



NOLATO AB (PUBL)

# Corporate governance report 2020



## CORPORATE GOVERNANCE

Nolato is a Swedish limited company. Its corporate governance is based on Swedish legislation (primarily the Swedish Companies Act), the regulations set out by Nasdaq Stockholm (nasdaqomxnordic.com), the Swedish Code of Corporate Governance (corporategovernance-board.se) and the rules and recommendations issued by relevant organizations. Moreover there are a number of principles and rules for the business that have been established by Nolato (see pages 4, 7 and 8). These can be found on the company's website (nolato.com) or if they are internal documents, they are not made public.

### Shareholder governance

Shareholders exercise their power of ownership at General Meetings. Nolato's A shares entitle holders to ten votes, and the B shares to one vote. There is no restriction on how many votes shareholders may cast at general meetings.

Resolutions at Annual General Meetings are normally passed by simple majority. On certain issues, the Swedish Companies Act stipulates a specific minimum percentage of the shareholders present and/or a larger majority.

The meeting of the company at which the Board presents the annual accounts and the auditor's report is called the Annual General Meeting (AGM) and is normally held by Nolato at the end of April or beginning of May. The AGM also deals with matters relating to subjects such as dividends, discharging the members of the Board and the President and CEO from liability, and electing the Board members, the Chairman of the Board and auditors. The AGM also determines the fees payable to the Board and the auditors, guidelines for the remuneration of senior executives and the principles for appointing the Nomination Committee for the next AGM.

Shareholders have the opportunity to ask questions about the company and its performance at the AGM. Shareholders also have opportunities to request that a particular issue be dealt with by submitting such a request in writing to the Board.

Information about conditions affecting ownership of shares in Nolato, including major shareholders, can be found on page 41 of the company's 2020 annual report and at [nolato.com/en/investor-relations](http://nolato.com/en/investor-relations).

### 2020 Annual General Meeting

The 2020 Annual General Meeting took place on May 4, 2020, in Grevie. The meeting was attended by 235 shareholders, together representing 52.4% of the number of shares and 75.4% of the number of votes in the company.

The AGM re-elected Board members Fredrik Arp, Sven Boström-Svensson, Lovisa Hamrin, Åsa Hedin, Lars-Åke Rydh, Dag Andersson and Jenny Sjö Dahl, and elected Erik Lynge-Jorlén as a new Board member. Fredrik Arp was re-elected as Chairman of the Board. The members are presented in more detail on pages 9–10 and at [nolato.com/en/corporate-governance](http://nolato.com/en/corporate-governance).

The AGM resolved on several issues, including fees for Board members, guidelines for remuneration of senior executives and instructions for the Nomination Committee. The AGM also resolved to adopt the income statement and balance sheet for Nolato AB and for the Group, as well as the proposed appropriation of profits. The meeting discharged the members of the Board and the President and CEO from liability for the 2019 financial year. The meeting resolved in accordance with the Board's proposal regarding an amendment to the Articles of Association. Approval was also given for the Board's proposal for authorization of the Board to make decisions regarding the issue of new B shares.

### Nomination Committee

The 2020 AGM resolved that the Nomination Committee ahead of the 2021 AGM should consist of one representative for each of the five largest shareholders in terms of the number of votes at the end of September 2020.

In accordance with this decision, the Nomination Committee ahead of the 2021 AGM consists of

- Henrik Jorlén, chairman, appointed by the Jorlén family;
- Gun Boström, appointed by the Boström family;
- Lovisa Hamrin, appointed by the Hamrin family; and
- Johan Ståhl, appointed by Lannebo Fonder.

One of the five largest shareholders has chosen not to participate in the work of the Nomination Committee, and has therefore declined to elect a representative to the committee.

Since it was established and up until February 2021, the Nomination Committee has held

three meetings. In addition, the Nomination Committee maintained continual contact by phone and email.

The Nomination Committee can be contacted by email: [henrik.jorlen@gmail.com](mailto:henrik.jorlen@gmail.com) or by ordinary mail: Nolato's Nomination Committee, c/o Henrik Jorlén, Kommendörsgatan 4, 269 77 Torekov, Sweden.

### Auditor

The 2020 AGM elected Ernst & Young AB as auditor of Nolato, with authorized public accountant Joakim Falck as principal auditor.

Joakim Falck, born 1972. Authorized public accountant, Ernst & Young AB. Auditor of Nolato since 2018. Other clients include Xano Industri AB, Garo AB, Itab Shop Concept AB and Nefab.

The auditor works according to an audit plan. The auditor reported back to the Board during the course of the audit and in connection with the adoption of the 2020 year-end report on February 10, 2021.

During the year, the auditor carried out certain consultancy assignments in addition to the audit, which related primarily to accounting and tax issues.

The external audit is conducted in accordance with generally accepted auditing standards. Auditing of financial statements for legal units outside Sweden is carried out in accordance with statutory requirements and other relevant regulations in the respective country, and according to generally accepted auditing standards.

The auditor regularly examines the adjusted minutes from Nolato's Board meetings and has continual access to the monthly reports submitted to the Board.

