

# 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). In 2020 there was a deviation from the Code. Under the Code, the vesting period for incentive programmes should be at least three years and the period between the opening of the incentive programme and the actual allocation of shares should also be at least three years. Because of the uncertainty relating to Covid-19, the Board withdrew its proposal regarding LTIP 2020 from the AGM and then proposed that LTIP 2020 would be adopted at an extraordinary general meeting in 2020. LTIP 2020 was therefore adopted at an extraordinary general meeting on 23 October 2020. This postponement of the adoption means that the period from the programme being adopted until the shares can be allocated in the second quarter of 2024 can be assumed to be slightly shorter than three years. The vesting period is still three years. The company has complied with the Code in all other respects. 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 2020 Bravida had 9,665 holders of ordinary shares according to the shareholder register maintained by Euroclear Sweden. The five largest shareholders at 31 December 2020 were Mawer Investment Management funds with 11.0 percent of votes, Swedbank Robur funds with 9.0 percent of votes, the Fourth Swedish National Pension Fund (AP4) with 7.3 percent of votes, Lannebo funds with 7.3 percent of votes and SEB funds with 5.9 percent 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 2021 AGM will take place on 26 April. 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 8 March. Contact information can be found at [www.bravida.com](http://www.bravida.com).

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.com](http://www.bravida.com).

## 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 July. Further documentation relating to the AGM can be found at [www.bravida.com](http://www.bravida.com).

The Nomination Committee up to the 2021 AGM consists of the following members: Marianne Flink from Swedbank Robur funds (Chairwoman), Peter Lagerlöf from Lannebo funds, Arne Lööv from the Fourth Swedish National Pension Fund (AP4) and Fredrik Arp, Chairman of Bravida Holding AB. Mawer Investment Management funds, the company's largest owner, has declined to participate in the Nomination Committee and AP4 has instead been offered the place. No remuneration was paid for Nomination Committee work. The Nomination Committee's proposals, report on the Nomination Committee's work for the 2021 AGM and addi-

tional information about proposed Board members are published in conjunction with the convening notice and will be presented at the 2021 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 2020, 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.

The AGM of 24 April 2020 elected Karin Stålhandske as a Board member and re-elected Fredrik Arp, Jan Johansson, Cecilia Daun Wennborg, Staffan Pålsson and Marie Nygren. Fredrik Arp was elected as Chairman for the period until the next AGM. For further information about the Board of Directors, refer to page 124 and [www.bravida.com](http://www.bravida.com).

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

## The Board's work

The Board held 14 meetings during the year, including five extraordinary Board meetings and one constitutive meeting. Board member attendance is shown in the table on page 121. 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 2020.

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 particularly monitored and focused on the impact of the Covid-19 pandemic on the company, and was involved in developing a new business plan for the forthcoming period, changing the company's bank, and following up on plans for the business submitted by management and the potential for development 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 Jan Johansson (chairman), Staffan Pålsson and Karin Stålhandske. 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 2020, the Audit Committee held four minuted meetings, as well as a thematic meeting focusing on securing and tracking projects and the company's risk management. The company's external auditors attended those meetings at which performed auditing actions were reported. During the year, the Audit Committee followed up on the pandemic's impact on the company, dealt with the company's financial reports and the external auditors' reporting of internal control. The Audit Committee also addressed the company's reporting of internal auditing and reviewed the company's sustainability strategy. In addition, the committee examined the project process in depth, particularly securing projects, 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 (chairman), Cecilia Daun Wennborg and Marie Nygren. 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 six minuted meetings in 2020. At its meetings, the Remuneration Committee addressed matters such as the overall level of remuneration and other employment terms for the CEO and senior executives. The committee drafted new guidelines on the remuneration of senior executives, which were presented to the 2020 AGM, in accordance with new remuneration report guidelines. The committee also prepared proposals for a long-term incentive programme and a new proposal for an amended bonus calculation model for line managers and certain administrative personnel. In addition, the committee reviewed the results of the company's employee survey and action plans. The Chief Executive Officer's succession planning and leadership development for senior executives were also addressed.

## 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 2020. 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 is 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. Each geographical market has a segment manager. The CEO is responsible for the Sweden segment, while segment responsibility for the other geographical segments lies with the relevant Head of Division. 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 125.

