

Corporate governance report

Corporate governance

Corporate governance at Samhällsbyggnadsbolaget i Norden AB (publ) (hereinafter referred to as "SBB" or "the company") aims to ensure that rights and obligations are distributed among the company's bodies in accordance with applicable laws, rules and processes. An effective and transparent corporate governance gives the owners the opportunity to assert their interests vis-à-vis the company's management, at the same time as the division of responsibility between the management and the Board, but also otherwise within the company, is clear. An effective and transparent corporate governance results in decisions being made effectively, which enables SBB to act quickly when new business opportunities arises.

SBB is a Swedish public limited company whose B shares and D shares are listed on Nasdaq Stockholm Large Cap. SBB has also issued bond loans that are listed on Nasdaq Stockholm. SBB's corporate governance is based on law, articles of association, Nasdaq Stockholm's rules for issuers, Nasdaq Stockholm's rules for issuers of interest-bearing financial instruments, and the rules and recommendations issued by relevant organizations. The Swedish Code of Corporate Governance (the "Code") shall be applied by all companies whose shares are trading on a regulated market. The Code is available at www.bolagsstyrning.se, where the Swedish corporate governance model is also described. This Corporate Governance Report is presented in accordance with the Annual Accounts Act and the Code and describes SBB's corporate governance during the 2023 financial year. This year's Corporate Governance Report strives to avoid repetition of information on what follows from applicable regulations and focuses on reporting on company-specific circumstances for SBB.

Annual General Meeting

SBB's Annual General Meeting 2024 will take place on 28 June 2024 in Stockholm. Shareholders have the right to raise issues for discussion at the Annual General Meeting if the written request has been received no later than seven weeks before the meeting. The request is to be made to the Board of Directors. Contact details are available on the company's website, www.sbbnorden.se. SBB always strives for the Board, the management team, the nomination committee and the auditor to be present at the Annual General Meeting. The Annual General Meeting is, according to the Swedish Companies Act, the company's highest decision-making body and it is at a General Meeting that shareholders have the right to make decisions regarding the company. Rules governing the Annual General Meeting are included in the Swedish Companies Act, the Code and Articles 7 – 9 of the Articles of Association. Apart from what is stipulated by law regarding a shareholder's right to participate in the Annual General Meeting, SBB's Articles of Association state that pre-notification to the Annual General Meeting shall take place no later than the date stated in the notice to the meeting. Notice of the Annual General Meeting is made by keeping the notice available on the company's website and being advertised in the Swedish Official Gazette. At the same time as the notice is given, an announcement is made in Dagens Nyheter. The General Meeting shall be held at the place where the Board has its registered office, i.e. Stockholm and the Annual General Meeting shall be held within six months from the end of the financial year. The company's financial year runs from 1 January to 31 December.

SBB's 2023 Annual General Meeting resolved, among other things, to grant the Board of Directors a general authorization to decide, on one or more occasions prior to the next Annual General Meeting, to issue new shares, with or without deviating from the preferential rights of existing shareholders. It shall be possible to pay for such shares in cash, by set-off or on other terms. When share are issued supported by the authorization and when payment is made in cash or by set-off and the shares are issued for the purpose of acquiring properties or companies that own properties, the company's share capital and the number of shares may increase by an amount or number within the limits stipulated in the Articles of Association. If payment is made in cash, or if the shares are issued for a purpose other than the aforementioned, the number shares issued supported by the authorization may, however, amount to at most 10 percent (10) of the number of shares outstanding in the company on the date on which the decision to issue shares is made. The Board of Directors has not made use of this authorization.

The Annual General Meeting also approved a specific authorization for the Board to decide to issue new shares in relation to a decision on the appropriation of the company's earnings, whereby the Board of Directors is entitled to, on one or more occasions prior to the next Annual General Meeting, to issue new Class A, B or D ordinary shares, with or without deviating from the

preferential rights of existing shareholders. It shall only be possible to pay for such shares by set-off. The reason for the deviation from the shareholders' preferential rights is to enable delivery of shares to shareholders choosing to receive their dividends as shares. The subscription price for newly issued shares shall be determined based on the market value of the company's shares on the date of the relevant decision to issue shares. The subscription price shall correspond to at least the total dividend per share, that is, SEK 1.44 per Class A and B ordinary share respectively, and SEK 2.00 per Class D share. Share issues supported by this authorization may only be made to the extent that the number of newly issued shares does not exceed 10 percent of the total number shares as of the date of the 2023 Annual General Meeting. The Board of Directors has not made use of the authorization to issue shares.