The auditor has examined the remuneration of senior executives and reviewed the company's half-year report.

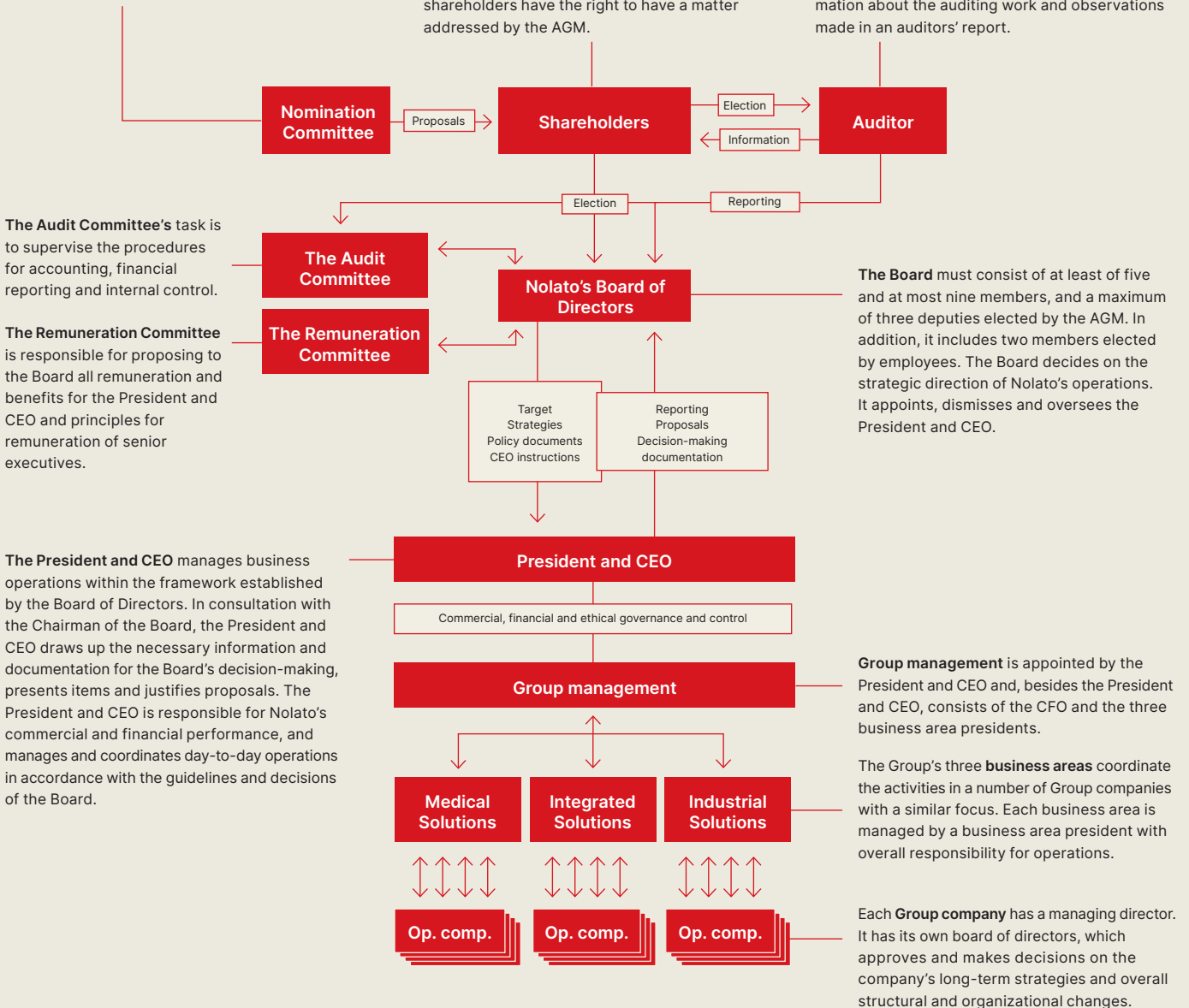
**SCHEMATIC DESCRIPTION OF THE NOLATO GROUP'S CORPORATE GOVERNANCE**

**The Nomination Committee** is responsible for submitting proposals to the AGM regarding the Chairman of the Board, Board members, directors' fees, remuneration for committee work, how the Nomination Committee should be appointed for the coming year and submitting proposals regarding auditors and auditors' fees.

The right of **shareholders** to determine Nolato's affairs is exercised at the annual general meeting (AGM), which usually takes place in late April or early May. Among other things, the AGM elects the Board of Directors and takes decisions regarding a dividend, directors' fees and adopts the annual accounts. By registering a matter in writing with the Board within certain timeframes, shareholders have the right to have a matter addressed by the AGM.

**The Auditor** is elected by the shareholders at the AGM to audit the company's annual report and accounts, and the Board and CEO's management of Nolato. The auditor also reviews the remuneration of senior executives and the corporate governance report.

Reporting takes place to the Board and the Audit Committee. At the AGM, the auditor provides information about the auditing work and observations made in an auditors' report.



