

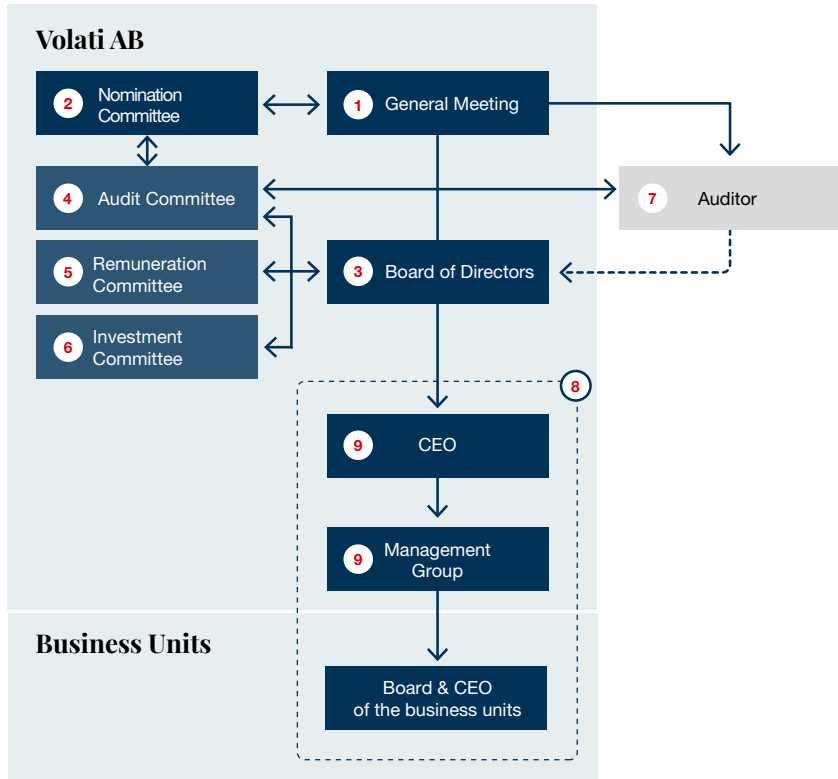
# Corporate Governance Report 2020

This document includes the section Report on other legal and regulatory requirements from the auditor's report.  
The complete audit report can be found on pages 146–152 in Volati's Annual Report for 2020.

volati.

# Corporate Governance Report

## CORPORATE GOVERNANCE AT VOLATI



Volati AB is a public limited liability company whose ordinary and preference shares are listed on Nasdaq Stockholm. Governance and control of Volati are exercised by shareholders at general meetings and otherwise by the Board, the CEO and other members of management. Governance and control are based on the Swedish Companies Act, the Articles of Asso-

ciation, Nasdaq's Rules, the Swedish Corporate Governance Code ("the Code") and internal rules and regulations. Volati believes that the Company has followed the Code throughout the year without any derogation. The Company's auditors have conducted a statutory review of the corporate governance report.

## ① *General Meeting*

The general meeting is Volati's highest decision-making body and it is by participating in general meetings that shareholders exercise their influence. The annual general meeting is held within six months of the end of the financial year. The financial statements are adopted at the AGM and resolutions are passed on matters that include appropriation of the Company's profit, Board and auditor elections, remuneration of Board members and auditors, and other statutory business to be dealt with at the AGM. Notice of the AGM and any extraordinary general meetings must be given in accordance with the Articles of Association. Shareholders who wish to have business dealt with at the AGM should submit a written request to [bolagsstamma@volati.se](mailto:bolagsstamma@volati.se) or to Volati AB (publ), attn: CFO, Engelbrektsplan 1, SE-114 34 Stockholm, Sweden. To guarantee inclusion in the notice of the Annual General Meeting, the request must have been received well in advance of the AGM. Further information on how and when to provide notification of attendance will be published in advance of the Meeting.

Volati's ordinary shares entitle holders to one vote per share, while preference shares carry entitlement to one-tenth of a vote per share. Dividends on preference shares are regulated in the Articles of Association and have priority over ordinary shares. Preference shares represented 2.0 percent of Volati's share capital at the end of the year. As preference shares carry entitlement to one-tenth of a vote, this means that the share of votes in Volati from preference shares corresponds to 0.2 percent.

### *2020 Annual General Meeting*

At the Annual General Meeting on 25 June 2020 at Hotell Birger Jarl in Stockholm, 66,622,487 ordinary shares and 31,676 preference shares were represented, totalling 66,625,654.60 votes, which corresponds to 82.28 percent of the total number of shares and 83.74 percent of the total number of votes in the Company. The minutes are available at [www.volati.se/sv/om-volati/bolagsstyrning](http://www.volati.se/sv/om-volati/bolagsstyrning). The meeting was held in Swedish. All members of the Board and the Group's chief auditor were present at the Meeting.

The AGM decided on the election of the Board and auditors and also passed a resolution not to pay a dividend to ordinary or preference shareholders. The AGM authorised the Board of Directors to decide on acquisitions of the Company's ordinary and preference shares and to decide on transfers of the Company's own preference shares and new issues of preference

shares in accordance with the Board's proposal. Under this mandate, the Board may, on one or more occasions during the period until the next AGM, decide on the acquisition of ordinary shares and the acquisition, transfer or new issue of the Company's own preference shares. The acquisition may take place on Nasdaq Stockholm or in accordance with an offer to all preference shareholders to acquire a number of preference shares that results in the Company's holding of its own preference shares amounting to no more than one-tenth of all shares in the Company. The authorisation therefore means that the Board can decide to acquire one-tenth of the ordinary shares or all preference shares in the Company. The purpose of the acquisition, transfer or new issue of own preference shares is to enable an optimised capital structure and to allow the Company to use its own preference shares as payment for or financing of acquisitions of companies or businesses.