At the Annual General Meeting, a resolution was also passed to authorize the Board, for the period until the next Annual General Meeting, to decide on acquisitions and transfers of ordinary shares of Class B and Class D in the company. Acquisitions may take place of a maximum number of shares, such that the company's own holdings do not at any time exceed 10 percent (10) of all shares in the company. The Board of Directors has not utilized this authorization.

The Share and Shareholders

The number of registered shares in the company on 31 December 2023 amounted to 1,648,481,553 divided into three classes of shares: 209,977,491 Class A shares, 1,244,638,157 Class B shares and 193,865,905 Class D shares. Class A ordinary shares can be converted into Class B ordinary shares at the request of the holder. The Class D ordinary shares are entitled to five (5) times the total dividend on the ordinary Class A and the Class B ordinary shares, however, no more than SEK 2 (2) per share and year. The Class A ordinary shares entitle the holder to one vote per share and the Class B ordinary shares and Class D ordinary shares entitle the holder to 1/10 vote per share. At year-end, the share capital was SEK 164,848,155.30 and the quota value per share was SEK 0.1. The largest shareholder is Ilija Batljan.

Articles of Association

SBB's Articles of Association, which were adopted at the Extraordinary General Meeting on 14 June 2023, can be found in their entirety at www.sbbnorden.se. The Articles of Association stipulate that the company shall, directly or indirectly, own and manage properties and/or shares and carry out related activities. The Board has its registered office in Stockholm and shall consist of 3 – 10 members with no deputies. The Articles of Association contain no specific provisions regarding appointment or dismissal of Board Members or amendments to the Articles.

Nomination Committee

At the Annual General Meeting of SBB on 28 April 2023, instructions for the Nomination Committee's work were adopted. The Nomination Committee, which shall consist of the Chairman of the Board and up to four representatives appointed by the four largest shareholders in the company as of the last banking day in August each year, has, according to the instructions, the task of preparing and submitting proposals to the Annual General Meeting for the Chairman of the Annual General Meeting, the election of the Chairman of the Board and other members of Board of Directors, Board remuneration divided between the chairman and other members and the principles for any remuneration for committee work, election and remuneration of the auditor and decisions on principles for the appointment of a new Nomination Committee. In preparation for the 2024 Annual General Meeting, SBB's Nomination Committee comprises Ilija Batljan (Ilija Batljan Invest AB), Rikard Svensson (AB Arvid Svensson), Leif West (Dragfast AB), Sven-Olof Johansson (Compactor Fastigheter AB) and Lennart Schuss (Chairman of the Board). Leif West is the chairman of the Nomination Committee. Prior to the 2024 Annual General Meeting, the Nomination Committee has held two meetings at which minutes were recorded. In its work, the Nomination Committee has to apply the diversity policy established by the Board. Item 4.1 of the Code forms the basis for this diversity policy. As a whole, the Board of SBB shall have suitable combined competence and experience for the work carried out for the work of the Board, and to be able to identify and understand the risks that the business entails and the regulations that regulate the activities carried out. When new Board Members are elected, the suitability of the individual member must be examined in order to achieve a Board with a combined competence that is sufficient for an appropriate management of

the company. The Board's composition shall be characterized by versatility and breadth of the chosen members' competence, experience, gender, age, education and professional background.

Board of Directors

According to the Articles of Association, SBB's Board of Directors must consist of at least three and at most ten members with no deputies. At the Annual General Meeting on 28 April 2023, Lennart Schuss (Chairman of the Board), Ilija Batljan, Sven-Olof Johansson, Hans Runesten, Anne-Grete Ström-Erichsen, Ewa Swartz Grimaldi and Fredrik Svensson were re-elected to the Board of Directors of the company and Lars Rodert was elected as a new member. For information on the Board Members and their assignments outside the Group and the holding of shares in SBB, see the section "Information about the Board Members" below. The Board of Directors shall safeguard the shareholders' long term interests and bear the utmost responsibility for the company's organization and the management of the company's affairs. The Board of Directors has established rules of procedure for the Board and an instruction for the CEO. In addition, the Board has also decided on a number of comprehensive policies, guidelines and instructions for the company's operations. This includes, among other things, the finance policy, information policy, insider policy, IT policy, policy for related party transactions, instructions for financial reporting, whistle-blower policy and ethical guidelines for the company's conduct (code of conduct). All these internal governance documents are processed by SBB at least once a year and are updated on an ongoing basis to comply with laws and when otherwise needed. According to the Code, a majority of the Board Members elected by the AGM must be independent in relation to the company and the company's management. At least two of these must also be independent in relation to the company's major shareholders. The company's Board of directors was deemed to meet the requirements for independence, since seven of the eight members elected by the AGM were independent in relation to the company and Group management. Ilija Batljan, was not deemed to be independent in relation to the company and the company management. Six out of eight members were deemed to meet the requirement of independence in relation to major shareholders. In early December 2023, Ewa Swartz Grimaldi and Fredrik Svensson stepped down from the Board of Directors at their own request. The Board of Directors subsequently comprises six members elected by the Annual General Meeting.