Reporting and control occurs by means of the Board and the Audit Committee analyzing and assessing risks and control environments, and overseeing the quality of financial reporting and Nolato's internal control systems. This takes place through, for example, issuing instructions to the President and CEO and establishing requirements for the content of the financial performance reports provided to the Board on an ongoing basis. In addition, the committee is responsible for making recommendations and proposals for ensuring reporting reliability. The Board reads and checks financial reporting such as monthly reports, forecasts, interim reports and the annual accounts. The committee must inform the Board of the result of the audit, how it contributed to the reliability of reporting and what role the committee had.

## THE BOARD AND ITS WORK

### The working methods of the Board

The Board decides on the strategic direction of Nolato's operations and prepares the necessary instructions. It establishes the Nolato Group's management structure and appoints, dismisses and oversees the President and CEO.

Principles have been decided on at initial statutory Board meetings following the AGM with regard to rules of procedure for the Board's work, the delegation of duties between the Board and the President and CEO, as well as financial reporting.

The key elements of these principles determine the following:

- The Board shall establish a work program comprising six ordinary meetings during the year, at which various matters according to the rules of procedure are considered at different Board meetings.
- Notice of the meeting, the agenda and documentation for the Board meeting are usually distributed no later than one week prior to the meeting. Minutes with numbered points are taken at the meeting.
- The delegation of duties clarifies the responsibilities of the Board and the key duties of the Chairman and the President and CEO. The instructions for the President and CEO include restrictions regarding decisions on investments, acquisitions, transfers and certain agreements.
- To enable the Board to continually follow and monitor the Group's financial position and performance, the President and CEO must provide the Board with monthly reports on sales, profit, capital commitment, cash flow, the balance sheet, forecast monitoring and forecast updates.

The Chairman of the Board, Fredrik Arp, organizes and leads the work of the Board, to ensure it is performed in accordance with the Swedish Companies Act, other legislation and regulations, applicable rules for listed companies (including the Swedish Corporate Governance Code), and the Board's internal governance instruments. The Chairman monitors operations through regular contact with the President and CEO and is responsible for ensuring that other Board members receive satisfactory information and decision-making documentation.

The Chairman is responsible for ensuring that the Board is kept continually updated and increases its knowledge of Nolato and generally receives the training required in order to carry out its work in an effective manner. Furthermore, the Chairman ensures that an annual evaluation of the work of the Board is conducted, and that the Nomination Committee is informed of the results.

An evaluation was carried out in 2020, during which all Board members were given the opportunity to submit their views and suggestions, and to rate such areas as the composition and practices of the Board. The evaluation has been presented to the full Board.

### Composition of the Board in 2020

Following the 2020 AGM, the company's Board consists of seven members elected by the AGM: Fredrik Arp (Chairman), Sven Boström-Svensson, Lovisa Hamrin, Åsa Hedin, Erik Lyngge-Jorlén, Lars-Åke Rydh and Jenny Sjö Dahl. Dag Andersson, who was elected at the AGM, gave notification of his resignation from the Board in May 2020.

The Board also includes two employee representatives: Björn Jacobsson (Swedish Trade Union Confederation, LO) and Håkan Bovimark (Swedish Federation of Salaried Employees in Industry and Services, PTK). Their deputies are Arif Mislimi (LO), Reynaldo Mejedo (PTK) and Agneta Olsson (PTK). Apart from the union representatives, none of the Board members is employed by or works within the company's operations.

The Board members Åsa Hedin, Lars-Åke Rydh, Jenny Sjö Dahl and Chairman Fredrik Arp are deemed by the Board to be independent of the company's major shareholders. Nolato's Board has determined that all members elected by the AGM are independent in relation to the company.

Further information about the members of Nolato's Board can be found on pages 9–10.

### Nolato's Diversity Policy

Nolato applies the Swedish Corporate Governance Code. Point 4.1 of the Code specifies the following: The Board should have an appropriate composition that reflects diversity and breadth in terms of the skills, experience and background of its members elected by a general company meeting. Equal gender distribution should be sought.

Work on the Board adheres to these guidelines. The aim is for the Board to have as broad as possible a basis in terms of different types of skills and experience. Application of the policy is achieved both during the financial year through discussions at Board meetings and in connection with the Nomination Committee proposing candidates for Nolato's Board.

The results of the policy are best reflected in the composition of the Board.

The current Board represents a broad spectrum. The members have experience from the manufacturing industry, retail and service companies. The members have different types of education and career experience, and include both younger and older members. The Board consists of members appointed by shareholders at a general meeting of the company and of employee members appointed by trade union branches within the company. Three out of eight members elected by the general meeting of the company are women.

### Attendance in 2020

In 2020, the members of the Board attended Board meetings as detailed in the table at the bottom of this page.

### The Board's work in 2020

In 2020, the Board held eight meetings and one initial statutory meeting following the AGM. Reviews of the company's operations, markets and finances have been standing items on the agenda. In addition to these points, the work of the Board during the year has focused primarily on investment discussions, market communication, acquisition processes, budgets/forecasts, financing and strategy discussions relating to the company's operations.

