

# Corporate Governance Report

Rejlers is a Swedish public limited company and is regulated by Swedish legislation. The company's Class B shares are listed for trade on Nasdaq Stockholm, which is why the company applies Nasdaq Stockholm's rules.

Rejlers corporate governance is based on the Swedish Companies Act, the articles of association as approved by the shareholders and obligations the company has undertaken through contracts such as the listing agreement with Nasdaq OMX. As a result of the listing contract, Rejlers has applied the Swedish Corporate Governance Code since 1 July 2008. In addition to this, Rejlers is required to comply with applicable Swedish and foreign laws and regulations. Rejlers' assessment is that the company follows the rules stated in the Swedish Corporate Governance Code.

## Shareholders

Rejlers' Class B shares have been noted on the NASDAQ OMX Nordic list, the regulated market for share trading, since 18 December 2006. Before then, the share had been listed on the Nordic Growth Market, NGM, since 8 May 2003.

The total number of shares in the company amounts to 18,087,909, of which 1,749,250 are Class A shares and 16,338,659 Class B shares. The number of votes at Rejlers now totals 33,831,159. Share capital is SEK 36,175,818.

Upon request from the shareholder, Class A shares may be transformed into Class B shares. There is no limit to how many votes a shareholder may cast at the AGM. Class A shares confer 10 votes per share while Class B shares confer 1 vote per share. Shareholders with more than 10 per cent of the votes are Peter Rejler and Jan Rejler through a company.

## Annual General Meeting

The General Meeting of shareholders is the company's highest decision-making body in which all shareholders have the right to participate in the decisions. If an individual shareholder wishes to have a matter for resolution taken up at the AGM, it must be submitted in writing to the Board no later than seven weeks before the AGM. In accordance with the articles of association, notice to attend must be entered in the Official Swedish Gazette (Post- och Inrikes Tidningar) and posted on the company's website. Information regarding the promulgation of a notice to attend must be provided in an advertisement in Dagens Nyheter.

Rejlers' AGM for the 2017 financial year took place on 7 May 2018 in Stockholm. The AGM was attended by 26 shareholders who represented 70.7 per cent of the company's votes and 49.2 per cent of equity. The Meeting was led by the Chairman of the Board at the time, Ivar Verner. The minutes from the Annual General Meeting are available on the company's website [www.rejlers.com/se](http://www.rejlers.com/se).

## The AGM resolved, *inter alia*:

- In accordance with the Board's proposal, to appropriate the company's earnings such that of unappropriated earnings of SEK 347,881,261, a total of SEK 9,043,955 is to be paid to the shareholders in dividend, of which SEK 874,625 in total was paid to holders of Class B shares in dividend and the remainder was carried forward. Accordingly, a dividend was decided on of SEK 0.50 per share, regardless of class. The record date for receipt of the dividend was set at 9 May 2018.
- To adopt the income statement and balance sheet and consolidated income statement and consolidated balance sheet, in accordance with the Board's proposal.
- To discharge the members of the Board and CEO from liability as proposed by the auditor.
- In accordance with the Nomination Committee's proposal, that the Board of Directors shall consist of five (5) ordinary members without deputies for the period until the end of the next Annual General Meeting.
- In accordance with the Nomination Committee's proposal, that the Board of Directors shall consist of the re-election of Peter Rejler, Jan Samuelsson, Annika Steiber and the election of Helena Levander and Patrik Boman for the period until the next AGM.
- The adoption of principles for Nomination Committee assignments and appointments and the guidelines for remuneration of senior executives.
- To set the remuneration of the Board as per the Nomination Committee's proposal, and the remuneration of auditors as per approved invoice

- To authorise the Board to pass a resolution for the issue of a maximum of 600 000 Class B shares without preferential rights for existing shareholders.
- All resolutions at the Annual General Meeting were passed unanimously or by a required majority. The 2019 AGM in respect of the 2018 financial year will be held on 3 May 2019 in Stockholm.

## Nomination Committee

The General Meeting of shareholders adopts guidelines for the appointment of the Nomination Committee. The Nomination Committee nominates members to Rejlers' Board who are then proposed to the AGM. The Nomination Committee's work begins with an evaluation of the incumbent Board. When making nominations to the future Board, the Nomination Committee takes into consideration the potential members' strategic skills, education and any other Board work.

