



**Nederman**

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the future  
for clean air

The Clean  
Air Company

Corporate Governance  
Report 2021

# Corporate Governance

Nederman Holding AB (publ) is a Swedish public limited company with its registered office in Helsingborg, Sweden. Nederman was listed on the Nasdaq Stockholm Small Cap list in 2007 and has been registered on the Nasdaq Stockholm Mid Cap list since 1 January 2014.

As a listed company, Nederman applies the Swedish Corporate Governance Code (the Code). The Corporate Governance Report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Companies Act, Nasdaq Stockholm's Rule Book for Issuers, the Code, and other applicable Swedish laws and regulations. In addition to rules pursuant to laws or other legislation, Nederman uses internal control instruments that are also the basis for the group's corporate governance, including the Articles of Association, rules of procedure for the Board of Directors, the terms of reference for the CEO, policy documents and the group's Code of Conduct. The Articles of Association and the group's Code of Conduct are available at [nedermangroup.com](http://nedermangroup.com) and policy documents are available at the group's intranet.

Governance of the Nederman group takes place through the shareholders via the General Meeting of Shareholders, the Board of Directors, the CEO and Group management of Nederman in accordance with, among other things, the Swedish Companies Act, other laws and regulations, the Articles of Association and the rules of procedure for the Board of Directors. Considering Nederman's group structure, the composition of the boards of its operating subsidiaries, which often include representatives from Group management, constitute another element of governance for the group.

## SHAREHOLDERS

At the end of 2021, the company had 4,089 shareholders. Investment AB Latour was the largest shareholder with 29.98 percent of the shares, while Ernström Kapitalpartner AB owned 10.03 percent, IF Skadeförsäkring AB (publ) owned 9.90 percent and Swedbank Robur Fonder owned 7.22 percent. The ten largest shareholders had a total holding corresponding to 79.41 percent of the shares. Foreign investors held 7.35 percent of the shares. For further information about the share and shareholders, see pages 62-63.

## ANNUAL GENERAL MEETING

The General Meeting of Shareholders is the highest decision-making body, in which the shareholders can exercise their influence by voting on key issues, such as the adoption of the income statement and balance sheet, appropriation of the company's profit, discharge from liability of Board members and the CEO, the election of Board members, the Chairman of the Board and auditors, and remuneration to the Board of Directors and auditors. The Annual General Meeting was held on 26 April 2021. The Annual General Meeting was conducted in accordance with the Act on Temporary Exemptions to Facilitate the Execution of General Meetings in Companies and other Associations, meaning that the shareholders could only exercise their voting rights by voting in advance, using so-called postal voting. A total of 20 shareholders exercised postal votes, representing 76.44 percent of the total number of shares and votes in the company.

The Meeting adopted the income statement and balance sheet, and the consolidated income statement and balance sheet, and granted discharge from liability for the Board members and CEO. The Board decided to distribute the profit in accordance with the proposal on the allocation of profits, meaning that the funds at its disposal were carried forward.

The Meeting also authorised the Board to decide that the company may issue new shares or repurchase the company's own shares.

The Meeting decided in accordance with the proposal in the notification of the Meeting to elect six Board members. In accordance with the proposal of the Nomination Committee, Johan Hjertonsson, Ylva op den Velde Hammargren, Gunilla Fransson, Johan Menckel, Sam Strömerstén and Sven Kristensson were re-elected to the Board. Johan Hjertonsson was elected Chairman of the Board.

## EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

At an Extraordinary General Meeting of shareholders on August 25, 2021, it was resolved that a dividend of SEK 1.00 per share would be paid, corresponding to SEK 35.1m. Based on the group's financial stability and healthy capital structure, the Board's assessment was that a dividend was justified. The dividend corresponded to 31.8 percent of net profit for the 2020 financial year, meaning that the dividend was in line with the company's dividend policy.

