31, 2023. JM's Articles of Association do not limit shareholders' voting rights for any owned or 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 2023 Annual General Meeting in August 2022, and the Committee consists of the following people:

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

The Nomination Committee represents approximately 50 percent of the total number of JM shares. Ilija Batljan is chair of the Nomination Committee. The Nomination Committee held four 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 2022 Annual General Meeting elected PricewaterhouseCoopers AB (PwC) to be the auditor. The election covers the period up until the end of the 2023 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 | 2022       | 2021       |
|------------------------------|------------|------------|
| Auditing services            | 6.0        | 5.5        |
| Tax services                 | 0.0        | 0.2        |
| Other services               | 1.2        | 0.5        |
| <b>Total</b>                 | <b>7.2</b> | <b>6.2</b> |

Information about the auditing company's services to JM in addition to auditing is provided in Note 5 on page 96.

### 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 2022 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. The Nomination Committee's proposal to the Board includes the new-election of one member, Jenny Larsson, who has industrial, energy and project-based experience that is relevant for JM.

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, industry 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 four 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 2022 Annual General Meeting resolved to elect the eight 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 124–125, 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 2022 calendar year is also presented.

The Board of Directors held twelve meetings. The Audit Committee held six meetings. The Compensation Committee held four meetings. The Investment Committee held seven 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 2022, 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 2022, 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 2022

The Board of Directors made the following decisions and others in 2022:

- The Board of Directors held a separate strategy meeting, at which it, among other things, adopted the strategic plan for the Company
- The Board of Directors decided on housing starts for five 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 ten acquisitions of development properties, one sale of a development property, and one acquisition of a project property, 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 two project properties
- The Board of Directors decided to propose that the Annual General Meeting authorize the Board to decide on the acquisition of own shares for the period up to the next Annual General Meeting and on a reduction in the share capital. 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.

Members elected by the Annual General Meeting are members of the 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 two members: Thomas Thuresson (chair) and Fredrik Persson. The committee held six 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 four 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 seven 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 eleven 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 126.

### 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**

**Chair**

Born in 1968. Swedish. Elected to the Board in 2017. Compensation Committee, chair; Audit Committee, member.

**Education:** MSc Econ., Stockholm School of Economics, Stockholm, Sweden.

**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.

**Other significant assignments:** Chairman of the Board of Ellevio AB. Board member of AB Electrolux, Hufvudstaden AB, Holmen AB, Interogo Holding AG, ICA Gruppen AB and Ahlström Capital OY.

**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.

**Total annual fees:** SEK 1,085,000  
**Shares in JM:** 4,000



**Kaj-Gustaf Bergh**

Born in 1955. Finnish. Elected to the Board in 2013. Board of Directors, member; Compensation Committee, member; Investment Committee, member.

**Education:** LL.M. and B.Sc. Econ.

**Work experience:** 15 years at Gyllenberg and SEB. 12 years as CEO of Föreningen Konstsamfundet in Finland.

**Other significant assignments:** Chairman of the Board of Ab Tallberg Oy. and of Pensionsförsäkringsaktiebolaget Veritas.

**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.

**Total annual fees:** SEK 500,000  
**Shares in JM:** 15,800



**Kerstin Gillsbro**

Born in 1961. Swedish. Elected to the Board in 2019. Board of Directors, member; Investment Committee, member.

**Education:** MSc. Eng.

**Work experience:** Previously at NCC, most recently as the CEO of NCC Boende AB.

**Other significant assignments:** CEO of Jernhusen AB since 2011. Board Member at Christian Berner Tech Trade AB. Member at Förtroenderådet SNS and Sweden Green Building Council.

**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.

**Total annual fees:** SEK 445,000  
**Shares in JM:** 1,250



**Camilla Krogh**

Born in 1977. Norwegian. Executive MBA. Elected to the Board in 2020. Board of Directors, member; Compensation Committee, member.