### *EGM, February 2021*

At an Extraordinary General Meeting on 2 February 2021, 68,320,328 ordinary shares and 2,640 preference shares were represented, totalling 68,320,592 votes, which corresponds to 84.3 percent of the total number of shares and 85.9 percent of the total number of votes in the Company.

The meeting adopted an extra dividend of SEK 10.00 per ordinary share and SEK 30.80 per preference share.

The minutes are available at [www.volati.se/sv/om-volati/bolagsstyrning](http://www.volati.se/sv/om-volati/bolagsstyrning). The meeting was held in Swedish.

### *2021 Annual General Meeting*

Volati AB's 2021 Annual General Meeting will be held on Wednesday, 28 April 2021. A notice of the Annual General Meeting, including the agenda, is available at [www.volati.se](http://www.volati.se).

Due to the Covid-19 pandemic and the restrictions introduced to reduce the spread of infection, the Board has decided that the AGM will be conducted without the physical presence of shareholders, proxies or third parties and that shareholders will have the opportunity to exercise their voting rights by post before the meeting.

## ② *Nomination Committee*

The AGM decides on the process for the election of the Board and auditors. The 2020 AGM adopted instructions for the establishment of a nomination

committee, which apply until further notice. These instructions require the Nomination Committee to have a minimum of three members, one of whom may be the Chairman of the Board. If the Chairman of the Board is on the Committee, the other members are appointed as follows: no later than six months before the AGM, the Chairman of the Board invites each of the two largest shareholders – based on Euroclear Sweden AB's list of registered shareholders on the last banking day of September of the current year – to appoint a representative to serve on the Nomination Committee.

If the Chairman of the Board is not on the Committee, the members are appointed as follows: no later than six months before the AGM, the Chairman of the Board invites each of the three largest shareholders – based on Euroclear Sweden AB's list of registered shareholders on the last banking day of September of the current year – to appoint a representative to serve on the Nomination Committee. If any of the shareholders declines the right to appoint a member, the right shall pass to the next largest shareholder.

The Chairman of the Nomination Committee is the member representing the largest shareholder by votes, unless the members agree otherwise. However, neither the Chairman of the Board nor any other Board member may serve as Chairman of the Nomination Committee. At least one member of the Nomination Committee must be independent of the largest shareholder of the Company in terms of votes or group of shareholders that collaborates on the Company's management. Should a shareholder represented on the Nomination Committee reduce its ownership so that the shareholding would no longer qualify them to appoint a member of the Nomination Committee, the member appointed by the said shareholder shall, if the Nomination Committee so decides, be asked to stand down and another of the Company's shareholders shall be invited to appoint a member in their place as described above. Should a shareholder not represented on the Nomination Committee increase its ownership so that the shareholding would qualify them to appoint a member of the Nomination Committee (and this shareholder is not in connection herewith invited to appoint a member of the Nomination Committee on the basis of what is set out in the previous sentence) such shareholder shall, if the Nomination Committee so decides, be invited to appoint a member without necessitating the resignation of a member appointed by another shareholder. However, the number of Nomination Committee members must never exceed six (6) and already elected members will take precedence in this context. Shareholders who have appointed a member of the

Nomination Committee have the right to substitute such member for another to serve as a member of the Nomination Committee, and if a member leaves the Nomination Committee before the new Nomination Committee has been formed, the shareholder who appointed the member shall have the right to appoint a replacement.

The composition of the Nomination Committee must be announced no later than six months prior to the AGM. The Nomination Committee's mandate period extends until a new Committee has been formed. The Nomination Committee's tasks are to prepare and submit proposals to the AGM for: the Meeting Chairman, Board members, Chairman of the Board, fees to the Chairman and individual Board members, other remuneration for Board assignments, fees to the Company's auditor and, where applicable, the election of an auditor. The Nomination Committee also prepares and recommends principles for the composition of the Nomination Committee. Shareholders are given the opportunity to submit nomination proposals to the Nomination Committee.

The Nomination Committee for the 2020 Annual General Meeting consisted of three members. Carin Wahlén, representing Patrik Wahlén, led the Nomination Committee's work. In the nomination work prior to the 2020 AGM, the Nomination Committee assessed both the composition and size of the current Board, and the Volati Group's operations. Special emphasis was placed on Volati's strategies and objectives, and what the Group's future direction is expected to mean for the Board. As a diversity policy, the Nomination Committee has applied point 4.1 of the Code, taking into account that the Board must have an appropriate composition, characterised by diversity and breadth with regard to Board members' skills, experience and background, that is appropriate to Volati's operations, stage of development and other circumstances. The Nomination Committee also worked on the goal of achieving a balanced gender distribution on the Board. The Nomination Committee recommended the re-election of Patrik Wahlén as Chairman of the Board and the re-election of Karl Perlhagen, Björn Garat, Louise Nicolin, Christina Tillman, Anna-Karin Celsing and Magnus Sundström as Board members for the period up to the end of the next AGM. After the election at the 2020 AGM, three of the seven meeting-elected Board members are women (the CEO is not included in the total number of Board members). A report on the work of the Nomination Committee was submitted in the Nomination Committee's explanatory statement which was published prior to the 2020 AGM.

## ***Nomination Committee for the 2021 AGM***

On 21 October 2020, the Company published the composition of the Nomination Committee for the 2021 AGM: Carin Wahlén (chair) representing Patrik Wahlén, Jannis Kitsakis representing Fjärde AP-fonden, and Karl Perlhagen representing himself.

Shareholders wishing to submit proposals to the Nomination Committee can do so at the Company's address or by e-mail to [bolagsstamma@volati.se](mailto:bolagsstamma@volati.se).

### ***The AGM decides on the following:***

- Adoption of the Annual Report.
- Dividend.
- Discharge from liability for Board and CEO.
- Election of Board members and, if applicable, auditors.
- Remuneration of the Board and auditors.
- Guidelines for remuneration of Group management.
- Other important business.