Chairman of the Board

The Chairman of the Board is elected at the Annual General Meeting and leads the work in the Board of Directors. The Chairman of the Board must ensure that the work of the Board is carried out efficiently, that the Board fulfils its duties and that the Board's decisions are executed by the company and the management. The Chairman shall ensure that the Board receives the information and the documentation required to make well-founded decisions. At the Annual General Meeting on 28 April 2023, Lennart Schuss was re-elected as Chairman of the Board.

Board of Directors work in 2023

During 2023, the company's Board of Directors held 49 meetings, of which one constituting meeting. On the agenda for each ordinary Board meeting, there are a number of standing items: The CEO's review of operations, acquisitions, divestitures, investments, organization development and financial reporting. During 2023, the Board decided on several major acquisitions, divestitures, investments, financing and refinancing.

Name	Elected year	Year of birth	Independence of company/management	Independence of major shareholders	Attendance at Board meetings
Lennart Schuss	2017	1952	Yes	Yes	49/49
Ilija Batljan	2017	1967	No	No	46/49
Sven-Olof Johansson	2017	1945	Yes	Yes	47/49
Hans Runesten	2014	1956	Yes	Yes	49/49
Anne-Grete Ström-Erichsen	2017	1949	Yes	Yes	41/49
Lars Rodert	2023	1961	Yes	No	33/34
Eva Swartz Grimaldi	2017	1956	Yes	Yes	42/47
Fredrik Svensson	2018	1961	Yes	No	44/47

Evaluation of the Board of Directors and the CEO

Once a year, the Chairman of the Board initiates an evaluation of the work of the Board in accordance with the Board's rules of procedure. The 2023 evaluation has been carried out so that each Board Member answered a questionnaire. The Chairman of the Board also had certain individual contacts with the Board Members. The purpose of the evaluation is to get an idea of the Board Members' views on how the work of the Board is conducted and what measures can be implemented to streamline the work of the Board. The intention is also to get an idea of what kind of issues the Board considers should be prioritized and in which areas it may require further experience and competence on the Board. The result of the evaluation has been reported within the Board and has been presented to the Nomination Committee.

Committees

The Board of Directors had three committees at the end of the year: an Audit Committee, a Remuneration Committee and a Sustainability Committee. The members of the committees are appointed for one year at a time at the statutory Board meeting and the work and the authority of the committees are governed by the annual committee instructions. The committees have a preparatory and acting role. The issues that have been discussed at committee meetings are recorded and reported at the next Board meeting.

Audit Committee

The Audit Committee works according to an annual agenda and its task is to monitor the company's financial reporting and the effectiveness of the company's internal control and risk management. The Audit Committee also keeps itself informed of the audit of the annual accounts and consolidated accounts. The committee shall also review and monitor the auditor's independence and impartiality and in particular follow up if the auditor provides the company with services other than auditing services. The committee also supports proposals for the AGM's decision on the election of auditors. The Audit Committee comprises three members: Lennart Schuss (chairman), Lars Rodert and Sven-Olof Johansson.

Remuneration Committee

The Remuneration Committee shall prepare matters regarding remuneration principles for the CEO and other senior executives as well as individual remuneration to the CEO in accordance with the remuneration principles. The principles include, among other things, the relationship between fixed and possible variable remuneration and the correlation between performance and remuneration, main conditions for any bonus and incentive program, as well as the main conditions for non-monetary benefits, pension, termination and severance pay. For the CEO, the Board of Directors as a whole sets the remuneration and other terms of employment. However, share-related incentive programmes for Group management are decided by the Annual General Meeting. The committee shall further assist the Board in monitoring the system by which the company complies with the law, stock exchange rules and the Code governing the disclosure of information relating to remuneration to the CEO and other senior executives, and to monitor and evaluate any ongoing and completed programmes for the year, variable remuneration for the CEO and other senior executives, the application of the guidelines for remuneration to the CEO and other senior executives that the Annual General Meeting resolves by law, as well as applicable remuneration structures and remuneration levels. The Remuneration Committee comprises Board Members Lennart Schuss (chairman) and Sven-Olof Johansson who are deemed independent in relation to the company and Group management.