**Education:** MSc. Eng. Executive MBA, Norwegian School of Economics.

**Work experience:** The OBOS Group 2018–2020, most recently as CEO of Construction City Eiendom and Ulven AS.. Previously at Skanska Norway.

**Other significant assignments:** CEO of Ferd Eiendom AS.

**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.

**Total annual fees:** SEK 435,000  
**Shares in JM:** 0

## Employee representatives



**Jan Strömberg**

Employee representative. Born: 1959. MSc. Eng. Deputy since 2011, member since 2015.

**Shares in JM:** 3,000  
**Convertibles:** SEK 562,074



**Peter Olsson**

Employee representative. Born in 1977. Carpenter. Deputy since 2014, member since 2018.

**Shares in JM:** 100  
**Convertibles:** SEK 0



**Jonny Änges**

Employee representative. Born in 1962. Construction engineer. Deputy since 2015.

**Shares in JM:** 100  
**Convertibles:** SEK 0



**Per Petersén**

Employee representative. Born in 1970. Bricklayer. Deputy since 2018.

**Shares in JM:** 0  
**Convertibles:** SEK 0

<sup>1)</sup> Shareholdings pertain to personal holdings or a related natural or legal person's holdings of JM AB shares and other financial instruments as at 12/31/2022.





Jenny Larsson

Born in 1973. Swedish.  
Elected to the Board in 2022. Board of Directors, member.

**Education:** MSc. Eng., Environmental and Water Engineering, Uppsala University.

**Work experience:** 25 years of experience from the energy industry, including as CEO of Hitachi Energy Sweden AB (formerly ABB) and 20 years in senior positions within Vattenfall.

**Other significant assignments:** CEO of Schneider Electric Sweden AB. Board member of Nibe Industrier AB. Member of The Energy Development Board and member of Royal Swedish Academy of Engineering Sciences (IVA).

**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.

**Total annual fees:** SEK 370,000  
**Shares in JM:** 0



Olav Line

Born in 1958. Norwegian.  
Elected to the Board in 2017. Board of Directors, member; Investment Committee, chair.

**Education:** MSc. Eng., NTH (NTNU), Trondheim.

**Work experience:** 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.

**Other significant assignments:** CEO of Mustad Eiendom AS.

**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.

**Total annual fees:** SEK 470,000  
**Shares in JM:** 1,500



Thomas Thuresson

Born in 1957. Swedish.  
Elected to the Board in 2016. Board of Directors, member; Audit Committee, chair.

**Education:** MSc. Econ., Lund University. IMD (BPSE).

**Work experience:** 29 years in different positions within the Alfa Laval Group, CFO for 26 years.

**Other significant assignments:** President of Tetra Laval Real Estate AB. Chairperson of Terratech Group AB. Member of the Board of Proact IT Group AB (publ) and Skiold A/S. Member of the Advisory Board of Solix Group AB.

**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.

**Total annual fees:** SEK 530,000  
**Shares in JM:** 2,500



Johan Skoglund

**President and CEO of JM AB**

Born in 1962. Swedish.

**Education:** MSc. Eng., KTH Royal Institute of Technology, Stockholm, MSc. Program, Stockholm School of Economics.

**Work experience:** 36 years at JM in various positions, such as site engineer, project manager, regional manager and business unit manager. President and CEO since 2002.

**Other significant assignments:** Board Member of Mentor Sverige. Chair of the Board of Polhem Infra AB and Vectura Fastigheter AB.

**Shares in JM:** 50,100  
**Convertibles in JM:** SEK 4,526,078

## 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:** 700  
**Convertibles:** SEK 109,802

## Auditors

### Ann-Christine Hägglund

PricewaterhouseCoopers AB  
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

PricewaterhouseCoopers AB Authorized Public Accountant. Born in 1985. Other assignments: Auditor-in-charge at, for example, Nordr Sverige and audit leader NCC within the business area Infrastructure and Building Sweden.