The Nomination Committee also solicits points of view from the principal owners. The Nomination Committee submits proposals regarding remuneration of members of the Board at the AGM. The Nomination Committee also submits proposals regarding the election of auditors. The Nomination Committee charged with preparing agenda items prior to the 2019 AGM consists of Kent Hägglund representing Peter Rejler, Martina Rejler representing Jan Rejler and Mats Andersson representing Nordea Fonder. Mats Andersson accordingly replaces Johan Lannebo, Lannebo Fonder.

The Nomination Committee must draft proposals regarding: the AGM chair, the number of Board members, fees to Board members, Board members and Chairman of the Board, the number of auditors, how the Nomination Committee should be appointed before the 2019 AGM and the Nomination Committee's assignment.

As the basis for the Nomination Committee's work, the chairman of the Board and the CEO submitted a report on the work of the Board during the year. Furthermore, an annual evaluation of the Board was carried out on behalf of the Nomination Committee.

## Diversity

All Board assignments in Rejlers AB aim to maintain and improve the Board's overall effectiveness. In the election of Board members, Rejlers therefore strives to have adequate expertise within the company's operations, business areas, markets and development. To achieve this, a broad distribution of characteristics and competencies is strived for. In addition, diversity with regard to age, gender, geographic origins, education and professional background is important to take into account. Rejlers actively works for diversity on the Board.

## Board of Directors

Rejlers Board and the Chairman of the Board are appointed by the General Meeting. The Board approves Rejlers strategy and objectives, issues steering documents, ensures effective evaluation of operations and monitors the company's development and financial situation. During the 2018 financial year, the Board consisted of five members, who are presented in greater detail on page 9. The Board held eight minuted meetings during the 2018 financial year. Average attendance was 94 per cent, and on average Board meetings lasted around three hours. Representatives from Group management and other management personnel regularly participated in Board meetings during the year to discuss issues in their respective areas. The Board is also responsible for acquisitions and divestments of operations, major investments and the appointment of the CEO. The Board also approves business plans, the annual accounts and monitors the work of the President.

The union organisations appointed Björn Lauber and Sten Pettersson as Board members and Tore Gregorsson as a deputy member.

Peter Rejler was elected by the Annual General Meeting as the Chairman of the Board. Jan Samuelsson was elected the Vice Chairman. The Audit Committee consists of Jan Samuelsson (chair), Helena Levander and Peter Rejler. The Board in its entirety forms the Remuneration Committee. The Board decided to discontinue the previously established Investment Committee and let the Board as a whole handle investment issues.

CEO Viktor Svensson is not a member of the Board, but participates in the Board meetings. In addition the CFO and other salaried employees from the organisation take part in the Board meetings to report on specific matters.

### The Board's rules of procedure

The Board has not allocated any specific areas of responsibility between its members. In addition to the allocation of responsibility that applies generally under the Swedish Companies Act, the Articles Of Association and the Swedish Corporate Governance Code, the Board's work is governed by its rules of procedure, which stipulate that the Board must:

- In addition to the statutory meeting, hold at least five ordinary meetings
- Establish the overarching objectives for the company's operations and decide on company's strategy
- Approve the budget and corresponding long-term plans including the investment budget
- Address and approve matters regarding tenders and projects with amounts in excess of SEK 30 million.
- Decide on the purchase and sale of real estate, shares or the acquisition of another company's operations in excess of SEK 15 million
- Appoint an Audit Committee
- Submit the annual accounts, administration report and interim reports
- Approve the raising of loans
- Initiate processes or settlements of disputes of material significance
- Address other issues of material financial or other significance

The following items must be taken up at every ordinary Board meeting:

- A report on the company's activities including its financial management
- A report on exceptional measures taken or events occurring between Board meetings
- A report on the development of on-going major projects and expected business events
- A report on existing or potential disputes that may have a significant impact on the company's operations

### Board composition

Name	Function	Independent	Elected	Present
Ivar Verner <sup>1)</sup>	Chairman	Yes	2010	4/4
Thord Wilkne <sup>2)</sup>	Board member	Yes	2007	4/4
Helena Levander	Board member	Yes	2018	4/4
Peter Rejler <sup>3)</sup>	Member/Chairman	No	2010	8/8
Jan Samuelsson	Board member	Yes	2010	8/8
Helena Nordman-Knutson	Board member	Yes	2014	2/4
Patrik Boman <sup>4)</sup>	Board member	Yes	2018	4/4
Annika Steiber	Board member	Yes	2016	8/8
Sten Pettersson	Employee representative	Yes	2009	8/8
Björn Lauber	Employee representative	Yes	1998	7/8
Tore Gregorsson	Employee representative, Deputy	Yes	2016	3/3

1) Chairman until AGM 2018

2) Helena Levander was elected a new Board member at the AGM 2018 and replaced Thor Wilke who declined re-election

3) Dependent in relation to the company through employment as well as major shareholder. Peter Rejler was appointed Chairman at the 2018 Annual General Meeting and succeeded Ivar Verner who declined re-election

4) Patrik Boman was elected a new Board member at the AGM 2018 and replaced Helena Nordman-Knutsson who declined re-election

The Chairman of the Board is the link between the CEO and the other Board members. The Chairman is tasked with directing the work of the Board and ensuring that the Board complies with applicable laws, rules and recommendations.