In 2023, the Remuneration Committee held four meetings. The members of the committee were present at all meetings. At the meetings, among other things, the company's guidelines for remuneration of senior executives and remuneration levels for the CEO and other senior executives have been addressed. At SBB's 2020 Annual General Meeting, guidelines for remuneration of senior executives were adopted. The Board of Directors shall prepare proposals on new guidelines when a need arises for substantial changes to the guidelines although at least once every four years. The guidelines cover Board Members, the CEO and vice presidents, as well as other individuals in Group management. The Board deems it to be critical to a successful implementation of the company's business strategy and the safeguarding of the company's long-term interests, including its sustain-

Information on Board Members and the CEO

Lennart Schuss, born 1952

Chairman

Chairman of the Board of the company since 2017 and member of the Remuneration Committee. Chairman of the Board of the Group (SBB i Norden AB)

Education: Graduate in Business Administration and MBA, Stockholm School of Economics.

Previous assignments: Deputy CEO of Catella Group, Executive Chairman of the Board of Catella Corporate Finance. Catella specializes in property investment with operations in 14 countries. Director, Property Management Board of Catella Real Estate AG.

Other assignments: Equities Analyst at SEB, Advisor to Genesta Property Funds and Chairman of the Swedish Society of Friends of the Weizmann Institute of Science. Lennart is co-founder of Gimmel Fastigheter, Catella Corporate Finance, ESWÖ & Partner Fund Commission and Stockholm Fund Commission.

Shareholding in the company (including any related party holdings): 21,183,334 Class B shares. Independent in relation to the company, Group management and the company's principal shareholders.

Ilija Batljan, born 1967

Board Member

Board Member since 2017. Founder of the company, CEO and Board assignments within the Group since 2016.

Education: Ph.D. in demography and planning for elderly care, Stockholm University. Bachelor of Economics, Stockholm University.

Other assignments: Chairman of the Boards of Ilija Batljan Invest AB, Health Runner AB and Cryptzone Group AB (previously listed on First North).

Shareholding in the company (including any related party holdings): 109,053,868 Class A ordinary shares, 26,691,920B Class B ordinary shares and 1,030,000 Class D ordinary shares, as well as 5,000,000 warrants. Not independent in relation to the company and Group management. Is the company's largest shareholder.

Sven-Olof Johansson, born 1945

Board Member

Board Member of the company since 2017.

Education: Master in political science from Stockholm University and Stockholm School of Economics.

Other assignments: Founder and Managing Director of FastPartner AB (publ), Chairman of the Board and Managing Director of Compactor Fastigheter AB and Board Member of Autoropa Aktiebolag and STC Interfinans AB.

Shareholding in the company (including any related party holdings): 22,315,456 Class A shares and 32,684,544 Class B shares.

Independent in relation to the company, Group management and the company's principal shareholders.

Hans Runesten, born 1956

Board Member

Board Member of the company since 2017.

Education: Master of Business Administration, Stockholm University.

Other assignments: Chairman of the Board of Effnetplattformen AB (publ).

Shareholding in the company (including any related party holdings): 5,200,258 Class B shares.

Independent in relation to the company, Group management and the company's principal shareholders.

Lars Rodert, born 1961

Board Member

Board Member of the company since 2023

Education: MBA from Stockholm University.

Other assignments: Board Member at Brookfield Reinsurance Ltd, Brookfield Property Reit Inc and Brookfield Property Partners LP.

Shareholding in the company (including any related party holdings): -

Independent in relation to the company and Group management. Dependent in relation to the company's principal shareholders.

Anne-Grete Strøm-Erichsen, born 1949

Board Member

Board Member of the company since 2017.

Education: B.A. in Computer Science from Bergen Technical School (University of Bergen), South Dakota School of Mines & Technology 1980-1981, and studies in statistics.

Other assignments: Partner at Rud Pedersen Public Affairs Norway AS. Board Member of Kongsberg Gruppen ASA and Dips AS

Shareholding in the company (including any related party holdings): 0.

Independent in relation to the company, Group management and the company's principal shareholders.