### The Audit Committee

The members of the Audit Committee are Lars-Åke Rydh (chairman) and Åsa Hedin, both of whom were appointed by the Board. The work of the committee is regulated by specific rules of procedure, which have been adopted by the Board. The Audit Committee met on five occasions in 2020. Both members attended all meetings. The company's CFO and, at certain meetings, the company's auditors, have also participated in Board meetings. Minutes were taken at all meetings.

### The Remuneration Committee

The members of the Remuneration Committee are Fredrik Arp (chairman) and Lovisa Hamrin, both of whom were appointed by the Board. The committee met on three occasions in 2020.

Ahead of 2021, the committee drew up principles for variable remuneration and other remuneration and benefits for the President and CEO and senior executives, which will be presented by the Board to the AGM for resolution.

	Feb 10	April 1	May 4	July 17	Sep 2	Sep 25	Oct 23	Dec 8	Total
Fredrik Arp	1	1	1	1	1	1	1	1	8
Sven Boström-Svensson	1	1	1	1	1	1	1	1	8
Lovisa Hamrin	1	1	1	1	1	1	1	1	8
Åsa Hedin	1	1	1	1	1	1	1	1	8
Erik Lyngge-Jorlén*				1	1	1	1	1	5
Lars-Åke Rydh	1	1	1	1	1	1	1	1	8
Jenny Sjö Dahl	1	1	1	1	1		1	1	7
Håkan Bovimark	1	1	1	1	1	1	1	1	8
Björn Jacobsson	1	1	1	1	1		1	1	7

\* Elected at Annual General Meeting.

### Reporting and control

The Board and the Audit Committee analyze and assess risks and control environments, and oversee the quality of financial reporting and Nolato's internal control systems. This takes place through, for example, issuing instructions to the President and CEO, agreeing on requirements for the content of the reports on financial conditions given to the Board on an ongoing

basis, and holding reviews together with management and the auditors. The Board is informed of – and ensures the quality of – financial reports such as monthly reports, forecasts, interim and annual reports, but has delegated to company management the task of ensuring the quality of presentation materials in connection with meetings held with the media, shareholders and financial institutions.

The Board is also informed of minutes drawn up by the Audit Committee and any observations, recommendations and proposals for decisions and measures, which are continually reported to the full Board.

## REMUNERATION OF THE BOARD AND SENIOR EXECUTIVES

### Principles for remuneration and benefits

A directors' fee is paid to the Chairman and members of the Board as decided by the Annual General Meeting. No directors' fee is paid to employees of the Group or to employee representatives. Remuneration for the President and CEO and other senior executives is made up of a base salary, variable remuneration, other benefits and a pension. Senior executives are individuals who, together with the President and CEO, constitute Group management. In 2020, Group management comprised four individuals, in addition to the President and CEO.

These are CFO Per-Ola Holmström, President of Medical Solutions Johan Iveberg, President of Integrated Solutions Jörgen Karlsson and President of Industrial Solutions Johan Arvidsson. For further information, see page 11.

Any assignment taken on by individual Board members on behalf of the company in addition to Board work is remunerated at market rates. Assignments should be documented in agreements specifying the type of assignment and agreed remuneration. Remuneration is paid in arrears on completion of the assignment.

### Preparatory and decision-making procedure

The Board of Directors has appointed a Remuneration Committee, consisting of the Chairman of the Board and one other Board member. The committee has proposed, and the Board of Directors has approved, the current principles for variable remuneration. The committee has made decisions on all remuneration and benefits for the President and CEO, which have been presented to and approved by the Board. The committee has approved the remuneration of Group management.

### Remuneration of the Board, President and CEO and other senior executives in Group management

SEK thousand	Base salary/ Directors' fee <sup>1)</sup>	Variable remuneration <sup>2)</sup>	Other benefits <sup>3)</sup>	Pension premiums	Other remuneration <sup>4) 5)</sup>	Total
<b>Remuneration and other benefits in 2020</b>						
Chairman of the Board, Fredrik Arp <sup>5)</sup>	445	—	—	—	150	595
Board member, Sven Boström-Svensson	215	—	—	—	—	215
Board member, Lovisa Hamrin	215	—	—	—	—	215
Board member, Åsa Hedin	262	—	—	—	—	262
Board member, Erik Lyngé-Jorlén	215	—	—	—	—	215
Board member, Lars-Åke Rydh	285	—	—	—	—	285
Board member, Jenny Sjö Dahl	215	—	—	—	—	215
President and CEO, Christer Wahlquist	4,560	2,789	134	1,387	107	8,977
Executive Vice President, Per-Ola Holmström	2,940	1,436	130	1,023	84	5,613
Other senior executives in Group management (three people)	10,648	3,182	176	2,255	194	16,455
<b>Total</b>	<b>20,000</b>	<b>7,407</b>	<b>440</b>	<b>4,665</b>	<b>535</b>	<b>33,047</b>
<b>Remuneration and other benefits in 2019</b>						
Chairman of the Board, Fredrik Arp <sup>5)</sup>	445	—	—	—	150	595
Board member, Dag Andersson	215	—	—	—	—	215
Board member, Sven Boström-Svensson	215	—	—	—	—	215
Board member, Lovisa Hamrin	215	—	—	—	—	215
Board member, Åsa Hedin	215	—	—	—	—	215
Board member, Henrik Jorlén	262	—	—	—	—	262
Board member, Lars-Åke Rydh	285	—	—	—	—	285
Board member, Jenny Sjö Dahl	215	—	—	—	—	215
President and CEO, Christer Wahlquist	4,320	2,376	192	1,060	104	8,052
Executive Vice President, Per-Ola Holmström	2,820	1,227	182	816	69	5,114
Other senior executives in Group management (three people)	9,633	2,822	264	1,964	159	14,842
<b>Total</b>	<b>18,840</b>	<b>6,425</b>	<b>638</b>	<b>3,840</b>	<b>482</b>	<b>30,225</b>