### ***The Nomination Committee's tasks include submitting recommendations to the next AGM concerning:***

- Chairman of the Meeting.
- Board members including number of members.
- Chairman of the Board.
- Fees to Board members.
- Other remuneration for Board tasks and any committee work.
- Election of auditors, if applicable, and auditor's fees.
- Changes to the Nomination Committee's instructions, as required.

## **③ Board of Directors**

According to the Articles of Association, the Board of Directors of Volati shall consist of a minimum of three and a maximum of ten ordinary members.

The Articles of Association do not contain any provisions on the appointment or dismissal of Board members or amendments to the Articles of Association.

### ***The Board and the Board's work***

The Board's overall task is to manage the Company's affairs and be responsible for its organisation on behalf of shareholders. The Board's work is led by its Chairman. The Board holds an annual statutory meeting following the AGM. In addition to this, the Board is required to meet at least five times annually. At the statutory Board meeting, the Company's signatories are appointed, and the Board's formal work plan, instructions for the CEO and the Board's instructions on reporting to the Board (referred to as the reporting instruction) are reviewed and adopted. The Company's Board meetings deal with business such as the Company's financial situation, acquisition-related matters, evaluation of the business units and other relevant issues concerning Group companies. The Company's auditor attends and reports at the Board meetings at least once a year and more often when necessary.

A quorum of the Board is attained when more than half of the members are present. At present, Volati's Board consists of seven members. Sixteen meetings of the Volati Board were held in 2020. Board members' attendance is presented in the table on page 77.

The Board has decided to perform an annual evaluation of the Board's work, whereby Board members are able to give their views on forms of work, Board materials, their own and other members' input, and the scope of the assignment. According to the evaluation, the work of the Board is considered to be functioning very well. All Board members are seen to be contributing constructively to strategic discussions and governance, and the discussions are viewed as open and dynamic. Dialogue between the Board and management is also considered to be very good.

## ***Composition of the Board***

Name	Position	Elected	Independent of the Company	Independent of major shareholders	Total fee (SEK million)	Meeting attendance in 2020	Meeting attendance, Audit committee 2020
Patrik Wahlén	Chairman	2006	No	No	0.5	16/16	4/4
Karl Perlhagen	Member	2003	No	No	0.2	16/16	–
Björn Garat	Member	2015	Yes	Yes	0.2	16/16	–
Louise Nicolin	Member	2016	Yes	Yes	0.2	16/16	–
Christina Tillman	Member	2016	Yes	Yes	0.2	16/16	–
Anna-Karin Celsing	Member	2018	Yes	Yes	0.3	16/16	4/4
Magnus Sundström	Member	2018	Yes	Yes	0.3	16/16	4/4

# Board of Directors



## Board of Directors

- |                   |                       |
|-------------------|-----------------------|
| 1. Patrik Wahlén  | 5. Christina Tillman  |
| 2. Karl Perlhagen | 6. Anna-Karin Celsing |
| 3. Björn Garat    | 7. Magnus Sundström   |
| 4. Louise Nicolin |                       |

## 1. Patrik Wahlén

*Chairman of the Board since 2018, Board member 2005–2017. Born 1969.*

**Education:** Business and Economics studies at Lund University.

**Background:** Patrik founded Volati in 2003 together with Karl Perlhagen. He has previously worked for Kemira Group and Ernst & Young Management Consulting AB.

### Shareholding in the

**Company:** 19,356,283 ordinary shares.

## 2. Karl Perlhagen

*Chairman of the Board 2005–2017, Board member since 2018. Born 1970.*

**Education:** Business and Economics studies at Lund University.

### Other assignments:

Chairman of the Board of Fridhem Fastighetsutveckling AB and Ullna Golf AB, Board member of Italo Invest AB (and assignments in subsidiaries of Italo Invest AB) and KPV5 Holding AB.

**Background:** Karl founded Volati in 2003 together with Patrik Wahlén, having previously founded Cross Pharma AB.

### Shareholding in the

**Company:** 34,440,000 ordinary shares and 309,190 preference shares (through companies).

## 3. Björn Garat

*Board member since 2015. Born 1975.*

**Education:** B.Sc., International Economics, Linköping University.

**Other assignments:** CFO and Deputy CEO at AB Sagax (and assignments in subsidiaries of AB Sagax), Board member of Manolo Holding AB and Paco Holding AB, and deputy Board

member of LMG Distribution Aktiebolag.

**Background:** Partner and Head of Corporate Finance at Remium Nordic AB and financial analyst. CFO and Deputy CEO at AB Sagax since 2012.

### Shareholding in the

**Company:** 45,855 ordinary shares.

## 4. Louise Nicolin

*Board member since 2016. Born 1973.*

**Education:** M.Sc. Engineering, Uppsala University, eMBA, Stockholm University, and International Directors Programme at INSEAD.

### Other assignments:

Chairman of the Board of AB Better Business World Wide, Board member of VBG Group AB (publ), Enzymatica AB, Seafire AB (publ), Atterviks Bil AB and Optinova Holding AB.

**Background:** Since 2011, Louise has run Nicolin Consulting AB, focusing on business development and quality assurance. Previously worked as Business Unit Manager and Consultant Manager at PlantVision AB.

### Shareholding in the

**Company:** 16,642 ordinary shares (including family).

## 5. Christina Tillman

*Board member since 2016. Born 1968.*

**Education:** B.Sc. in Business and Economics, Stockholm University.

### Other assignments:

Chairman of the Board of NF11 Holding AB, Board member of Corem Property Group AB (publ), Grimalid Industri AB, Cycleurope AB, Clean6 Holding AB, and Deputy Board member of Kattvik Financial Services Aktiebolag and Stocksunds Fastighets AB.

**Background:** Christina's previous roles include among others CEO of Odd Molly International AB and Gudrun Sjöden Group AB.

### Shareholding in the

**Company:** 6,000 ordinary shares.

## 6. Anna-Karin Celsing

*Board member since 2018. Born 1962.*

**Education:** MBA, Stockholm School of Economics.

**Other assignments:** Board member of Carnegie Investment Bank, Landshypotek Bank AB, Lannebo Fonder AB, OX2 Group and Peas industries AB. Tim Bergling Foundation, Stiftelsen Beckmans Designhögskola.

