

# CORPORATE GOVERNANCE REPORT

For Bravida, which has a decentralised organisational structure, good corporate governance is essential and a very important part of its core business operations. Governance, management and control are distributed between the shareholders, the Board of Directors, the Chief Executive Officer and company management in accordance with applicable laws, rules and recommendations and Bravida's Articles of Association, the Board's rules of procedure, instructions for the Chief Executive Officer and other internal instructions.

Bravida Holding AB (publ) is a Swedish public limited company, with registered office in Stockholm, whose ordinary shares are listed on Nasdaq Stockholm. The Corporate Governance Report is not part of the formal annual accounts documentation.

## Corporate governance

The general meeting of the company is the company's highest decision-making body at which shareholders exercise their right to vote. The Board of Directors and the Chairman of the Board are elected by the Annual General Meeting. The Board appoints the Chief Executive Officer (CEO). The Board and CEO's administration and the company's financial reporting are audited by the external auditor appointed by the AGM. In order to streamline and strengthen work on certain issues, the Board has established an Audit Committee and a Remuneration Committee.

Bravida applies the Swedish Corporate Governance Code (the Code) and did not deviate from this in any respect in 2019. Bravida Holding AB complies with Nasdaq Stockholm's Regulations for Issuers and good equity market practice. The most important internal governance instrument is the Articles of Association adopted by the general meeting of the company. In addition to this are the Board's rules of procedure and the Board's instructions for the CEO. Internal policies and instructions that clarify responsibilities and powers within specific areas such as data security, compliance and risk management are key policy documents for the entire company.

## Ownership structure

At the end of 2019 Bravida had 9,304 holders of ordinary shares according to the shareholder register maintained by Euroclear Sweden. The five largest shareholders at 31 December 2019 were Mawer Investment Management funds with 10.5 percent of votes, Lannebo funds with 8.3% of votes, Capital Group funds with 7.9% of votes, Swedbank Robur funds with 7.8% of votes and the Fourth National Pension Insurance Fund (AP4) with 7.0% of votes.

## CORPORATE BODIES

### General meeting of shareholders

The shareholders' right to make decisions on matters relating to the company is exercised at general meetings of the company. This is the highest decision-making body, which all shareholders are entitled to attend. The term 'Annual General Meeting' (AGM) refers to the general meeting of the company that is held within six months of the end of the financial year, at which the consolidated financial statements and the group auditors' report are submitted and decisions are taken regarding the adoption of the income statements and balance sheets of the company and the Group, the appropriation of profits, and the discharge from liability of the Board and the Chief Executive Officer.

Bravida's 2020 AGM will take place on 24 April at Bravida's head office at Mikrofönvägen 28 in Stockholm. Shareholders wishing to submit a proposal to the Nomination Committee or to have a matter addressed by the AGM may submit such proposal to the Nomination Committee and such matter to be addressed to the company by 5 March. Contact information can be found at [www.bravida.se](http://www.bravida.se).

Each ordinary share (class A share) entitles the holder to one vote at general meetings and each class C share entitles the holder to one tenth of a vote. Shareholders are entitled to vote in proportion to the shares that they own in the company.

Notice convening general meetings should be given no earlier than six weeks and no later than four weeks before the meeting. In accordance with Bravida's Articles of Association, shareholders wishing to attend a general meeting must notify their intention to attend within the time period stated in the convening notice. Such date must be a working day and not fall any earlier than five working days before the stated date of the meeting.

All documentation relating to the AGM can be found at [www.bravida.se](http://www.bravida.se).

## Nomination Committee

Nomination of Board members prior to the election at the AGM takes place through the Nomination Committee. In addition, the Nomination Committee proposes fees for Board members, as well as proposing the election of and fees for the auditor. The current Nomination Committee instructions stipulate that Bravida should have a Nomination Committee consisting of Bravida's Chairman and a representative of each of the three largest shareholders or shareholder groups, by number of votes, who wish to appoint a representative. For the coming year the composition of the Nomination Committee must be based on the list provided by Euroclear Sweden of registered shareholders and shareholder groups and other reliable information as of the last business day in September. Further documentation relating to the AGM can be found at [www.bravida.se](http://www.bravida.se).