1) Including remuneration for committee work. According to AGM decision regardless of payment period.

2) 'Variable remuneration' pertains to expensed remuneration for the financial year, payable in the following year.

3) 'Other benefits' primarily pertains to company cars.

4) 'Other remuneration' relates to the President and CEO and other senior executives regarding previous holiday entitlements paid, and other remuneration.

5) Fredrik Arp has invoiced SEK 150,000 (150,000) for other agreed services in accordance with a decision by the AGM. Remuneration received has been offset against social security contributions.

### Variable remuneration

Variable remuneration paid to the President and CEO and other senior executives is based on the outcome of profit and return on capital employed. The maximum outcome is 50% of base salary for the CEO and 40% for other senior executives. At the same time, the relevant profit center must report positive earnings. In 2020, the outcome for the President and CEO was 50% of base salary (41) and for senior executives it was 18–40% of base salary (16–32).

Participants in Nolato's incentive programs are offered the opportunity to receive remuneration corresponding to half of the participant's warrant premiums and the income tax charged on the variable remuneration, provided that the participant's employment at the Group does not cease before three years have elapsed.

### Incentive Program 2016/2021

An extraordinary general meeting of December 5, 2016, approved the issue of up to 798,000 share warrants in three different series: Series 2016/2019, Series 2017/2020 and Series 2018/2021, with 266,000 warrants in each series, granting the right to subscribe for as many B shares. Each warrant consequently entitles the holder to subscribe for one (1) new B share. The warrants were transferred to some 20 individuals on Nolato's management team on market terms, at a price established based on estimated market value for the warrants, applying the Black & Scholes valuation model.

### Incentive Program 2016/2021

#### – Series 2016/2019

Total subscribed warrants amounted to 240,600 and all have been exercised to subscribe for shares in 2019.

### Incentive Program 2016/2021

#### – Series 2017/2020

Total subscribed warrants amounted to 196,200 and all have been exercised to subscribe for shares in 2020.

### Incentive Program 2016/2021

#### – Series 2018/2021

Total subscribed warrants amounted to 193,500 and the price per warrant was SEK 17.80. The issue price for a B share is SEK 502.00. The warrants can be exercised to subscribe for shares as of May 1, 2021, up to and including December 15, 2021.

### Incentive Program 2019/2024

The ordinary general meeting of May 8, 2019, approved the issue of up to 798,000 share warrants in three different series: Series 2019/2022, Series 2020/2023 and Series

2021/2024, with 266,000 warrants in each series, granting the right to subscribe for as many B shares. Each warrant consequently entitles the holder to subscribe for one (1) new B share. The warrants are transferred to some 20 individuals on Nolato's management team on market terms, at a price established based on estimated market value for the warrants, applying the Black & Scholes valuation model. The maximum dilution effect of all of the incentive programs' three series is expected to amount to a total of approximately 3% of share capital and 1.6% of votes (calculated based on the number of existing shares), assuming full subscription and full exercise of all warrants.

### Incentive Program 2019/2024

#### – Series 2019/2022

No warrants were subscribed for in this series.

### Incentive Program 2019/2024

#### – Series 2020/2023

Total subscribed warrants amounted to 28,750 and the price per warrant was SEK 71.00. The subscription price for a B share is SEK 928.80. The warrants can be exercised to subscribe for shares as of May 1, 2023, up to and including December 15, 2023.

### Pensions

The retirement age for the President and CEO and other senior executives is 65. The President and CEO's pension premium amounted to 30% (25) of pensionable salary, and follows a defined contribution pension scheme. Variable remuneration does not qualify as pensionable income.

Other senior executives have defined contribution pension schemes. For 2020, the average pension premium was 24% of base salary (22). Variable remuneration does not qualify as pensionable income.

### Severance pay

The President and CEO and other senior executives shall provide a notice period of six months. In the event of termination by the company, a notice period of 12–24 months applies. Any other income that is received during the notice period shall be deducted from the salary and other remuneration payable during the notice period. Both the President and CEO and other senior executives collect base salary and other benefits during the notice period. There is no remuneration after the notice period.