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.

In 2020, Group management reviewed in particular the pandemic's impact on the company, and its focus has been on

developing the business plan for the 2021–2023 period. The focus has also been within the project process, mainly project management and project follow-up. In addition, efforts relating to service were strengthened, plans to reduce CO<sub>2</sub> 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.

**Governance of Bravida**

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). Tenders 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.

Type of meeting	Coordinator	Frequency
Group (CEO, HD, RM)	President	every 3 months
Division (HD, RM, LBM)	Head of Division	every 3 months
Region (RM, LBM, proj./serv. manager)	Regional Manager	every 3 months
Local Branch (LBM, proj./serv. manager, managing 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

**Board of Directors**

List of Board and committee meetings and attendance in 2020.

Board members elected by the AGM	Year elected	Independent <sup>1)</sup>	Attendance of Board meetings	Attendance of the Audit Committee <sup>4)</sup>	Attendance of remuneration committee <sup>4)</sup>	Board fees SEK thousand <sup>2)</sup>	Committee fees SEK thousand <sup>2)</sup>	Number of shares in Bravida
Fredrik Arp	2018	Yes	14/14	–	6/6	1,200	120	20,000
Jan Johansson	2014	Yes	13/14	5/5	–	475	190	37,895
Mikael Norman <sup>3)</sup>	2016	Yes	6/6	1/1	–	–	–	–
Marie Nygren	2018	Yes	14/14	1/1	4/4	475	85	0
Staffan Pålsson	2016	Yes	14/14	3/4	2/2	475	105	1,673,745
Karin Stålhandske <sup>3)</sup>	2020	Yes	8/8	4/4	–	475	105	0
Cecilia Daun Wennborg	2016	Yes	14/14	–	5/6	475	85	7,000

  

Ordinary employee representatives		
Jan Ericson		14/14
Geir Gjestad		13/14
Anders Mårtensson		14/14
Örnulf Thorsen		14/14

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

<sup>2)</sup>Fees set at an extraordinary general meeting in 2020.

<sup>3)</sup>Karin Stålhandske was elected as a Board member by the 2020 AGM. Mikael Norman declined re-election at the 2020 AGM.

<sup>4)</sup>The constitutive Board meeting in April 2020 established the Board members' roles in the committees and the attendance for each committee member.

**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 2020 was set by an extraordinary general meeting in 2020. 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.

**Guidelines for the remuneration of senior executives in 2020**

The guidelines on the remuneration of senior executives were determined at the 2020 AGM. The guidelines cover the company's Chief Executive Officer and other members of Group management. The guidelines should be applied to contractually agreed

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 below). 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.

**Bravida's annual cycle**

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



and safeguarding the company's long-term interests, including its sustainability, depend on the company's ability to recruit and retain skilled employees. This requires the company to offer competitive remuneration. These guidelines allow senior executives to be offered competitive remuneration packages.

The company has established long-term share-based incentive programmes. These have been determined by the general meeting of the company and are consequently not covered by these guidelines. The long-term share-based incentive programme that the Board has proposed that the 2021 AGM adopt also is not covered for the same reasons. The proposed programme corresponds to existing programmes in all material respects. Such programmes cover Group management, regional managers, branch managers, other personnel in Group functions and other key personnel identified in the company. The performance requirements used to assess the outcome of these programmes are clearly linked to the business strategy and, therefore, the company's long-term value creation. Group profit (EBITA) is applied as a performance target for all programmes for the third calendar year after adoption of the programme. All participants therefore have the same performance targets. The programmes also stipulate requirements about making one's own investment and retaining the shares for several years. For further information about these programmes, including the criteria on which outcomes are based, see Note 5 of the Group's 2020 Annual Accounts.

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

**Forms of remuneration, etc.**

Remuneration should be market based and may consist of the following components: fixed cash salary, variable cash remuneration, pension and other benefits. In addition to this, the general meeting of the company may, independently of these guidelines, determine remuneration such as share-based and share price-based remuneration.

Fulfilment of criteria for the payment of variable cash remuneration must be measurable for a period of one year. Variable cash remuneration of the Chief Executive Officer may amount to a maximum of 125 percent of fixed annual cash salary. Variable cash remuneration of other senior executives varies depending on the position, but may amount to a maximum of 200 percent of fixed annual cash salary.