The Nomination Committee up to the 2020 AGM consists of the following members: Peter Lagerlöf, Lannebo funds (Chair), Marianne Flink, Swedbank Robur funds, John Wilson, Mawer Investment Management funds and Fredrik Arp, Chairman of the Board of Bravida Holding AB. Capital Group funds with 7.9% of votes has declined to participate in the Nomination Committee and Swedbank Robur funds has instead been offered the place. No remuneration has been paid for Nomination Committee work. The Nomination Committee's proposals, report on the Nomination Committee's work for the 2020 AGM and additional information about proposed Board members are published in conjunction with the convening notice and will be presented at the 2020 AGM.

### Composition of the Board

According to the Articles of Association, Bravida's Board of Directors must consist of not fewer than three and not more than 10 Board members and a maximum of five deputy members, who are appointed by the AGM. The members and deputies are elected at the Annual General Meeting for the period until the end of the next Annual General Meeting. In 2019, six Board members were elected by the AGM. Employees are represented on the Board through representatives appointed by employees. The number of employee representative members was four, with two deputies, throughout the year.

All Board assignments in Bravida are based on merit, with the main aim being to maintain and improve the overall effectiveness of the Board. To fulfil this, the Board aims to achieve a broad range of characteristics and capabilities and it is explicitly stated that diversity regarding aspects such as age, gender, geographical origin, education and professional background are important to respect.

At the Annual General Meeting on 26 April 2019, Fredrik Arp, Jan Johansson, Cecilia Daun Wennborg, Mikael Norman, Staffan Pålsson and Marie Nygren were re-elected. Fredrik Arp was elected as Chairman for the period until the next AGM. For further information about the Board of Directors, refer to page 114 and [www.bravida.se](http://www.bravida.se).

The composition of Bravida's Board meets the requirements regarding independent Board members.

### The Board's work

The Board held 12 meetings during the year, including one extraordinary Board meeting and one constitutive meeting. Board member attendance is shown in the table on page 111. The secretary at the Board meetings was Bravida's lawyer. Board members received written material about the issues to be addressed before each Board meeting.

The work of the Board mainly comprises strategic issues, annual accounts, the establishment and monitoring of business goals, business plans, internal control, risk management, sustainability issues, acquisitions and other decisions which, according to the procedural rules, should be addressed by the Board. Internal and external presentations were made to the Board about the markets in which Bravida operates and Bravida's local operations. The Board discussed Bravida's performance and opportunities at these meetings. The Board worked actively with company management on various strategic issues, including at a Group strategy meeting in June 2019.

A key aspect of the Board's work is its review of the financial statements that are presented at each ordinary Board meeting, and this includes in-depth analysis of ongoing work by the company. The Board also receives monthly reporting on the Group's financial position.

During the year, the Board followed up business plans submitted by management and the development potential in Bravida's various business areas.

### Board committees

The Board has established two Board committees as part of streamlining and strengthening the Board's work with regard to certain issues: the Audit Committee and the Remuneration Committee. The committees' members are appointed at the constitutive Board meeting immediately after the AGM. They are appointed for one year at a time and the work and authority of the committees are regulated by the committee instructions, which are adopted annually.

The committees have a preparatory and administrative role. The issues addressed at the committees' meetings are minuted and a report is submitted at the subsequent Board meeting.

The Audit Committee consists of Mikael Norman (Chair), Jan Johansson and Marie Nygren. This committee is also attended by the company's CFO. The Audit Committee's main tasks are to:

- monitor the company's financial reporting;
- monitor the effectiveness of the company's internal control and risk management with regard to financial reporting;
- keep informed about the audit of the annual accounts and the consolidated financial statements;
- review and monitor the auditor's impartiality and independence and, in so doing, pay particular attention to whether the auditor is providing the

company with services other than auditing services;

- assist in the preparation of proposals for the AGM's election of auditor;
- assist in monitoring of the compliance with legal and regulatory requirements that have a material impact on the financial statements;
- assist in monitoring transactions with related parties; and
- assist in monitoring and evaluating selected projects.