## OTHER INFORMATION

### Group management

In 2020, Group management consisted of Christer Wahlquist (President and CEO), Per-Ola Holmström (CFO), Johan Iveberg (President of the Medical Solutions business area), Jörgen Karlsson (President of the Integrated Solutions business area) and Johan Arvidsson (President of the Industrial Solutions business area).

Further information about the members of Group management is available on page 11.

### Business operations

All operations in the Group are conducted by subsidiaries, in keeping with the decentralized culture that has always been a hallmark of Nolato. The operational subsidiaries are organized into three customer-focused business areas. Information about these is available in Nolato's 2020 Annual Report on pages 26–39.

### Information for shareholders, etc.

Nolato reports to Nasdaq Stockholm, where the company's shares are listed in the Large Cap segment. Information is provided in the form of quarterly reports and press releases according to the requirements imposed by the stock exchange and the information policy adopted by Nolato's Board.

Reports, press releases, annual reports and other information are available on Nolato's website, [nolato.com/en/investor-relations](http://nolato.com/en/investor-relations).

The website also provides up-to-date information about Nolato's corporate governance, for example the current shareholdings of the Board, current Articles of Association and information about the Annual General Meeting and the largest shareholders.

## THE BOARD'S DESCRIPTION OF THE INTERNAL AUDIT IN RELATION TO FINANCIAL REPORTING

According to the Swedish Companies Act and Swedish Corporate Governance Code, the Board is responsible for the company's internal audit. In the description, the Board does not issue any statement on the effectiveness of the internal audit.

Nolato's internal audit in relation to financial reporting includes five main activities: creating a control environment, risk assessment, control activities, information and communication, and monitoring.

### Control environment

Effective Board work forms the foundation for good internal auditing. The Board has established clear processes and rules of procedure for its work. One key element of the Board's work is deciding on and approving a number of fundamental policies, guidelines and frameworks for financial reporting. These include the Code of Conduct, Information Policy and Financial Policy.

The Board evaluates the operating activities' performance and results on an ongoing basis, via reporting which includes operating profit, rolling forecasts, the analysis of key performance indicators and other significant operating and financial information.

Nolato has a simple legal and operational structure, with established management and internal audit systems. This enables the business to react swiftly in the event of changed conditions in the Group's market or in other areas. Operational decisions are taken at company or business area level, while decisions on overall strategy, focus, acquisitions, major investments and overall financial issues are taken by Nolato's Board and Group management.

Internal auditing in relation to Nolato's financial reporting is tailored to work within this organization. Within the Group, there is a clear regulatory framework for delegating responsibility and authorization, and this follows the Group structure.

The basis for internal auditing in relation to financial reporting is a control environment consisting of the organization, decision-making paths, authorization and responsibilities communicated, as well as the culture within which the Board and company management communicate and operate.

### Policy documents

Nolato's group-wide regulations are defined in eight policy documents, as detailed in the list to the right. These documents are an important part of creating an effective control environment within Nolato.

The documents relating to the Group's core values are based on the combination of ethical and professional values that Nolato has upheld for many years, and that are communicated to all employees, including in the form of a publication entitled 'The Nolato Spirit'.

In addition to these policy documents, rules of procedure for the Board, and CEO instructions have been drawn up. These describe matters such as the division of work within the Board and the duties of the Chairman of the Board and the President and CEO.

Rules of procedure have also been drawn up for the managing director of each subsidiary.

Managers at various levels within the company are responsible for dealing with internal auditing on an ongoing basis within their own particular areas of responsibility.

### Risk assessment

The company carries out a risk analysis of its financial reporting, which is evaluated and adopted by the Board. In connection with this risk analysis, income statement and balance sheet items are identified where there is a heightened inherent risk of serious errors.

Within the company's operations, these risks are mainly present in non-current assets, financial instruments, inventories, accounts receivable, accrued expenses, taxes and revenue recognition.

These risk assessments are based on effects on financial reporting, the outcome of the income statement, business processes, external factors and the risk of fraud.

### Control activities

Those risks that have been identified in relation to financial reporting are dealt with via the company's control activities, e.g. authentication checks for IT systems and authorization controls.

These operational-specific controls are supplemented by detailed financial analyses of earnings and monitoring against business plans and forecasts, providing an overall assessment of the quality of the reporting.

## POLICY DOCUMENTS

The following overall policy documents for the Group have been established by the Board of Directors:

### > Nolato's Basic Principles

These define the platform of shared values for all Group operations.

### > Code of Conduct

This sets out the ethical and compassionate principles that Nolato employees are obliged to follow. Nolato's group-wide policies regarding the environment, health and safety, suppliers and quality are integrated into the Code of Conduct.

### > Financial Policy

This governs how financial risk should be managed within the Group.

### > IT Policy

This governs the Group's IT security structure.

### > Information Policy

This governs the dissemination of information by the Group, including in relation to stock exchange listing requirements.