**Background:** Head of Investor Relations at Swedbank, Head of Communications at Ratos AB, Director of Swedish Financial Supervisory Authority. Various advisory roles and directorships within strategy, finance and corporate governance.

### Shareholding in the

**Company:** 9,000 ordinary shares and 700 preference shares.

## 7. Magnus Sundström

*Board member since 2018. Born 1954.*

**Education:** M.Sc., Industrial Economics, Linköping University.

**Other assignments:** CEO and owner of 1909 Gruppen AB and joint owner (50%) of B2B IT-Partner AB.

**Background:** Board member and Chairman of Tricorona AB.

### Shareholding in the

**Company:** 634,758 ordinary shares and 29,739 preference shares through associated company.

# Management Group



## Management Group

- |                     |                    |
|---------------------|--------------------|
| 1. Mårten Andersson | 4. Håkan Karlström |
| 2. Lars Ingman      | 5. Nicklas Margård |
| 3. Andreas Stenbäck | 6. Maria Edsman    |



### 1. Mårten Andersson

CEO since 2014. Born 1971.

**Education:** B.Sc. in Business and Economics, Lund University and General Manager Program at Harvard Business School.

**Other assignments:** –

**Background:** Mårten previously served as CEO of Försäkringsbolaget Skandia and has held a number of international positions at Skandia.

**Shareholding in the Company:**

2,511,532 ordinary shares and 1,887 preference shares.

### 2. Lars Ingman

Interim Finance Manager since September 2020. Born 1960.

**Education:** Economics studies at Uppsala University.

**Other assignments:** –

**Background:** Lars has previously worked as CFO at Onemed AB, Cederroth AB, Evidensia Djursjukvård AB and other companies.

**Shareholding in the Company:** –

### 3. Andreas Stenbäck

CFO/CIO since 2019. Born 1979.

**Education:** M.Sc., Royal Institute of Technology, and B.Sc. in Business Administration and Economics, Stockholm University.

**Other assignments:** –

**Background:** Andreas has previously worked at Keystone Advisers and MCF Corporate Finance.

**Shareholding in the Company:**

2,800 ordinary shares. Purchase option for 800,000 ordinary shares.

### 4. Håkan Karlström

Head of Business Area Salix Group since 2018. Born 1961.

**Education:** Business and Economics studies at Lund University.

**Other assignments:** –

**Background:** Håkan was CFO for Salix Group in the period 2015–2018. Prior to that, he was CFO in the business area's former ownership sphere from 1996.

**Shareholding in the Company:**

30,000 ordinary shares, 7,000 ordinary shares through companies, 1,060 preference shares (via pension insurance), 2 percent of the shares in Salix's parent company Volati Handel.

### 5. Nicklas Margård

Head of Business Area Industry since 2017. Born 1969.

**Education:** Studied Economics at Lund University. MBA Studies at Concordia University, Montreal, Canada.

**Other assignments:** –

**Background:** Nicklas was CEO of Besikta Bilprovning in the period 2014–2017 and has served on the Board of Tornum since 2005. Nicklas previously worked as CEO of John Bean Technologies AB and was also responsible for Asia at JBT FoodTech.

**Shareholding in the Company:**

170,000 ordinary shares, and 2 percent of the shares in Industry's parent company Volati Industri.

### 6. Maria Edsman

Head of Business Area Akademibokhandeln since 2018. Born 1968.

**Education:** M.Sc. in Business Administration, Stockholm School of Economics and studies at University of Chicago Business School

**Other assignments:** Board member of Rusta AB.

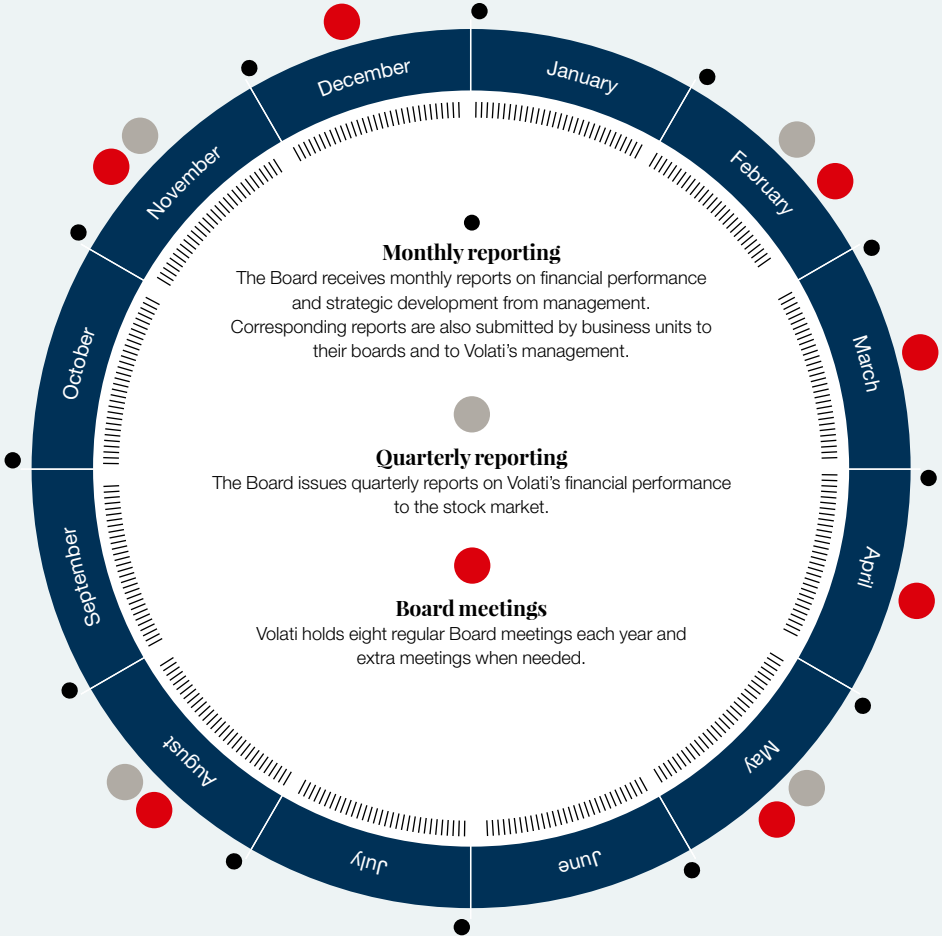
**Background:** Maria was previously Retail Director at Akademibokhandeln, CEO of Polarn O. Pyret and CEO of Brothers & Sisters.