In 2019, the Audit Committee held four minuted meetings, as well as a thematic meeting focusing on risks and internal control. The company's external auditors attended those meetings at which performed auditing actions were reported. During the year, the Audit Committee, among other things, addressed the financial statements and the external auditors' reporting of internal control. In addition, the Audit Committee addressed the company's reporting regarding internal control and reviewed the company's refinancing. In addition, the committee examined the project process in depth, particularly project management and project follow-up. The committee also evaluated external auditors, reviewed and monitored the impartiality and independence of the external auditor and verified that the external auditor had not provided advisory services that had affected impartiality. The committee subsequently made a recommendation for the election of an external auditor to the Board of Directors.

The Remuneration Committee comprises Fredrik Arp (Chair), Cecilia Daun Wennborg and Staffan Pålsson. This committee is also attended by the company's Chief Executive Officer and Chief Legal Officer. The Remuneration Committee's main tasks are to:

- prepare Board decisions on issues regarding remuneration policies, remuneration and other terms of employment for senior executives;
- monitor and evaluate ongoing variable remuneration programmes for senior executives and such programmes concluded during the year; and
- monitor and evaluate application of the guidelines for the remuneration of senior executives that are determined by the AGM and the applicable remuneration structure and remuneration levels in the Group.

The Remuneration Committee held four minuted meetings in 2019. During the year, the Remuneration Committee addressed, among other things, total remuneration and terms of employment for the group of senior executives. In addition, the committee prepared a new proposal for a change in the calculation model for bonuses within the company. In addition, the committee reviewed the results of the company's employee survey and follow-up of action plans as well as the CEO's succession planning and leadership development for senior executives.

### Assessment of the Board and the Chief Executive Officer

Under with the Board's rules of procedure, the Chairman of the Board has to initiate an assessment of the Board's work once a year.

An assessment of the Board's work was made in 2019. A questionnaire was sent to all Board members. Their responses were collated and analysed. In addition, the Chairman of the Board conducted individual assessment discussions with all Board members.

The purpose of the assessment was to gain an understanding of Board members' views of the work conducted by the Board and what measures could be taken to streamline the Board's activities. The aim is also to gain an understanding of what type of issues the Board believes should be accorded more scope and what areas may require additional capabilities within the Board. The results of the assessment have been reported to the Board.

The Board also assesses the work of the Chief Executive Officer on an ongoing basis by monitoring the performance of the business against the targets that are set. A formal assessment is carried out once a year.

### The Chief Executive Officer, company management and organisation

The Chief Executive Officer's responsibilities include personnel, financial and business management issues, as well as ongoing contact with the company's stakeholders such as authorities and the financial markets. The Chief Executive Officer ensures that the Board receives the information it needs to take well-informed decisions.

Bravida's business operations are divided into four segments, based on geographical markets: Sweden, Norway, Denmark and Finland. These segments are divided into divisions: four for Sweden and one for each of the other countries. Each division has a Head of Division, who reports directly to the CEO. The Heads of Division are responsible for each division's operations and results and are also responsible for ensuring that the division's operations are conducted in accordance with decisions that have been taken. The Heads of Division are supported by their own staffs as well as Group-wide staff functions. Bravida's Group management consists of the CEO, the Heads of Divisions and the Group Staff Heads. For further information about the Chief Executive Officer and Group management, see page 115.

Group management holds meetings once a month, with at least one meeting a year dedicated to addressing forward-looking strategies. Group management meetings discuss and address ongoing Group-wide initiatives, changes in the market, current issues in the divisions and staffs, acquisitions and the follow-up of operating target achievement. Group management is working actively to clarify Bravida's values and to engage employees in this work to further develop Bravida's corporate culture.

During 2019, the focus continued to be on implementing the current business plan and its various initiatives, but the development of a new business plan for the next business plan period was also started. The focus has also been within the project process, mainly project management and project follow-up. In addition, an effort in servicing was given further depth, plans to reduce CO2 emissions in the vehicle fleet were fleshed out, and initiatives in IT and digitalisation progressed. In addition, work continued on making Bravida the most attractive employer. The work environment and employee health continued to be a priority.