The Board is evaluated on an ongoing basis, both in respect of the Board as a whole and its individual Board Members. During 2018, the evaluation was carried out in the form of a Board questionnaire under the direction of the Nomination Committee. The entire Board took part in the questionnaire and discussed the evaluation. On the same occasion the Board evaluated the CEO and the company's management in their absence, but with the company auditor present. The company auditor participated in one Board meeting in connection with closing the annual accounts. The company's interim report for the third quarter was reviewed by the company's auditor and reported to the Board's Audit Committee.

### Internal control

At present, it is the Board's assessment that the company's size and complexity do not motivate a special internal audit unit, but rather that the accounting function will take care of the continuous controls and conduct improvement projects in financial management and control. Internally, audits are done of the commissioned work, follow-up of outcomes and potential needs for changed procedures. A new assessment will be made during the year.

### Audit committee

In connection with the statutory Board meeting after the 2018 AGM, the Board appointed an Audit Committee, comprising Jan Samuelsson (Chairman), Helena Levander and Peter Rejler. The Audit Committee held five meetings during the year. The committee reporter is the company's CFO.

The Audit Committee has the main task of ensuring compliance to established principles for financial reporting and internal control. The Audit Committee also monitors the company's continuous risk management, establishes supplemental instructions to the auditors for the audit effort, and monitors compliance to laws, ordinances, listing agreements and the Swedish Corporate Governance Code. The Audit Committee also makes sure that other assignments in addition to audits carried out by the company's auditors are within the framework of approved policy.

The Audit Committee reviewed steering documents and policies during the year.

In addition, the Audit Committee monitors changes to audit rules that may have an effect on the company's financial reporting and the external financial disclosures, and it also evaluates the need for an internal audit function.

### Remuneration committee

The Board has decided not to appoint a special remuneration committee.

Instead, the Board in its entirety will constitute a remuneration committee and will address e.g. remunerations and employment issues regarding the President and the other senior executives based on the guidelines adopted by the AGM. The remuneration committee is represented by the Chairman of the Board in negotiations with the CEO.

### Remuneration

Resolutions were made during the 2018 AGM regarding guidelines for remuneration of the CEO and senior executives. These were mainly the same as in previous years. The main principle for these guidelines is that senior executives at Rejlers must be offered remuneration on market terms to enable the company to attract, develop and retain key individuals. The remuneration structure may be made up of a basic salary, variable remuneration and in certain cases other benefits. The variable remuneration for senior executives is limited to a maximum 60 per cent of basic salary. The full guidelines are available appended to the AGM minutes and on the company website. The term senior executives refers to the members of the Group's management group.

The AGM approved remuneration of the Board in the amount of SEK 400,000 to the Chairman of the Board, SEK 300,000 to the Vice Chairman and SEK 230,000 each to the other members who are not Rejlers employees. An additional SEK 220,000 was set aside for committee work.

See Note 31 to the annual accounts for remuneration of the Board.

### **CEO and Group management**

The CEO is appointed by the Board and is tasked with the day-to-day administration of the company in accordance with the guidelines and instructions contained in law, the articles of association and the internal work instructions.

Day-to-day management includes all measures that, in consideration of the scope and nature of the company's operations, are of an unusual character or of great significance or are expressly defined as falling within the responsibility of the Board.

Viktor Svensson began as the President and CEO of Rejlers on 22 February 2018. Viktor most recently comes from ÅF where he has worked in several different roles over the past 15 years, including as the Vice President of Communications, Vice President of Sales and in recent years as the President of the ÅF Technology Division. Viktor was born in 1975. The President directs the work of Group management and makes decisions in consultation with other members of the management team. Group management holds regular meetings under the direction of the CEO. Between these meetings, regular checks are made regarding the status of each operation. Group management prepares an annual business plan which is followed up through monthly reports that focus on profitability, cost control and cash flow. Group management comprised the CEO, the CFO, the Heads of operations for Sweden, Finland and Norway, the CIO, the Communication Director and the Head of HR, eight members in all.