#### Board attendance

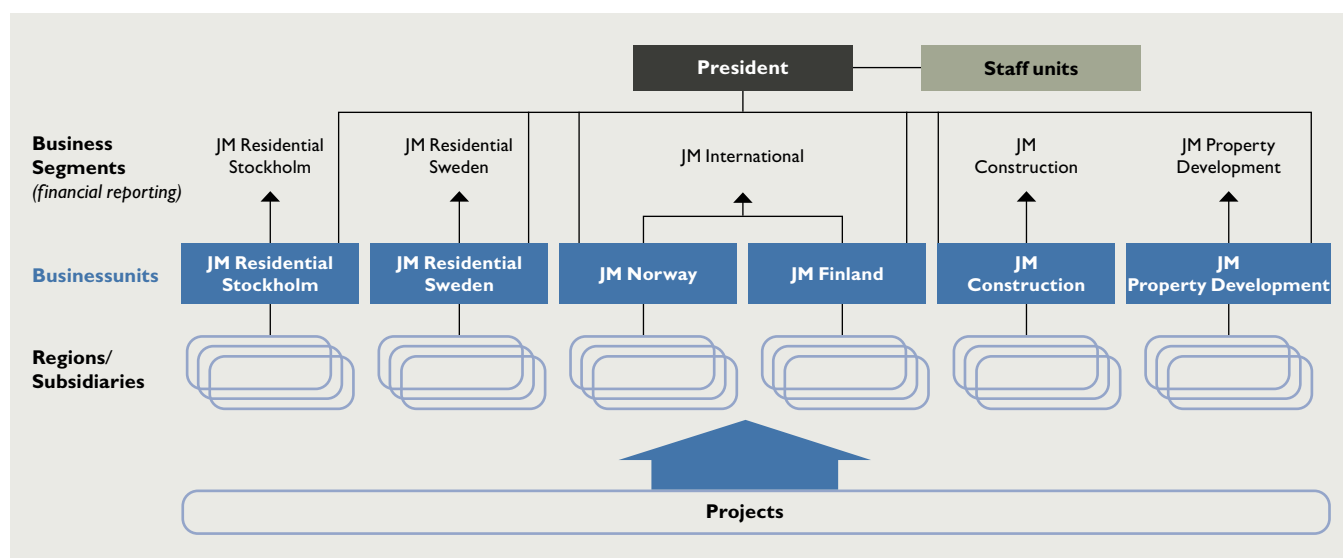
| Members                     | Function in the Board | Committee <sup>1)</sup> | Board meetings | Committee meetings |        |        |
|-----------------------------|-----------------------|-------------------------|----------------|--------------------|--------|--------|
|                             |                       |                         |                | AC                 | CC     | IC     |
| Fredrik Persson             | Chair                 | AC, CC (chair)          | 12 of 12       | 6 of 6             | 4 of 4 |        |
| Kaj-Gustaf Bergh            | Member                | CC, IC                  | 11 of 12       |                    | 4 of 4 | 7 of 7 |
| Kerstin Gillsbro            | Member                | IC                      | 11 of 12       |                    |        | 7 of 7 |
| Camilla Krogh               | Member                | CC                      | 11 of 12       |                    | 4 of 4 |        |
| Jenny Larsson <sup>2)</sup> | Member                |                         | 10 of 12       |                    |        |        |
| Olav Line                   | Member                | IC (chair)              | 12 of 12       |                    |        | 6 of 7 |
| Thomas Thuresson            | Member                | AC (chair)              | 12 of 12       | 6 of 6             |        |        |
| Annica Ånäs <sup>3)</sup>   | Member                | AC                      | 7 of 12        | 4 of 6             |        |        |
| Peter Olsson                | Empl. rep.            |                         | 11 of 12       |                    |        |        |
| Jan Strömberg               | Empl. rep.            |                         | 12 of 12       |                    |        |        |
| Per Petersén                | Dep. empl. rep.       |                         | 10 of 12       |                    |        |        |
| Jonny Änges                 | Dep. empl. rep.       |                         | 9 of 12        |                    |        |        |