## NOMINATION COMMITTEE

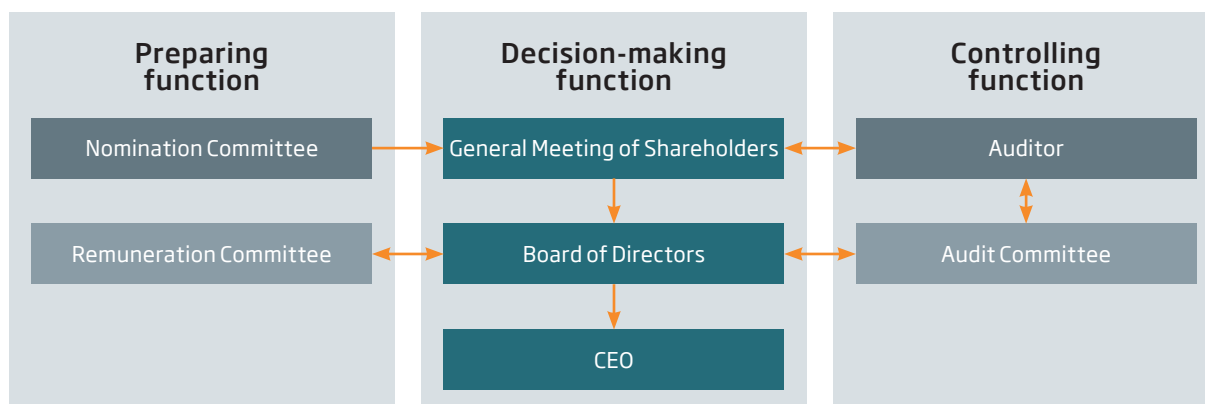
The 2019 Annual General Meeting decided to establish instructions for the Nomination Committee concerning the composition of the committee and its assignments. According to the instructions, the Nomination Committee is to consist of one representative from each of the four largest shareholders and the Chairman of the Board. If any of the four largest shareholders waives their right to appoint a representative to the Nomination Committee, the right will pass to the next largest shareholder. The Nomination Committee's tasks are to prepare proposals, ahead of the next Annual General Meeting, concerning the election of the Chairman of the Board and other Board members, the election of the Chairman of the Meeting, remuneration issues and related issues, and, where applicable, the election of auditors.

According to the guidelines approved by the Annual General Meeting concerning the work of the Nomination Committee, the following individuals have been appointed to the Nomination Committee ahead of the 2022 Annual General Meeting: Anders Mörck (Investment AB Latour), Chairman, Henrik Forsberg Schoultz (Ernström Kapital AB), Fredrik Ahlin (IF Skadeförsäkring AB) and Ulrik Grönvall (Swedbank Robur). Johan Hjertonsson, Chairman of Nederman's Board of Directors, is a co-opted member of the Nomination Committee. For questions concerning the work of the Nomination Committee, contact [anders.morck@latour.se](mailto:anders.morck@latour.se).

## BOARD OF DIRECTORS

The Board of Directors is the second highest decision-making body after the General Meeting of Shareholders. The overall assignment of the Board is to decide on the company's business

## Overall structure of corporate governance in Nederman



direction, its resources and capital structure as well as its organisation and management. The Board's general obligations also include continuously evaluating the company's financial situation and approving the company's business plan. In its general undertaking, the Board addresses overall issues such as the company's strategy, acquisitions, major investments, divestments, the publication of annual reports and interim reports, and the appointment of the CEO.

The Board of Directors follows written rules of procedure that are adopted annually at the first Board meeting following election. The rules of procedure stipulate how work is to be divided between Board members, how often the Board is to meet and to what extent deputies are to participate in the work of the Board and attend meetings. The rules of procedure also regulate the Board's obligations, the establishment of a quorum, the division of responsibilities between the Board and the CEO, etc. The Board meets according to an annual schedule that is decided in advance. Extraordinary meetings may be called to address events of unusual importance. In addition to Board meetings, the Chairman of the Board and the CEO conduct an ongoing dialogue with respect to the management of the company.