**HOW BRAVIDA IS GOVERNED**

Bravida's business operations are divided into four segments, based on geographical markets: Sweden, Norway, Denmark and Finland. These segments are divided into divisions: four for Sweden (North, Stockholm, South and National) and one for each of the other countries. These divisions are in turn divided into regions, which are themselves divided into branches. The business is decentralised, which means that the main business operations and customer contact take place at branch level. Each branch manager (BM) is responsible for the results of the branch and is consequently responsible for the organisational structure, staffing, and the signing and performance of contracts. The branches are supported by Group-wide business and purchasing systems and other tools for risk assessment, cost estimates and effective performance of signed contracts within their branch. Branches' independence is restricted by instructions and an authorisation procedure. Bravida has clear rules on project approval, with threshold levels governed principally by contract value. This means that a branch manager cannot enter into an agreement above a certain value without approval from the regional manager (RM), neither can a regional manager enter into an agreement above a certain value without the approval of the Head of Division (HD). Contracts over SEK 50 million must always be approved by the CEO.

As a significant part of the President's (also CEO's) management and control of the business, the President and Group CFO meet each Head of Division once a quarter to review the division's financial position, major projects, billing, cash flow, etc. according to the specific points on a scorecard. These meetings are also attended by the division's head of finance and the respective regional manager and financial controller. These quarterly reviews are held in a corresponding manner down through the organisation according to a schedule.

**Bravida's annual cycle**

The Annual Cycle describes how Bravida works with targets, strategies and action plans during the year.

**OCTOBER–DECEMBER**

**9. Target figures process**

**OCTOBER**

**8. Divisional management**

Combines these into a common strategy

**SEPTEMBER**

**7. Regions** and branches' targets, strategy and action plans are established for the coming year and sent to Divisional Management by the end of September

**AUGUST – SEPTEMBER**

**6. Strategy work in the regions**



**FEBRUARY – MARCH**

**1. Regional management meetings**

– Assessment/adjustment of targets, strategy and action plan (management review)

**APRIL**

**2. Divisional management meeting**

– Assessment/adjustment of targets, strategy and action plan (management review)

**3. Group management meeting**

– Assessment/adjustment of targets, strategy and action plan

**MAY**

**4. Divisional management conference**

– Adjustment of targets, strategy and action plan

**JUNE**

**5. Group management (strategy days)**

– Establishment of targets, strategy and action plan for the coming year

Type of meeting	Coordinator	Frequency
Group (CEO, HD, RM)	President	every 3 months
Division (HD, RM, BM)	Head of Division	every 3 months
Region (RM, BM, project/service manager)	Regional Manager	every 3 months
Branch (BM, project/servicing manager, senior fitter)	Branch Manager	every 3 months

These regular meetings enable the relevant responsible person to meet their manager's manager and have the opportunity to report on their business in detail and to point out improvements, but they also have to be accountable, for example, for less successful projects or poor adherence to change management initiatives. This ensures high visibility and clarity of leadership within the company. It is also a highly effective way of managing the business and ensuring and monitoring that decisions that are taken are implemented. In addition, the 'grandfather principle' is also applied to a range of decisions taken within Bravida. This principle means that certain decisions must be taken/approved by the manager's manager. This includes decisions regarding investments, major tenders and projects, new hiring and certain own costs.

In the longer term, Bravida is managed based on a business plan for the coming three years. This is then applied down from Group to department level. Each year target figures are set for all departments and at aggregate level for the Group, along with an action plan for how these targets are to be achieved. Evaluation and any adjustments take place on an ongoing basis according to the annual cycle (see figure above). This work is ongoing throughout the year and at different levels. In addition, twice a year a regional manager conference is held at which Group management meets the regional managers to address important strategic issues.

Under the management of the group-wide acquisition team, the divisions and regions draw up summaries on an ongoing basis of potential and ongoing acquisitions for review by a Decision Group, consisting of the CEO, CFO and acquisitions manager. This enables ongoing control of current activities and prioritisation can be done. No acquisitions are made without first having been dealt with and approved by the Decision Group following a formalised process and decision-making procedure. Large acquisitions must also be approved by the Board.

#### BOARD OF DIRECTORS

List of Board and committee meetings and attendance in 2019.