**Shareholding in the Company:**

0.75 percent of the shares in Akademibokhandeln.

*Clear and methodical follow-up*

Volati has an annual calendar scheduling selected topics for discussion by the Board at each Board meeting. Correspondingly, Volati's management has an annual calendar with Board meetings for each business unit.



#### ④ **Audit Committee**

The Board has established an Audit Committee. The Audit Committee consists of three members, Magnus Sundström (Chairman), Patrik Wahlén and Anna-Karin Celsing. The Committee always includes the Chairman of the Board, but the Committee Chairman must be a member who is independent of the Company and its shareholders. The Audit Committee shall fulfil the tasks specified in the Swedish Companies Act and the Auditing Ordinance. These obligations mainly include the following tasks:

- monitoring the Company's financial reporting and making recommendations and proposals to ensure the reliability of the reporting;
- monitoring the efficiency of the Company's internal control, internal audit and risk management in the area of financial reporting;
- staying informed about the audit of the annual accounts and consolidated accounts, and the conclusions of the quality control by the Supervisory Board of Public Accountants (Revisionsnämnd);
- informing the Board of the results of the audit, how the audit contributed to the reliability of financial reporting and what was the Committee's function;
- examining and monitoring the auditor's impartiality and independence and in doing so, noting in particular whether the auditor provides the Company with services other than audit services;
- assisting in the preparation of proposals for resolution on the appointment of auditors at general meetings; and
- preparing the Board's decisions in the above matters.

#### ⑤ **Remuneration Committee**

The Board has decided not to establish a remuneration committee, as the Board considers it more appropriate for the full Board to carry out the tasks incumbent on a remuneration committee in accordance with the Swedish Companies Act and the Code.

In terms of remuneration matters, this means that the Board will:

- prepare decisions on matters concerning remuneration principles, remuneration and other terms of employment for senior executives;
- monitor and evaluate ongoing programmes and programmes concluded during the year for variable remuneration of senior executives; and
- monitor and evaluate the application of the guidelines for remuneration of senior executives, which are legally required to be decided on at the AGM, and remuneration structures and remuneration levels in the Company.

#### ⑥ **Investment Committee**

The Board has established an Investment Committee. The Investment Committee consists of Chairman of the Board Patrik Wahlén (Chairman), Board member Karl Perlhagen, CEO Mårten Andersson and CFO Andreas Stenbeck. The Investment Committee's primary task is to examine and ensure the quality of decision-support material for acquisitions and divestments. In addition, the Committee has been given an investment and divestment mandate authorising it to make decisions on the acquisition and divestment of shares or operations of up to SEK 100 million per acquisition or divestment for the Group as a whole.

The Board appoints the members and Chairman of the Investment Committee, which must consist of a minimum of three and maximum of five members. The Investment Committee meets as necessary, and minutes of the meeting are kept.

#### ⑦ **Audit**

An auditor is appointed annually by the AGM. The auditor's tasks are, on behalf of the shareholders, to audit Volati's annual accounts and consolidated accounts, and to examine the corporate governance report and administration of the Board of Directors and CEO. The audit process and audit report are presented at the AGM. At the 2020 AGM, Ernst & Young Aktiebolag (EY) was elected as the auditing firm until the next AGM. EY has appointed Rickard Andersson as chief auditor. Auditor's fees are paid in accordance with a separate agreement made in accordance with the AGM's decision. In 2020, the Parent Company's audit fees to EY were SEK 1 million, the Group's fees were SEK 7 million and fees for Other auditing services were SEK 1 million.

#### ⑧ **Volati's operational model**

Volati's operational model is based on decentralised governance of the business units, which means that daily decision-making takes place in the operations, with limited involvement by Group management. The Group's strategy and governance model are based on the vision of being the best owner of medium-sized companies. This will be achieved by preserving the companies' independence while the Group creates long-term conditions and support for change. This is mainly accomplished through six areas: decentralised leadership, corporate governance, strategic capital allocation, strategic HR, expertise and business tools, and support related to acquisitions. Volati has a flexible organisation which facilitates fast decision-making. A decentralised governance model

creates a high level of entrepreneurship in the business units, provides a clear responsibility framework and helps to ensure that Volati can continue to grow with limited central resources. Volati believes that decentralised leadership is a key success factor for a scalable business model with several business units operating in different sectors. A strong focus on local entrepreneurship creates the right conditions for effective and informed decisions. In order to secure value creation throughout Volati, a vision and a long-term strategy are developed for each business unit. The long-term strategy is given concrete form through action plans and clear financial targets that are continuously monitored. The financial targets for each business unit are focused on value creation and include growth, EBITDA margin, cash conversion and return on capital employed.

Decentralised leadership involves great responsibility and confidence in the business units' management, both in terms of delivering results and upholding Volati's values. Achievement of goals is ensured by creating clear incentives, such as part ownership, and facilitating career development for the Group's employees.

### **Corporate governance at Volati**

To create conditions for value creation in a decentralised business model, Volati focuses on maintaining a high level of professional corporate governance within the Group.