Once a year, the entire Board conducts a systematic evaluation of the company's senior executives. In this context, "senior executives" includes certain deputy managers, meaning a broader group of employees.

In recent financial years, the Board has made decisions concerning several matters of strategic importance. In 2021, special focus was devoted to adaptation of the group's capacity, the group's strategy for continued expansion and the group's financial framework and objectives. In 2021, the Board held six minuted meetings. To date, one minuted meeting has been held in 2022. The 2021 Annual General Meeting resolved that a total of SEK 1,885,000 would be paid in directors' fees, with SEK 725,000 paid to the Chairman of the Board and SEK 290,000 to each of the other members elected by the Annual General Meeting, with the exception of the CEO. It was furthermore resolved that a fee of SEK 100,000 would be paid to the Chairman of the Audit Committee and SEK 65,000 to the committee member, and that a fee of SEK 50,000 would be paid to

the Chairman of the Remuneration Committee and SEK 25,000 to the other member.

As stated in the Articles of Association, the General Meeting of shareholders has full decision-making power in election of Board members and there are no other regulations concerning appointment and dismissal of Board members. The Annual General Meeting elects Board members annually for the period until the next Annual General Meeting is held. The Board of Directors is to consist of at least three and no more than eight ordinary members and may be supplemented with a maximum of three deputies. In addition, there may be employee representatives. The members elected by the Annual General Meeting are all, with the exception of one member, independent in relation to the major shareholders and, with the exception of the CEO, in relation to the company and company management. The Board meets the requirements of the Code with respect to independent members. The members are presented on page 78 and at [nedermangroup.com](http://nedermangroup.com).

The main shareholders and Board members carry out a detailed annual evaluation of the Board. Among other things, the evaluation includes the Board's composition, individual Board members and the Board's work and procedures. The Nomination Committee has reviewed the written evaluation of the work of the Board and has received a report on the work of the Board from the Chairman of the Board.

Nederman's Board of Directors consists of six members elected by the 2021 Annual General Meeting. The CEO is a member of the Board. The CFO is not a member of the Board but, as a rule, participates in Board meetings by presenting information. The Chairman of the Board does not participate in the operational management of the company.

### Attendance at Board meetings

■ Johan Hjertonsson	6 of 6
■ Gunilla Fransson	6 of 6
■ Ylva op den Velde Hammargren	5 of 6
■ Sven Kristensson	6 of 6
■ Johan Menckel	5 of 6
■ Sam Strömerstén	6 of 6

## CEO

The division of activities between the Board and the CEO is regulated by the rules of procedure for the Board and in the terms of reference for the CEO. The CEO is responsible for implementing the business plan as well as the day-to-day management of the company's affairs and the daily operations of the company. This means that the CEO makes decisions on those issues that can be considered to fall under the day-to-day management of the company. The CEO may also take action without the authorisation of the Board in matters which, considering the scope and nature of the company's business, are unusual or of great importance, which cannot await a decision by the Board without seriously compromising the company's business activities. The terms of reference for the CEO also regulate the CEO's responsibility for reporting to the Board. The Board receives a monthly written report containing a follow-up of the company's order statistics, sales, operating results, working capital developments, income statement, financial position and cash flow statement. The report also contains comments from the CEO and CFO, for example, regarding the various markets.

Every year, the senior executives formulate a strategy proposal, which is discussed and adopted at the Board meeting held about halfway through the year. Work on the business plan (including the budget for the coming year) is usually carried out from the bottom up and based on the strategy adopted by the Board of Directors. The CEO and the CFO present the business plan proposal to the Board of Directors. After the Board discusses the business plan, it is usually adopted at the last meeting during the autumn. Moreover, the company usually issues an updated forecast at the end of each quarter in conjunction with the quarterly reports.