Board members elected by the AGM	Year elected	Independent <sup>1)</sup>	Attendance of Board-meetings	Attendance of audit committee	Attendance of remuneration committee	Board fees SEK thousand <sup>2)</sup>	Committee fees SEK thousand <sup>2)</sup>	Number of shares in Bravida
Fredrik Arp	2018	Yes	12/12	–	4/4	1,150	110	20,000
Jan Johansson	2014	Yes	11/12	4/4	–	450	100	37,895
Staffan Pålsson	2016	Yes	12/12	–	4/4	450	80	1,663,745
Cecilia Daun Wennborg	2016	Yes	12/12	–	4/4	450	80	7,000
Mikael Norman	2016	Yes	12/12	4/4	–	450	180	10 000
Marie Nygren	2018	Yes	11/12	4/4	–	450	100	0

#### Regular employee representatives

Anders Mårtensson	12/12
Jan Ericson	12/12
Örnulf Thorsen	11/12
Geir Gjestad	11/12

<sup>1)</sup> Independent of the company, company management and owners

<sup>2)</sup> Fees set by the 2019 AGM.

#### Code of Conduct

Correct conduct is important to Bravida, not only in respect of our customers and suppliers but also between everyone who works at Bravida. Bravida has adopted a code of conduct which includes guidelines and rules on how we should behave. Bravida employees receive regular training on business ethics issues. There is also a training programme that includes work relating to different 'typical cases' regarding the code of conduct and related issues, aimed at all managers and administrative personnel at Bravida. Bravida also has a whistleblower function which allows suspected irregularities to be reported anonymously.

#### REMUNERATION

##### Board remuneration

The Board fee for 2019 was set by the 2019 AGM. The fee was distributed as shown in the table above.

The Chief Executive Officer's total remuneration is determined by the Board. Guidelines on remuneration for other members of Group management are proposed by the Remuneration Committee and determined by the Board.

#### THE BOARD OF DIRECTORS' PROPOSAL FOR GUIDELINES FOR EXECUTIVE REMUNERATION

These remuneration guidelines cover the company's CEO and other members of the management. The guidelines are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the annual general meeting 2020. These guidelines do not apply to any remuneration decided or approved by the general meeting. It is noted that since the members of Bravida's board of directors only receive remuneration resolved upon by the general meeting, these guidelines do not cover the members of the board of directors.

#### The guidelines' promotion of the company's business strategy, long-term interests and sustainability

In short, the company's business strategy is to offer technical end-to-end solutions over the life of a property, from consulting to installation and service. Bravida is a large company with a local presence across the Nordics. Bravida meets customers locally and take long-term responsibility for its work. The employees are the company's most important resource. With

common values, working methods and tools, together the employees create a sustainable and profitable business for the company and its customers. Bravida's vision is to be the best in the Nordics at providing sustainable service and installation of the functions that bring buildings to life. Bravida shall be the first choice for customers and the most attractive employer in the industry.

For more information regarding the company and the company's business strategy, please see <https://www.bravida.se/en/>.

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration. These guidelines enable the company to offer the executive management a competitive total remuneration.

Long-term share-related incentive plans have been implemented in the company. Such plans have been resolved by the general meeting and are therefore excluded from these guidelines. The long-term share-related incentive plan proposed by the board of directors and submitted to the annual general meeting 2020 for approval is excluded for the same reason. The proposed plan essentially corresponds to existing plans. The plans include the group management, regional managers, department managers, other managers and other identified key persons in the company. The performance criteria used to assess the outcome of the plans are distinctly linked to the business strategy and thereby to the company's long-term value creation. The performance criteria used in all plans is the group's results (Ebita) for the third calendar year after the adoption of the plan. Thus, all participants have the same performance goals. The plans are further conditional upon the participant's own investment and holding periods of several years. For more information regarding these incentive plans, including the criteria which the outcome depends on, please see note 5 of the group's annual report for 2019.

Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

#### Types of remuneration, etc.

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. The variable cash remuneration for the CEO may amount to not more than 125 per cent of the fixed annual cash salary. The variable cash remuneration to the other executives varies depending on their position in the company but may amount to not more than 200 per cent of the fixed annual cash salary.

For the CEO, pension benefits, including health insurance (Sw: sjukförsäkring), shall be premium defined. Variable cash remuneration shall not qualify for pension benefits. For other executives, pension benefits, including health insurance, shall be premium defined unless the individual concerned is subject to defined benefit pension under mandatory collective agreement provisions. Variable cash remuneration shall not qualify for pension benefits.