Group management governs, controls and monitors the Group's operations. This is primarily done by appointing business area managers, and CEOs and boards for several of the business units, and also by continuously monitoring developments as part of normal board work and monthly reporting from the business units. The boards of the business units comprise one or more individuals from Group management, including the business area manager and, where applicable, external board members. The business area manager is the chairman of the business unit's board.

The Board meets in accordance with a carefully planned schedule aimed at maximising the business unit's long-term potential and maintaining profitability, even in a short-term perspective. Four annual Board meetings that deal with various matters are combined with monthly reports to follow up strategic and financial targets.

In addition to a well-established calendar of Board meetings, Volati has introduced a structured model for following up results which permeates the entire Group and each business unit. Monthly Board reports and meetings are complemented by informal contacts between Group and business unit management on a daily basis, continuous risk assessment of the business unit, and annual assessments of profitability, market outlook and long-term strategy. Group management and the business area manager hold monthly status meetings with each business unit's CEO and CFO to follow up on the business unit's financial development and strategic initiatives.

### **⑨ CEO and Management Group**

Volati's CEO is responsible for the Company's day-to-day management in accordance with the rules of the Swedish Companies Act, and the instructions for the CEO and the reporting instruction established by the Board. The CEO's responsibilities include acquisitions and divestments, human resources, financial and accounting matters, and regular contact with the Group's stakeholders and the financial market. In addition, the CEO prepares delegation regulations for the Group's senior executives, and also employs and dismisses senior executives and establishes their terms and conditions (within the scope of the guidelines adopted by the AGM).

The CEO reports to the Company's Board and implements the Board's decisions. The CEO ensures that the Board, in accordance with the current reporting instruction, receives the information it needs in order to make informed decisions. The CEO also ensures that the Board is presented with matters that are required to be addressed by the Board under applicable legislation, the Articles of Association and internal policies and guidelines. The CEO attends and reports at all Board meetings, apart from occasions when the CEO is under evaluation by the Board and when the Board meets the Company's auditor without the presence of members of Company management.

The CEO has appointed a Group management that has day-to-day responsibility for different operations. In addition to the CEO, Group management consists of Volati's CFO, Finance Manager and the Heads of Business Areas. Group management meets regularly to manage and monitor current projects, Group-wide development issues and organisational matters.

### **Guidelines for remuneration of senior executives**

The AGM on 25 June 2020 adopted guidelines for the remuneration of senior executives at the date of the AGM. The guidelines apply to remuneration that is agreed, and changes to already agreed remuneration, after the date on which the guidelines were adopted by the AGM.

The basic principle is that senior executives' remuneration and other employment terms and conditions must be competitive in order to ensure that the Group is able to attract and retain qualified employees.

Senior executives' fixed remuneration must be competitive and based on the individual's experience, area of responsibility and performance. Senior executives may receive variable remuneration in addition to fixed remuneration. Variable remuneration shall be linked to pre-defined targets and measurable criteria that can be financial or non-financial. The targets and criteria should be designed to promote Volati's business strategy, long-term interests and sustainability by having a clear connection to Volati's business objectives and/or strategies. For each senior executive concerned, variable remuneration may represent a maximum of 25 percent of the fixed remuneration and, if full variable remuneration, pension benefits and other benefits are paid, a maximum of 14 percent of the total remuneration. The AGM may decide that variable remuneration will take the form of share-based payment in both the Company and its subsidiaries. In addition to promoting the Company's business strategy, long-term interests and sustainability, share-based payment must be designed to achieve an increased community of interests between senior executives and the Company's shareholders. Other forms of remuneration and benefits, such as pension benefits, company car and health insurance, must be market-based. The total remuneration during the period of notice and period of severance pay shall not exceed a total amount corresponding to the agreed fixed monthly salary at the time of termination and contractual benefits for 12 months plus the fixed monthly salary for 12 months.

The Board is entitled to deviate from the above guidelines if this is justified by special circumstances in individual cases. Any such deviation from the guidelines must be reported, with reasons for the deviation, in the remuneration report that the Board is required to make available to shareholders on Volati's website no later than three weeks before the AGM in

accordance with Chapter 8, section 53a, of the Swedish Companies Act (2005:551).

The guidelines for remuneration of senior executives set out below were adopted by the 2020 AGM, in accordance with Chapter 7, section 61, and Chapter 8, sections 51–53, of the Swedish Companies Act and the Swedish Corporate Governance Code, to apply until further notice (but not beyond the 2024 AGM).

In this context, the term senior executives refers to the CEO of Volati AB and the other members of Group management.

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

Volati's business strategy, in brief, is aimed at creating value by acquiring companies with proven business models, leading market positions and strong cash flows at reasonable valuations, and developing them with a focus on long-term value creation. More detailed information about Volati's strategic priorities is provided in the Company's annual report and on the Company's website.

Successful implementation of Volati's business strategy and safeguarding of its long-term interests is dependent on Volati being able to recruit, develop and retain senior executives with relevant experience, expertise and qualified leadership skills. It is therefore important for Volati to be able to offer its senior executives a competitive total remuneration.

On this basis, the Company shall endeavour to offer its senior executives conditions that are market-based and motivating, as well as well-balanced and reasonable based on the competence, responsibility and performance of the senior executives.

The remuneration guidelines are intended to provide a clear framework for remuneration of Volati's senior executives so that conditions can be formulated that benefit Volati's business strategy and long-term interests, including its sustainability, lasting growth and profitability.

### **Forms of remuneration**

Remuneration may take the following forms:

- Fixed cash remuneration
- Variable cash remuneration
- Pension benefits
- Other benefits

### **Guidelines for fixed remuneration**

Each senior executive shall receive fixed cash remuneration, i.e. a fixed monthly basic salary. This represents foreseeable remuneration that contributes to attracting and retaining qualified employees. Senior executives' fixed remuneration must be competitive and based on the individual's experience, area of responsibility and performance.