## COMMITTEES

**Remuneration Committee:** Questions about salary and benefits for the CEO and senior executives are addressed and approved by the Remuneration Committee. This committee consists of Johan Hjertonsson and Johan Menckel. The committee is a body within the company's Board assigned to draft matters for the Board related to remuneration and other terms of employment for company management. The committee is also tasked with preparing guidelines regarding remuneration for senior executives, which the Board then presents as a proposal to the Annual General Meeting. The Remuneration Committee held one minuted meeting in 2021.

The prevailing guidelines for remuneration of senior executives were adopted by the Annual General Meeting in 2020. The guidelines are presented in the section, "Remuneration to senior executives."

**Audit Committee:** The main purpose of the Audit Committee is to supervise the group's financial accounting and reporting and the audit of the annual accounts. The Audit Committee's tasks include, among other things, responsibility for the preparation of the Board's work to ensure the quality of the financial reporting by reviewing the interim reports, annual report and consolidated financial statements. The Audit Committee is also tasked with preparing matters regarding the procurement of audit services and other services from the auditor and preparing certain accounting

and audit matters to be dealt with by the Board. The work of the Audit Committee is governed by rules of procedure adopted by the Board of Directors. The Committee convened on five occasions in 2021 and has led one minuted meeting to date in 2022. The company's auditor participated on these occasions. At the board meeting on February 14, 2022, the company's auditor informed the Board of the results of its work and presented report on the year's audit and its view of the company's internal control system without the presence of any members of Company management. In 2021, the Audit Committee consisted of Board members Ylva op den Velde Hammargren and Sam Strömerstén.

## AUDITOR

The auditor audits the company's annual report and accounting as well as the management of the Board of Directors and the CEO. The auditor submits an audit report to the General Meeting of Shareholders after each financial year. From 2011, the Annual General Meeting appoints an auditor for a period of one year. At the Annual General Meeting on 26 April 2021, Ernst & Young AB was elected until the close of the 2022 Annual General Meeting, with Staffan Landén as lead auditor. Staffan Landén is an Authorised Public Accountant and member of FAR, the Swedish Institute of Authorised Public Accountants. Staffan Landén has many years of experience in auditing listed companies and major international assignments. He is currently lead auditor for Alfa Laval AB, Ambea AB, Investment AB Latour and Thomas Concrete Group AB, among others. Staffan Landén is an appointed Listing Auditor by Nasdaq Stockholm. The company's auditor audits the annual accounts and financial statements and the company's ongoing operations and procedures to provide an opinion on the accounting and management of the Board of Directors and the CEO. The 2021 Annual General Meeting resolved that the auditors should be paid on a current account basis. Fees to Ernst & Young AB for assignments other than auditing amounted to SEK 0.9m in 2021 and pertain mainly to auditing of the six-month report and other auditing-related services.

## REMUNERATION TO SENIOR EXECUTIVES

The 2020 Annual General Meeting adopted the Board of Directors' proposal for guidelines for executive remuneration. Nederman's Group management fall within the provisions of these guidelines. The remuneration shall be on market terms and may consist of the following components: fixed salary, variable remuneration, pension benefits and other benefits. Fixed salary is paid for satisfactory work. The variable remuneration shall be linked to pre-determined, well-defined and measurable financial criteria. The satisfaction of criteria for awarding variable remuneration shall be measured over a period of one year. The variable remuneration may amount to not more than 50 percent of the total fixed salary under the measurement period for the CEO and not more than 30 percent of the total fixed salary under the measurement period for other senior executives. The criteria for variable remuneration shall mainly relate to the group's profitability and working capital development. Variable remuneration may also be related to individual criteria. The criteria shall be designed so as to contribute to the company's business strategy and long-term interests, including its sustainability. Further variable remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on

an individual basis, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 50 percent of the fixed annual salary and may not be paid more than once each year per individual.

For the CEO, pension benefits shall be premium-based. The pension premiums for premium-based pension shall amount to not more than 35 percent of the pension based salary. For other executives, pension benefits shall be based on a contractual ITP plan or be premium-based, unless the individual concerned is subject to defined-benefit pension under mandatory collective agreement provisions. Variable cash remuneration shall qualify for pension benefits. Pension premiums that follow from the contractual ITP plan or are premium-based, shall amount to not more than 35 percent of the pension based salary, unless other premium levels apply according to applicable ITP plan.