For the Chief Executive Officer, pensions, including health insurance, should be defined-contribution pensions. Variable cash remuneration should not be pensionable income. For other senior executives, pensions, including health insurance, should be defined-contribution pensions, unless a senior executive is covered by a defined-benefit pension under mandatory collective agreement regulations. Variable cash remuneration should not be pensionable income.

Senior executives resident in Sweden are entitled to pension benefits equivalent to between 28 percent and 35 percent of their respective annual salary, or in accordance with an occupational pension plan. For senior executives resident outside Sweden, the company aims to apply comparable pension benefits to those applied for senior executives resident in Sweden, although variations due to local circumstances may occur. In such cases, the overall purpose of these guidelines should be met to the greatest possible extent.

Other benefits may include such things as life insurance, health insurance and a car allowance. Such benefits may amount to a maximum of 10 percent of fixed annual cash salary.

**Cessation of employment**

In the event of the company terminating employment, the notice period may be up to 12 months. Fixed cash salary during the notice period and severance pay combined may not exceed an amount corresponding to one year's fixed cash salary. If the employee resigns, the notice period may be up to six months with no entitlement to severance pay.

**Criteria for payment of variable cash remuneration, etc.**

Variable cash remuneration should be linked to predetermined, quantifiable criteria that may be financial or non-financial. These may also comprise individually tailored quantitative or qualitative targets. Such criteria should mainly be based on earnings (EBITA), acquisition activity and individual targets. This model aims to improve operating profit and create profitable growth, and consequently promote the company's business strategy and long-term interests, including its sustainability.

After completion of the period to measure the fulfilment of criteria for the payment of variable cash remuneration, the extent to which the criteria have been fulfilled should be assessed/established. The Remuneration Committee is responsible for assessing variable cash remuneration for the Chief Executive Officer. The Chief Executive Officer is responsible for making assessments relating to variable cash remuneration of other senior executives. Assessment of financial targets should be based on the financial information most recently published by the company.

**Salary and terms of employment for employees**

Preparation of the Board's proposals for these remuneration guidelines takes account of salary and terms of employment for the company's employees by information on employees' total remuneration, remuneration components and the increase and rate of increase in remuneration over time forming part of the documentation used by the Remuneration Committee and Board to evaluate how reasonable the guidelines and the limits arising out of them are.

**The decision-making process for establishing, reviewing and implementing these guidelines**

The Board has established a Remuneration Committee. The committee's tasks include preparing the Board's decisions on proposals for the guidelines on the remuneration of senior executives. The Board draws up proposals for new guidelines at least every four years and puts such proposals before the AGM for approval. These guidelines apply until new guidelines have been adopted by the general meeting of the company. The Remuneration Committee also monitors and assesses variable remuneration programmes for company management, the application of guidelines for the remuneration of senior executives and applicable remuneration structures and levels in the company. Remuneration Committee members are independent of the company and company management. Neither the Chief Executive Officer nor other members of company management are present when the Board discusses and determines remuneration-related issues if it concerns them.

**Deviation from the guidelines**

The Board may decide to temporarily deviate from the guidelines entirely or partially if there are specific reasons for doing so in a particular case and such deviation is necessary to meet the company's long-term interests, including its sustainability, or to secure the company's financial viability. As specified above, it is part of the Remuneration Committee's remit to prepare the Board's deci-

sions on remuneration issues, including decisions about deviating 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 2020 AGM re-elected the registered auditing firm KPMG AB as auditor for the period until the end of the 2021 AGM. Mattias Lötbörn, authorised public accountant, is the auditor in charge for the company and the Group.

Bravida's auditors: KPMG AB  
 Auditor in charge: Mattias Lötbörn, authorised public accountant  
 Born: 1970  
 Auditor in charge for Bravida since: 2020  
 Shareholdings in Bravida Holding AB: 0 shares  
 Other audit engagements: Lagerstedt & Krantz AB, Microsystemation AB (publ), Midsummer AB (publ), SBF Bostad AB (publ), Switch Nordic Green AB and Workforce Logiq AB

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 the 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 Group function Business Development 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.