Information about the CEO and the members of the Group management team, their ages, education and shareholdings, is available in the Group Management section on page 10.

### **Audits**

The AGM's tasks include selecting an auditor. The AGM elected Deloitte as auditors for a period of four years, with Authorised Public Accountant Johan Telander as auditor-in-charge. Deloitte audits all active Rejlers companies in Sweden, Finland and Norway which were wholly owned by Rejlers during 2018. The auditor works from an audit plan and reports her observations to the Audit Committee on an ongoing basis throughout the year. Reporting to the Board takes place in conjunction with the annual closing of accounts.

A review of internal procedures and control systems is also carried out in conjunction with the audit review.

In addition to the audit review, Deloitte was also engaged for other assignments. Among other things, the work included tax issues along with various audit issues (see also Note 8 to the annual accounts). All of the assignments fall within the framework of policy laid down by the Audit Committee.

Remuneration of the company auditors for 2018 and 2017 are presented in the Annual Report.

### **Financial reporting and information**

The company handles public announcements in accordance with the Market Abuse Regulation, and continuously provides information on the company's development and financial position. Information is provided regularly in the form of:

- Interim reports
- Rejlers' annual report
- Press releases on news and events that can materially impact the company's valuation and future prospects. Rejlers' policy is to publish orders that are of strategic value
- Presentations for financial analysts, investors and media
- Rejlers' website – [www.rejlers.com](http://www.rejlers.com) – where the information described above is available

### **The Board's description of the internal control system and risk management**

#### **Control environment**

The control environment constitutes the basis of internal control. The control environment creates the culture upon which Rejlers operates and defines steering documents, standards and guidelines for the operation's actions. In practical terms, the control environment consists of policies, documented guidelines, manuals and instructions disseminated throughout the organisation. The quality management system is supplemented by a series of documented directives, which include a financial manual containing guidelines for accounting and financial management together with the information policy. Rejlers maintains a quality management system that includes procedures, instructions and templates for relevant processes. Rejlers is always busy developing and improving quality and processes in order to meet the standards customers, suppliers and employees expect of a consultancy. The organisational structure is transparent, with defined roles and responsibilities that are communicated through documented work instructions for the Board, Board committees, the President and managers in the Group. There are rules of procedure for the Board and instructions for the CEO of each company in the Group, based on the same principles as those for Rejlers AB.

Each company has a board tasked with continuously ensuring compliance with the overall guidelines and policies and making regular assessments of the company's financial situation.

The boards each have at their disposal a president, who in the larger subsidiaries also has a management group. In each of the countries concerned, the Rejlers organisation allows local units great independence. Managers at all levels have clearly assigned responsibilities and powers to develop their operations based on local conditions and their customers' needs. Regular evaluations are conducted in the organisation at both function and departmental level in order to ensure relevant knowledge of financial reporting in the organisation. The aim is the ability to guarantee with reasonable certainty that Rejlers' short-term and long-term targets are achieved. The aim of risk management and internal controls in connection with financial reporting is the ability to guarantee with reasonable certainty that the external financial reporting is reliable with regard to interim reporting, annual reporting and the annual accounts, and to ensure that the external financial reporting is prepared in accordance with laws, applicable financial reporting standards and other requirements that must be met by listed companies.

### **Information and communication**

The most important steering documents regarding the financial statements are continuously updated and communicated to relevant employees over the company's intranet, information letters, regular meetings, etc. Information channels are established to communicate to concerned employees in the organisation as effectively as possible. Rejlers also has an information policy in regard to both internal and external communication.

### **Control activities**

The control structure is designed to manage the risks the Board and the senior management consider significant for operational activities, compliance with laws and regulations and financial reporting. Defined decision-making procedures, including an authorisation manual, are established e.g. for investments and signing of contracts. Where appropriate, automatic controls specifically related to financial reporting have been established. Most control activities are integrated into the company's key processes, such as order booking, revenue recognition, investments, supplier contracts and purchases. The IT structure is designed to handle potential risks in the entire operation. Special controls are in IT systems related to the processes that affect the financial reporting.

### **Monitoring**

Each unit head is responsible for ensuring adequate internal control in the unit concerned and for ensuring that the units comply with the Group's directives for financial reporting. In addition, the internal control structure of separate, decentralised functions is reviewed by a special function. Because the Board considers Rejlers' significant areas of risk to be covered by the reviews carried out, it sees no current need to set up a separate function for internal audit at present.

Stockholm, 8 April 2019  
Board of Directors Rejlers AB