### **Guidelines for variable remuneration**

Senior executives may receive variable remuneration in addition to fixed remuneration. Variable remuneration shall be linked to pre-defined targets and measurable criteria that can be financial or non-financial. The targets and criteria should be designed to promote Volati's business strategy, long-term interests and sustainability by having a clear connection to Volati's business objectives and/or strategies.

For variable remuneration, limits for the maximum payment shall be set for each individual senior executive concerned. Variable remuneration is paid in arrears and is conditional on the fulfilment of the linked targets or criteria. It shall also be shown to be sustainable in the long term and shall not have any material detrimental effect on Volati's position.

The AGM may also decide that variable remuneration will take the form of share-based payment in both the Company and its subsidiaries. In addition to promoting the Company's business strategy, long-term interests and sustainability, share-based payment must be designed to achieve an increased community of interests between senior executives and the Company's shareholders.

Whether the agreed targets or criteria for variable remuneration have been achieved will be determined when the relevant measurement period has ended. The Board is responsible for any evaluation of variable remuneration paid to the CEO. The CEO is responsible for any evaluation of variable remuneration paid to the senior executive concerned. For financial targets, the evaluation shall be based on Volati's most recently published financial information.

For each senior executive concerned, variable remuneration may represent a maximum of 25 percent of the fixed remuneration and, if full variable remuneration, pension benefits and other benefits are paid, a maximum of 14 percent of the total remuneration.

### **Guidelines for pension benefits**

Pension benefits shall generally be paid in accordance with rules, collective agreements (which may involve a right to early retirement), and, if relevant, practice in the country where the senior executive resides permanently. This represents foreseeable remuneration that contributes to attracting and retaining qualified employees. Pension benefits shall be defined-contribution, unless the individual in question is covered by a defined-benefit pension in accordance with compulsory collective agreement provisions. Pension benefits are vested when they have accrued. Variable remuneration shall only form the basis for pension benefits if it follows from compulsory collective agreement rules.

For each senior executive concerned, defined-contribution pension benefits may represent a maximum of 33 percent of the fixed remuneration and, if full variable remuneration, pension benefits and other benefits are paid, a maximum of 19 percent of the total remuneration.

### **Guidelines for other benefits**

Senior executives may be entitled to both general benefits offered to all employees and additional benefits. The benefits contribute to attracting and retaining qualified employees. Examples of other benefits that may be received by senior executives include car allowance, health insurance, household-related services and financial protection for family/survivors.

For each senior executive concerned, other benefits may represent a maximum of 15 percent of the fixed remuneration and, if full variable remuneration, pension benefits and other benefits are paid, a maximum of 9 percent of the total remuneration.

### **Guidelines for termination and severance pay**

Employment contracts between Volati and its senior executives are normally permanent. The contracts may be terminated without objective grounds by either party. Salary during the period of notice and any severance pay due shall generally be in accordance with rules, collective agreements and practices. In addition, the following shall apply: If Volati terminates the employment, the period of notice shall not exceed 12 months. In addition, severance pay based on fixed monthly salaries may be paid for a maximum of 12 months. The total remuneration during the

period of notice and period of severance pay shall not exceed a total amount corresponding to the agreed fixed monthly salary at the time of termination and contractual benefits for 12 months plus the fixed monthly salary for 12 months. If termination of employment is at the senior manager's request, the period of notice shall not exceed six months and severance pay shall not be paid. If Volati chooses to apply a non-compete agreement in certain cases, fixed remuneration may be paid during the relevant period.

#### **Consideration of remuneration and terms of employment for other employees**

In preparing the Board's proposal for these remuneration guidelines, salary and terms of employment for Volati's other employees have been taken into account by ensuring that information about the Company's total salary costs and other personnel expenses is included in the Board's support material for these guidelines. This information is also included in the Board's annual remuneration report, which will be issued for the first time in 2021.

#### **Decision-making process for establishing, reviewing and implementing the guidelines**

The Volati Board or the Remuneration Committee, if such a committee has been established by the Board to fulfil its tasks, shall follow and evaluate the application of the guidelines for remuneration of senior executives, current programmes and programmes completed during the year for variable remuneration paid to senior executives and applicable remuneration structures and remuneration levels within Volati.

The Board shall prepare a remuneration report for each financial year and make the report available to shareholders on Volati's website no later than three weeks before the AGM.

If a Remuneration Committee is established by the Volati Board, it shall prepare the Board's proposal for guidelines for remuneration of senior executives. Every four years, or earlier if there is a need for significant amendments to the guidelines, the Board shall prepare proposed guidelines for resolution by the AGM, and if the Board has established a Remuneration Committee, the committee's recommendation in this regard shall form the basis for the Board's proposal. The Meeting shall decide on the proposal.

The guidelines shall apply to each remuneration obligation to senior executives, and any change to such obligation, decided after the meeting at which the guidelines were adopted. The guidelines do not therefore have any effect on previously binding contractual obligations. The guidelines shall apply until the new guidelines are adopted by the AGM and made available to the public on Volati's website.

When the Board considers and decides on remuneration-related matters, the CEO and other members of Group management are not present, insofar as they are affected by the matters.

#### **Right to decide on deviations from these guidelines**

On occasions, the Board may decide to deviate from the guidelines, in whole or in part, if there are special reasons for doing so in an individual case and a deviation is necessary to meet Volati's long-term interests, including its sustainability, or to ensure Volati's financial viability. As stated above, the tasks of any Remuneration Committee appointed include preparing the Board's decisions in the area of remuneration, including decisions to deviate from the guidelines. In its annual remuneration report, the Board shall report and explain any deviations.

#### **Review of the guidelines, changes and explanation of how shareholders' views have been considered**

These guidelines were adopted by the Annual General Meeting in 2020, and shareholders did not have the opportunity to comment on the guidelines over and above their normal right to make proposals before the Annual General Meeting.