Leiv Synnes, born 1970

CEO

CEO of the company since 2023

Education: MBA, Umeå University

Background: CFO, Deputy CEO Akelius Residential Property AB. CEO and Board Member at Akelius Forest AB, as well as Board Member or Chairman of the Board at discontinued or divested companies in the Akelius sphere. CFO and Head of Business Development at Akelius Residential Property AB.

Other current positions: Chairman of the Board and Board Member at several subsidiaries in the SBB group.

Holdings: 200,000 Class B shares and 330,000 Class D shares

Information on the company's major shareholders is presented on page 9 of the Annual Report.

nability, the company's ability to recruit and retain senior executives with expertise and capacity to achieve set goals. For this, it is required that the company can offer competitive overall remuneration that motivates senior executives to do their utmost. Variable remuneration covered by these guidelines shall be based on criteria that aim to promote the company's business strategy and long-term interests, including its sustainability. The remuneration and other terms of employment of senior executives shall be market based. The remuneration is comprised of basic salary, variable remuneration, pension and certain other benefits. In addition to this – and independent of these guidelines, the General Meeting can resolve to implement share- or share-price-based remuneration. The guidelines do not cover remuneration that is decided by the General Meeting. In accordance with the Swedish Companies Act, the Board of Directors must prepare a report for every financial year on paid and outstanding remuneration that is covered by the guidelines. At SBB's 2023 Annual General Meeting, the Board's remuneration report regarding the 2022 financial year was adopted. The size of remuneration paid for 2023 and information on current incentive programmes is presented in Note 8 in the Annual Report.

Sustainability Committee

The Sustainability Committee is responsible for reviewing and monitoring the continuity and progress of work on sustainability objectives, management of sustainability risks, and compliance with the Sustainability Code and with the Code of Conduct. The Sustainability Committee comprises Sven-Olof Johansson as chairman and Anne-Grete Strøm-Erichsen.

Remuneration of the Board of Directors

The 2023 Annual General Meeting resolved that Board fees should be paid in the amount of SEK 1,000,000 to the Chairman of the Board and SEK

500,000 to the other members elected by the Annual General Meeting. For committee work on the Remuneration Committee, total fees of SEK 150,000 are to be paid, of which SEK 100,000 to the chairman of the Committee and SEK 50,000 to each of the other members. For committee work on the Sustainability Committee, total fees of SEK 200,000 are to be paid, of which SEK 100,000 to the chairman of the Committee and SEK 50,000 to each of the other members. In the event that a specific Audit Committee is established, total fees of SEK 270,000 are proposed with SEK 170,000 being paid to the chairman of the Committee and SEK 50,000 to each of the other members. If an additional member were to be included in Audit Committee total fees of SEK 320,000 are proposed.

CEO and senior executives

The CEO is appointed by the Board and is responsible for the day-to-day management of the company and the Group's operations in accordance with the Board's instructions and regulations. The division of responsibilities between the CEO and the Board of Directors is stated in the Board's rules of procedure and the CEO's instructions drawn up by the Board. The CEO acts as the chair of the management team and makes decisions in consultation with the others in the management team. In addition to Leiv Synnes (CEO), this comprises five individuals: Krister Karlsson (COO and Deputy CEO), Annika Ekström (Property Director and Deputy CEO), Daniel Tellberg (Finance Director), Helena Lindahl (Treasury Director) and Carl Lundh Mortimer (Head of Business Development).

Auditor

The company's financial accounting records and bookkeeping, as well as the administration of the Board and management, are reviewed and audited by the company's auditor. At the Annual General Meeting on 28

April 2023, the registered auditing firm Ernst & Young AB was re-elected as auditor for the period until the Annual General Meeting 2024. Jonas Svensson, Authorized Public Accountant, has been appointed as the Auditor-in-Charge from Ernst & Young AB. The auditors' task is to examine the company's and the Group's annual report and accounting, as well as the Board's and the CEO's management of the company and the Group. The auditors must report to the Audit Committee on significant errors in the accounting and suspicions of irregularities. The auditors must report to the company's Board of directors at least one to two times a year, normally in conjunction with the annual report, about their observations during the audit of the company and its assessment of the company's internal control. The auditors also participate at the Annual General Meeting to present the audit report that describes the audit work and observations made. In addition to the audit assignment, Ernst & Young was engaged for additional services in 2023, mainly involving accounting matters and general review measures in connection with transactions. Such services have always and only been provided to the extent that is consistent with the rules of the Auditing Act and FAR's professional ethics rules regarding the auditor's impartiality and independence.