The executives who are Swedish residents are entitled to pension benefits corresponding to between 28–35 per cent of their respective annual fixed cash salary, or in accordance with the applicable pension plan (Sw: tjänstepensionsplan). The company shall strive for equivalent pension benefits for executives

who reside outside of Sweden, but variations motivated by local conditions may occur. In such cases, the overall purpose of these guidelines shall, to the extent possible, be satisfied.

Other benefits may include, for example, life insurance, medical insurance (Sw: sjukvårdsförsäkring) and company cars. Such benefits may amount to not more than 10 per cent of the fixed annual cash salary.

#### Termination of employment

The notice period may not exceed twelve months if notice of termination of employment is made by the company. Fixed cash salary during the period of notice and severance pay may together not exceed an amount equivalent to the fixed cash salary for one year. The period of notice may not exceed six months without any right to severance pay when termination is made by the executive.

#### Criteria for awarding variable cash remuneration, etc.

The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial. They may also be individualised, quantitative or qualitative objectives. The criteria shall mainly be based on results (Ebita), acquisition activity and individual goals. This model aims at improving the operating profit and create a profitable growth and thus contributes to the company's business strategy and long-term interests, including its sustainability.

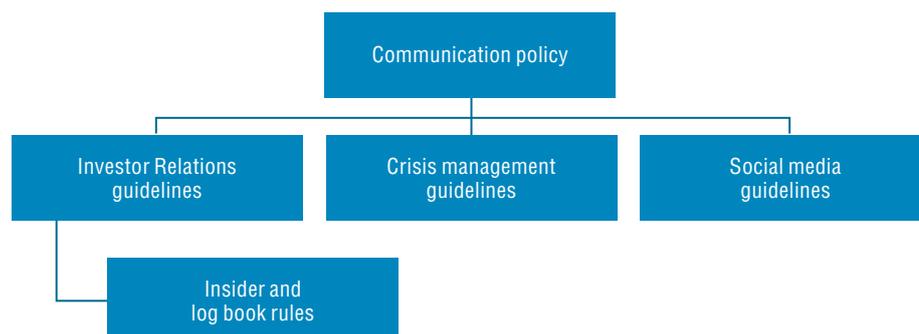
To what extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The remuneration committee is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other executives, the CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

#### Salary and employment conditions for employees

In the preparation of the board of directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the board of directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

#### The decision-making process to determine, review and implement the guidelines

The board of directors has established a remuneration committee. The committee's tasks include preparing the board of directors' decision to propose guidelines for executive remuneration. The board of directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The remuneration committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. The members of the remuneration committee are independent of the company and its executive management. The CEO and other members of the executive management do not participate in the board of directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.



### Derogation from the guidelines

The board of directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the remuneration committee's tasks include preparing the board of directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

### AUDIT

The auditor is tasked with auditing the annual accounts and consolidated financial statements, as well as the administration by the Board of Directors and the Chief Executive Officer. After each financial year, the auditor submits an auditor's report and a Group auditor's report to the AGM.

### Auditor

Under its Articles of Association, Bravida is required to have one or two auditors with up to two deputy auditors. Registered auditing firms may also be appointed as auditor. The auditor is appointed by the AGM for a term of one year, unless otherwise stated in Bravida's Articles of Association.

The 2019 AGM re-elected the registered auditing firm KPMG AB as auditor for the period until the end of the 2020 AGM. Anders Malmeby, authorised public accountant, is the auditor in charge for the company and the Group.

Bravida's auditors: KPMG AB

Auditor in charge: Anders Malmeby, authorised public accountant

Born 1955

Auditor in charge for Bravida since: 2014

Shareholdings in Bravida Holding AB: 0 shares

Other audit engagements: Bauer Media

The auditor's independence in relation to the company is ensured by the elected auditor being allowed only to a limited extent to perform services other than the audit.

## THE BOARD'S REPORT ON INTERNAL CONTROL OF FINANCIAL REPORTING

### Control environment

The Board of Directors has responsibility for internal control in relation to financial reporting. Internal control regarding financial reporting aims both to provide reasonable assurance on the reliability of external financial reporting, and to ensure that external financial reporting has been prepared in accordance with law, applicable accounting standards and other requirements.