### > Inside Information Policy

Supplements the rules contained in the EU Market Abuse Regulation and other insider trading legislation with directives on notification obligations and trading in Nolato's shares.

### > Trade Sanctions Policy

This regulates the restrictions on employees having business relationships with certain individuals, companies, governments and countries according to sanctions, laws and rules issued by various countries at any given time.

### > Whistleblowing Policy

This governs the Group's systems and procedures for receiving and handling reports of possible irregularities.

### Information and communication

The company's steering documents for financial reporting consist mainly of policies and guidelines, which are kept up-to-date and communicated via the relevant channels. Information is obtained from the subsidiaries through financial and operational reports to the boards of the subsidiaries, the business area management and Group management.

There is an information policy for communication with external parties, which provides guidelines on how such communication should be carried out. The aim of the policy is to ensure that all information obligations are correctly and fully complied with.

### Monitoring

The President and CEO is responsible for internal auditing being organized and monitored in accordance with the guidelines established by the Board. Financial control is carried out by the Group financial function. Financial reporting is analyzed in detail each month.

The Board has monitored the financial reporting at its meetings, and the company's auditors have reported back their observations to the Board and the Audit Committee. The Audit Committee has received regular reports from the auditor, and monitors measures taken to improve or amend controls. The Board has received monthly financial reports and the

company's financial situation has been addressed at each Board meeting.

The Board and the Audit Committee review all interim and annual reports prior to publication.

### Internal audit

Nolato has a simple legal and operating structure and established management and internal audit systems. The Board and the Audit Committee monitor the organizational assessment of internal auditing, including through contact with Nolato's auditors. In view of the above, the Board has chosen not to carry out any specific internal audit.

Torekov, Sweden, March 17, 2021



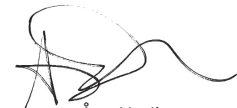
Fredrik Arp  
Chairman of the Board



Sven Boström-Svensson  
Board member



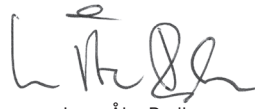
Lovisa Hamrin  
Board member



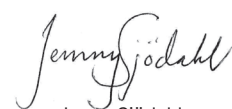
Åsa Hedin  
Board member



Erik Lynge-Jorlén  
Board member



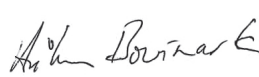
Lars-Åke Rydh  
Board member



Jenny Sjö Dahl  
Board member



Christer Wahlquist  
President and CEO



Håkan Bovimark  
Employee representative



Björn Jacobsson  
Employee representative

## AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE REPORT

To the general meeting of the shareholders of Nolato AB, company reg. no. 556080-4592

### Directive and division of responsibility

The Board of Directors is responsible for the corporate governance report for the 2020 financial year and for ensuring that it is prepared in accordance with the Swedish Annual Accounts Act.

### Focus and scope of the review

Our review has been carried out according to FAR's auditing standard RevU 16 The auditor's examination

of the corporate governance statement. This means that our review of the corporate governance report has a different focus and is considerably less in scope than the focus and scope of an audit conducted in accordance with the International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides us with a sufficient basis for our opinions.

### Opinion

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

Torekov, Sweden, March 24, 2021  
Ernst & Young AB



Joakim Falck  
Authorized public accountant

# Nolato's Board of Directors



<b>Name</b>	Fredrik Arp	Sven Boström-Svensson	Lovisa Hamrin	Åsa Hedin	Erik Lynge-Jorlén
<b>Elected</b>	2009 (also member 1998–1999)	2013	2017	2014	2020
<b>Position</b>	Chairman of the Board and Chairman of the Remuneration Committee	Board member	Board member and member of the Remuneration Committee	Board member and member of the Audit Committee	Board member and Board's representative for sustainability issues
<b>Born</b>	1953	1983	1973	1962	1979
<b>Education</b>	Master of Science (Economics) and Ec. Doctor h.c.	Bachelor of Science (Chemistry) Master of Science (Analytical Chemistry) and Bachelor of Science (Economics)	Master of Science (Economics and Business), Stockholm School of Economics and Bachelor of Science (Economic History)	Master of Science (Biophysics), Bachelor of Science (Physics)	Bachelor of Education
<b>Other assignments</b>	Chairman of Bravida Holding AB, Gränges AB and Hövding AB. Board member of Vattenfall and Swedfund International.	—	Chairman of the Carl-Olof and Jenz Hamrin Foundation. Board member of the Advisory Board of Jönköping International Business School.	Board member of Tobii AB, Cellavision AB, C-Rad AB, Immunovia AB and Industrifonden AB.	—
<b>Background</b>	CEO of Volvo Cars, Trelleborg, PLM.	—	Owner and President of Herenco AB, owner and Executive Chairman of Herenco Holding AB, senior management positions at Hall Media AB and Schibsted.	Deputy CEO of Elekta AB. Senior management positions at Siemens Healthcare and Gambro AB.	Upper secondary school teacher.
<b>Attendance</b>	8 out of 8 meetings	8 out of 8 meetings	8 out of 8 meetings	8 out of 8 meetings	5 out of 8 meetings (elected at AGM)
<b>Remuneration<sup>1)</sup></b>	595,000	215,000	215,000	262,000	215,000
<b>Shareholding<sup>2)</sup></b>	3,000 B (3,000 B)	255,870 B (255,870 B)	819,200 A + 1,364,743 B (819,200 A + 1,431,743 B)	0 (0)	200 A + 35,000 B
<b>Dependence</b>	Independent of the company and major shareholders.	Independent of the company but not independent of major shareholders.	Independent of the company but not independent of major shareholders.	Independent of the company and major shareholders.	Independent of the company but not independent of major shareholders.