Internal control

Internal control of financial reporting and risk management of SBB's internal control regarding financial reporting is designed to manage risks and ensure high reliability in the processes regarding the preparation of the financial reports and to ensure that applicable accounting requirements and other requirements for SBB as a listed company are complied with. The Board is responsible for the internal control of the company regarding financial reporting. SBB follows the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework to evaluate a company's internal control over financial reporting, the Internal Control – Integrated Framework, which consists of the following five components: control environment, risk assessment, control activities, information and communication and follow-up.

Control environment

Distribution and delegation of responsibility have been documented and communicated in internal documents governing the Board and the company such as:

- The Board's Rules of Procedure
- Instruction to the CEO
- Delegation scheme
- Authorization schedule
- Other internal control documents (e.g. financial manual)

All internal control documents are regularly updated when changes are made to, for example, legislation, accounting standards or listing requirements and when otherwise needed.

Risk assessment

In accordance with the rules of procedure, the Board of Directors, as well as the Audit Committee, review the company's internal control once a year. Identification is made of the risks that are assessed and measures are set to reduce these risks. The auditor is invited to report on his/her internal control report at a Board meeting and to the Audit Committee. The significant risks identified by SBB are errors in accounting and valuation of properties, credit risks, refinancing risks, interest rate risks, tax and VAT, and the risk of fraud, loss or misappropriation of assets.

Control activities

Since the company's financial system is structured so that the conclusion of agreements and payment of invoices, etc. must comply with the decision paths, company signatures and authorizations stated in the internal control documents, there is basically a control structure to counteract and prevent the risks that the company has identified. In addition to these control structures, a number of control activities are carried out to further detect and correct errors and deviations. Such control activities consist of follow-up at various levels in the organization, such as follow-up and reconciliation in the Board of Directors made decisions, review and comparison of profit items, account reconciliation, approval and reporting of business transactions with the finance department.

Communication

SBB has built up an organization to ensure that financial reporting is correct and effective. The internal control documents clarify who is responsible for what and the daily interaction between the concerned people means that relevant information and communication reaches all parties concerned. The management regularly receives financial information about the company and its subsidiaries regarding the development of letting and other management, review and follow-up of ongoing and future investments and liquidity planning. The Board is informed by the management team regarding risk management, internal control and financial reporting. The company's information policy ensures that all information provided externally and internally becomes correct and is given at any suitable time. All employees at SBB have, at various reviews, been involved in influencing the design of relevant internal policies and guidelines and have thus been directly involved in the preparation of these internal control documents. Employees are encouraged to seek advice from their immediate manager regarding the implementation of the company's policies. If the immediate manager is unable to advise the employee, he/she may seek advice from (in order): the immediate manager's manager, the HR Manager, the CEO and the Chairman of the Board.

Review

As has been explained above, a continuous process takes place on an ongoing basis at all levels of the organization. The Board regularly evaluates the information provided by the company management and the auditors. In addition, the company's auditor reports directly to the Board of directors their observations from the audit and its assessment of the internal control. Of particular importance is the Board's monitoring of the development of the internal control and to ensure that measures are taken regarding any deficiencies and proposals that emerge. The effectiveness of the Code of Conduct is assessed annually in connection with the updating of the Code. All deviations from the Code shall be reported without delay to the immediate manager, the manager's manager or the whistle-blower function. Deviations from the Code are to be reported on the website and in the Annual Sustainability Report.

Evaluation of the need for a separate internal audit function

No internal audit function is currently established within SBB. The Board has examined the issue and assessed that existing structures for follow-up and evaluation provide a satisfactory basis. All in all, this means that it is not considered justified to have a special unit for internal audit. The decision is reviewed annually.

Deviations relating to the Code

As mentioned, the Code is based on the principle "comply or explain". This means that a company that applies the Code may deviate from individual rules, but must then give an explanation where reasons for the deviation are reported. SBB complied with the Code in 2023 without deviations.

Appropriation of profit

The Board proposes the following distribution of profits to the Annual General Meeting:

At the Annual General Meeting the following earnings are available for distribution:

Share premium fund	27,712,051,033
Retained earnings	-20,968,768,801
Hybrid bonds	16,480,181,050
Profit for the year	-5,367,583,014
	17,855,880,268

The following allocation is proposed:

To be carried forward	17,885,880,268
	17,885,880,268