The control environment includes how targets are set, how results are monitored and how risks are managed. A good control environment is based on an organisational structure with clear decision-making paths and a corporate culture with shared values and an awareness among individuals of their role in maintaining good internal control.

The control environment for financial reporting is based on the allocation of roles and responsibilities within the organisation, established and communicated decision-making pathways, instructions relating to powers and responsibilities, and accounting and reporting instructions. The Board of Directors has adopted procedural rules, CEO instructions and instructions for financial reporting. In addition to the Board's rules of procedure, CEO instructions and reporting instruction, there is an overarching authorisation scheme for the entire Group and policies and guidelines in a number of areas for operating activities.

Bravida has established policies, instructions and detailed process descriptions covering all significant aspects of its operations. These policy documents are available on Bravida's intranet for staff. These documents are updated annually or as necessary to reflect applicable laws and regulations and the changes to processes that have been implemented. There is internal auditing and monitoring of compliance with key processes.

### Risk assessment

An integral part of the management work of the Board of Directors and the Group management is a broad-based risk assessment. Risks are reported to the Board of Directors on an ongoing basis. During the year, the Board held discussions about various kinds of risk, as well as the risk management process. Risk within Bravida can be divided into operational risks, financial risks and market risks.

The most significant operational risks are the management, costing and valuation of current projects. Bravida has developed a model for managing these risks and works continuously to make improvements.

Identification and assessment of risks of not achieving business objectives and reliable financial reporting take place continuously as part of day-to-day processes within Bravida. The Board is responsible for ensuring that material financial risks and risks of errors occurring in financial reporting are identified and addressed. The Board continuously monitors risk exposure.

The Chief Executive Officer is responsible for ensuring that the business applies and monitors established procedures and for ongoing monitoring and management of risks within the organisation.

### Data security and communication

Bravida's Board has established a communication policy (see figure) aimed at ensuring that external information is managed correctly. There are internal instructions in the company regarding data security and how financial information should be communicated between management and other employees.

Information about internal policy documents, including for financial reporting, is available to staff concerned through Bravida's intranet.

### Control activities

To ensure that the business is conducted effectively and efficiently and that financial reporting at each reporting date provides an accurate picture, control activities are in place, involving all levels of the organisation, from the Board and Group management to other employees.

Within Bravida, these control activities include approval of projects and agreements, checking with external counterparties, daily monitoring of trend of results in projects, daily account reconciliations and monitoring of results, as well as analytical follow-up of decisions.

Bravida's financial statements are analysed and ultimately validated by the control function within Group Finance. Such validation includes both automatic controls, such as non-conformance reporting, and manual controls such as analyses and plausibility assessment of values. The effectiveness of the automatic controls in IT systems is followed up based on information from system managers in the business process. Proposals for improvements are identified and implemented on an ongoing basis.

The Group's control activities, such as authorisation, project approval and implementation, originate at Group level, but are then handled primarily at regional level. The Group has an established approach to the governance and control of Bravida's project activities where all departments and employees are continuously trained.

### Follow-up

Bravida's Board and management regularly monitor compliance with and the effectiveness of internal controls for quality assurance of processes. The Group's financial position and strategy regarding financial position is addressed at each Board meeting, with the Board receiving detailed monthly reports on the financial position and the performance of the business. The Audit Committee fulfils an important function in ensuring and monitoring control activities for key risk areas in financial reporting processes. The Audit Committee, management and the financial controller functions at divisional and regional level follow up reported deficiencies on a regular basis.

Bravida does not have a separate internal audit function. The Board evaluates the need for this annually. In Bravida, quarterly reviews fulfil an important function by ensuring that the entire organisation is analysed four times a year. These quarterly reviews use standardised scorecards to measure and monitor key ratios. The branches' operations are reviewed by the financial controllers of the relevant region. The regions are reviewed in turn by the divisions' finance departments, and finally there is a financial controller function at Group level. The accounts payable and accounts receivable ledger is centralised and is intended to provide some oversight. Payments may only be made by using special work order numbers, and each payment must be authorised and approved by a superior.

The Business Development department undertakes an audit of a number of randomly selected projects each year. This audit verifies that the organisation is implementing projects in accordance with the established processes and procedures. If deficiencies are identified, feedback is provided and an action plan is activated.