<sup>1)</sup> For further information about remuneration, see Note 27 on pages 80–81 of the 2020 Annual Report.

<sup>2)</sup> Shareholding in Nolato at Dec. 31, 2020 (Dec. 31, 2019) incl. family and companies, according to Euroclear Sweden. For current information see [www.nolato.com](http://www.nolato.com)



<b>Name</b>	Lars-Åke Rydh	Jenny Sjö Dahl	Håkan Bovimark	Björn Jacobsson
<b>Elected</b>	2005	2016	2014 Deputy 2009–2014	2015 (also member 2000–2013), Deputy 2014
<b>Position</b>	Member of the Board and chairman of the Audit Committee	Board member	Employee representative from PTK (Swedish Federation of Salaried Employees in Industry and Services)	Employee representative from LO (the Swedish Trade Union Confederation)
<b>Born</b>	1953	1973	1960	1971
<b>Education</b>	Master of Science (Engineering)	Master of Science (Industrial Economics), MBA	Upper secondary school. Certified member of the Board of PTK	Upper secondary school
<b>Other assignments</b>	Chairman of Danfo AB, Olja ek. för., Schuchardt Maskin AB, Chiffonjén AB and Prototypen AB. Board member of Nefab AB, Garo AB, Spectria Invest Fond AB, Söderbergföretagen AB, Hjo Verktyg AB and Östrand o Hansen AB.	Board member of Nibe Industrier AB.	Deputy board member of Nolato Cerbo AB.	Board member of Nolato Gota AB.
<b>Background</b>	President and CEO of Nefab.	CEO of Westermo Network Technologies AB (ongoing). Senior management positions within ABB.	Employed at Nolato Cerbo.	Employed at Nolato Gota.
<b>Attendance</b>	8 out of 8 meetings	7 out of 8 meetings	8 out of 8 meetings	7 out of 8 meetings
<b>Remuneration<sup>1)</sup></b>	285,000	215,000	0	0
<b>Shareholding<sup>2)</sup></b>	2,000 B (2,000 B)	0 (0)	0 (0)	0 (0)
<b>Dependence</b>	Independent of the company and major shareholders.	Independent of the company and major shareholders.	—	—

Deputy employee representatives are Arif Mislami (LO Swedish Trade Union Confederation), Agneta Olsson and Reynaldo Mejedo (PTK organization).

<sup>1)</sup> For further information about remuneration, see Note 27 on pages 80–81 of the 2020 annual report.

<sup>2)</sup> Shareholding in Nolato at Dec. 31, 2020 (Dec. 31, 2019) incl. family and companies, according to Euroclear Sweden. For current information see [www.nolato.com](http://www.nolato.com)

# Nolato Group management



<b>Name</b>	Christer Wahlquist	Per-Ola Holmström	Johan Iveberg	Jörgen Karlsson	Johan Arvidsson
<b>Employed</b>	1996	1995	2010	1995	1994
<b>Position</b>	President and CEO since 2016	Executive Vice President and CFO since 1995	President of Medical Solutions since 2016	President of Integrated Solutions since 2009	President of Industrial Solutions since 2012 and MD of Nolato Hungary since 2008
<b>Born</b>	1971	1964	1969	1965	1969
<b>Education</b>	Master of Science (Engineering) MBA	Bachelor of Science (Economics)	Master of Science (Engineering)	Polymer Engineering	Master of Science (Engineering)
<b>Background</b>	Business Area President. MD in Group companies.	Authorized Public Accountant.	Senior positions with Trelleborg, Akzo Nobel and Perstorp. MD in Group companies.	Marketing manager. MD in Group companies.	MD in Group companies.
<b>Shareholding<sup>1)</sup></b>	21,712 B (17,712 B)	17,084 B (15,084 B)	7,500 B (5,500 B)	4,000 B (2,000 B)	11,000 B (10,000 B)
<b>Warrants</b>	38,000 (Series 2018/2021) 4,000 (Series 2020/2023)	19,000 (Series 2018/2021) 3,000 (Series 2020/2023)	19,000 (Series 2018/2021)	19,000 (Series 2018/2021)	19,000 (Series 2018/2021)

<sup>1)</sup> Shareholding in Nolato at Dec. 31, 2020 (Dec. 31, 2019) incl. family and companies, according to Euroclear Sweden. For current information see [www.nolato.com](http://www.nolato.com)



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