<sup>1)</sup> Board=B, Audit Committee=AC, Compensation Committee=CC, Investment Committee=IC

<sup>2)</sup> Jenny Larsson was elected at the Annual General Meeting in March 2022

<sup>3)</sup> Annica Ånäs was a member of the Board and member of the Audit Committee until September 28, 2022

## 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 follow-up section on page 127.

**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.

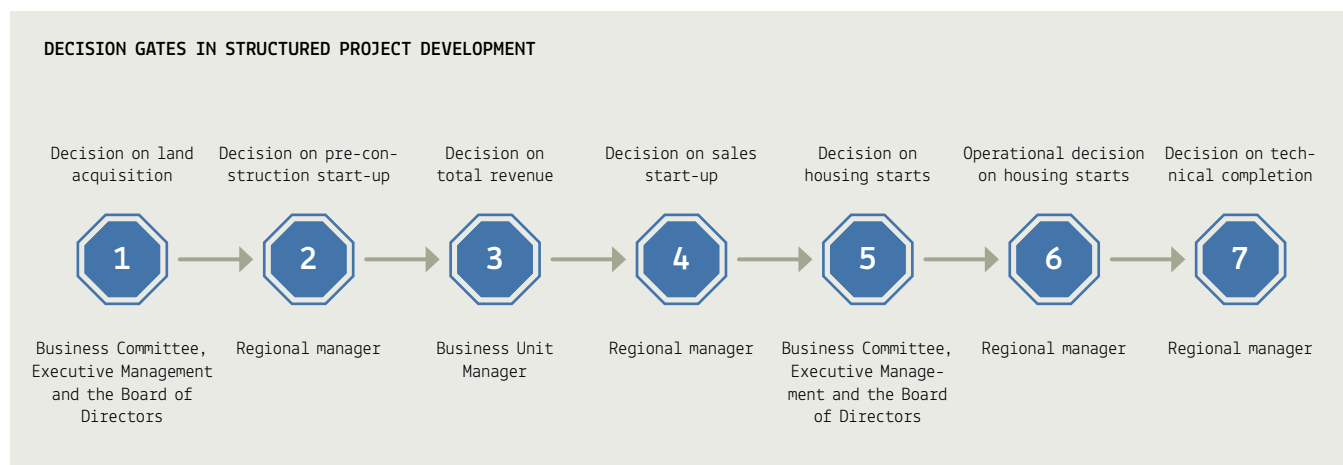
For a detailed description of JM's risk management procedures please refer to pages 14–18 and 80–81.

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 verifying 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 its objective to develop standardized working methods and processes within the Group, JM continues to work with Structured Project Development (see page 13). 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.

The decision process can be seen below:



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 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 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 2022 Annual General Meeting decided on fees to the Board Members who are not employed by the Company as follows:

- Remuneration will be SEK 925,000 to the Chairperson of the Board of Directors and SEK 370,000 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 2022 resolved on guidelines for remuneration to the senior executives that should apply until the Annual General Meeting 2026 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 77–79. Information about remuneration to the President and Executive Management can be found in Note 3 on page 94 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. Following a decision by the Board of Directors, all probationary and permanent employees in the Group were offered the possibility of participating in a performance share program that, in brief, entailed that employees invested in JM shares. The maximum possible investment was SEK 20,000. The participants then receive a subsidy from JM that before the tax deduction corresponds to half of the invested amount. The net subsidy is used to buy new JM shares that are put into the participants' accounts. The subsidy is portioned out on three occasions during the program's three-year duration. All dividends paid during the program are also reinvested into shares. Around 25 percent of JM's employees participated in the 2022 program.

Stockholm, February 28, 2023  
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 2022 on pages 120–128 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, 2023

PricewaterhouseCoopers AB

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

Fredrik Kroon  
Authorized public accountant