#### ***Internal control and risks***

In accordance with the Swedish Companies Act, the Board is responsible for the internal control and governance of the Company. In order to maintain and develop a functioning control environment, the Board has adopted a number of fundamental documents of key importance to financial reporting. These include the Board's formal work plan, the instructions for the CEO and the reporting instruction. In addition, a functioning control environment requires an established structure with continuous supervision. The main responsibility for day-to-day maintenance of the

control environment lies with the Company's CEO. The CEO reports to the Company's Board on a regular basis. This is done in accordance with the current reporting instruction and the procedures set out below.

To ensure a relevant level of control, the Company's Group management and each business unit establish a number of control activities to counteract the most significant risks identified in the risk analysis. These control activities serve as a basis for determining the minimum level of control that must be established and functioning within the Group and the relevant business unit.

The Group and business unit keep a list of identified risks and the control activities that must be established in order to counteract the risks, together with a description of how the control activities are monitored efficiently.

A self-assessment of minimum requirements is conducted annually and reported to the Board of each business unit. The CEO of each business unit is responsible for the self-assessment process. The CEO compiles an annual summary of the main conclusions from the business units' self-assessments for the Company's Board.

Volati has not appointed an internal audit function, as this is not considered necessary for maintaining internal control. The corresponding tasks will be conducted instead by management, the boards and external auditors.

### **Process for financial reporting**

Volati has a Group-wide reporting system, Ocro, for all business units. The business units also have separate accounting systems that are customised to their particular operations. Each business unit reports on a monthly basis via Ocro.

### **Reporting from the business units**

Volati has a fixed schedule for financial reporting, with all companies submitting a complete monthly report package comprising an income statement, balance sheet, cash flow, specific notes, employment matters and investments. In addition, qualitative comments from each business unit or business area are also submitted. The reporting is implemented based on the relevance for each business unit or business area, with the aim of allowing for efficient monitoring and

analysis. The report package complies with laws, regulations and accounting practice. Volati works continuously to provide training for the business units and further develop the reporting process, in order to streamline the processes and improve data for the analysis of operations in a cost-efficient way.

### **2 Qualitative comments from the business units**

Each unit submits monthly qualitative comments on developments in the last month in the areas of financial performance and specific strategic initiatives. The reports are submitted to Volati's management and to each business unit's board. Group management and the business area manager hold monthly status meetings with each business unit's CEO and CFO to follow up on the business unit's financial development and strategic initiatives.

### **3 Reconciliation**

When Volati has received the reports, a reconciliation process is conducted to ensure that the reporting was done correctly and implemented in a technically correct way. The reconciliation is performed by Volati's function for consolidated financial statements.

### **4 Analysis**

Volati's management analyses the reporting based on the available knowledge about each business unit and, together with the business area manager, holds monthly status meetings with each business unit's CEO and CFO to follow up on the business unit's financial development and strategic initiatives.

### **5 Consolidation**

Any deviations identified in the compilation of legal and operational monitoring or the analysis and reconciliation process are rectified following dialogue with the business unit. The consolidation process comprises the reconciliation of equity, intra-Group transactions, tax, investments and cash flow.

### **6 Reporting to the Board**

Volati's management submits monthly reports to the Board on the Group's financial performance, information about the Group's development, the financial position, ongoing projects and certain specific key figures. The Board continuously monitors financial performance against Volati's financial targets. The



Board receives more comprehensive material prior to each regular Board meeting, which may contain additional in-depth data about issues relevant to the theme for the meeting.

### **7 External reporting (quarterly)**

Volati publishes quarterly reports and press releases. The Annual Report is printed and sent to all major shareholders, employees, subscribers and other stakeholders, as well as to potential acquisition targets and business partners. Current and previous financial reports are available on the Company's website.

The Company is subject to the provisions of the EU Market Abuse Regulation No. 596/2014 (MAR) which contains strict requirements on how companies handle inside information. These include how inside information is to be disclosed to the market, under what circumstances disclosure may be postponed and in what way a company is obliged to keep a list (log book) of people who work for the company and who have access to inside information.

Volati uses the StrictLog digital tool to ensure that its management of inside information meets the requirements of MAR and the Company's insider policy – all the way from the decision to postpone publication of inside information to the notice being submitted to Swedish Financial Supervisory Authority when the insider event is over and the information has been made public. Only authorised persons in the Company may access StrictLog.

### **8 Audit**

EY is the auditor for the Parent Company and Group as a whole. Although the business units have EY as their local auditor, there are a few exceptions for some of the business units' minor subsidiaries that are newly acquired or based outside Sweden. In the autumn, the auditor conducts a review of internal control and management, which is reported to the business units and Volati's management. For the year-end report, an audit is performed in December and the auditors are present for physical inventory counts. Meetings are also held with Volati's accounting function to discuss accounting estimates and other relevant issues during the audit of the year-end report. The auditor submits significant auditors' notes to the Board of Directors and the auditor attends Board meetings as required. The audit reporting process includes a traffic-light system whereby the observations are graded by risk, materiality and control. Each business unit draws up an action plan to ensure that the auditors' notes are addressed. During the next review of internal control and management, the auditor checks that actions have been taken.

## Report on other legal and regulatory requirements

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### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Volati AB (publ.) for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated (loss be dealt with) in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring

manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have

particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

### **The auditor's examination of the corporate governance statement**

The Board of Directors is responsible for that the corporate governance statement on pages 74–89 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

### **The auditor's opinion regarding the statutory sustainability report**

The Board of Directors is responsible for the statutory sustainability report on pages 57–69 and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Ernst & Young AB with Rickard Andersson as the auditor in charge, Box 7850, 103 99 Stockholm was appointed auditor of Volati AB by the general meeting of the shareholders on the 25 June 2020 and has been the company's auditor since the 16 May 2018.

Stockholm, 26 March 2021

Ernst & Young AB

Rickard Andersson

*Authorized Public Accountant*

Volati AB (publ), Engelbrektsplan 1, SE-114 34 Stockholm  
Corp. Reg. No. 556555-4317  
Telephone +46 8 21 68 40  
[www.volati.se](http://www.volati.se)