Other benefits may include, for example, life insurance, health and medical insurance and company cars. Such benefits may amount to not more than 20 percent of the fixed annual salary.

The notice period may not exceed 24 months if notice of termination of employment is made by the company for the CEO and twelve months for other executives. Fixed salary during the period of notice and severance pay may together not exceed an amount equivalent to the CEO's fixed salary for two years, and one year for other executives. When termination is made by the executive, the notice period may not exceed six months, without any right to severance pay.

The Annual General Meeting held on 26 April 2021 approved the Board's proposal that the annual programmes for variable remuneration should be supplemented with a long-term incentive (LTI) programme. The LTI programme comprises the two financial years 2021 and 2022 and is targeted in a way that makes it particularly favourable for the company's shareholders. The outcome of the LTI programme for senior executives of the Nederman group may amount to a maximum of 35 percent of annual salary for the CEO and 14-20 percent of annual salary for other senior executives. An outcome requires that a minimum level of accumulated earnings per share established for the 2021 and 2022 financial years is achieved or exceeded. The remuneration for the senior executive according to the terms and conditions (net after tax) is to be invested in Nederman shares. The shareholding must be retained by the senior executive for a minimum of three years. Investment in shares can be made via the exchange or through the transfer of treasury shares, with the Board of Directors intending in the case of the latter to submit a proposal for resolution on the transfer of treasury shares at the 2022 Annual General Meeting. In the event of a full outcome, the cost for LTI 2021-2022 is estimated to amount to approximately SEK 5.2m.

## INTERNAL CONTROL

**Control environment.** Operational decisions are made at the company or business area level, while decisions about strategy, aims, acquisitions and comprehensive financial issues are made by the parent company's Board and Group management. The

internal controls within the group are designed to function in this organisation. The group has clear rules and regulations for delegating responsibility and authority in accordance with the group's structure. The platform for internal controls of financial reporting consists of the comprehensive control environment and organisation, decision processes, authorisations and responsibilities which have been documented and communicated. In the group, the most significant components are documented in the form of instructions and policies in finance, ethics (Code of Conduct), communication, IT security, integrity, sustainability and quality, whistleblowing, export and sanctions, anti-corruption and fraud, anti-trust, diversity, health and safety, risk management, remuneration and authorisation instructions. Nederman has a simple legal and operational structure and established management and internal control systems. The Board of Directors follows up on the assessment of the internal control, including through management reporting to the Audit Committee and through contacts with the Nederman's auditors. The Board of Directors has chosen not to have a special internal audit.

**Control activities.** To safeguard the internal controls, there are both automated controls, such as authorisation controls in the IT system and approval controls, as well as manual controls such as reconciliations and stock-taking. Financial analyses of the results as well as follow-up of plans and forecasts are used to supplement the controls and give a comprehensive confirmation of the quality of the reporting.

**Information and communication.** Documentation of governing policies and instructions are continuously updated and communicated in electronic or printed format. For communications with external parties, there is a communication policy that contains guidelines for ensuring that the company's information obligations are applied fully and correctly.

**Follow-up.** The CEO is responsible for ensuring that the internal controls are organised and followed up according to the guidelines decided on by the Board. Financial management and control is carried out by the group's finance function. Financial reporting is analysed monthly and at a detailed level. The Board has addressed the Company's financial position at its meetings and has also received reports and observations from the Company's auditor.

## ARTICLES OF ASSOCIATION

The Articles of Association stipulate the company's activities, the number of Board members and auditors, how notification of the Annual General Meeting is to be made, the matters to be addressed at the Annual General Meeting and where the Meeting is to be held. The General meeting of shareholders has full decision-making power concerning amendments in the Articles of Association. The current Articles of Association were adopted at the Annual General Meeting on 27 April 2020, and can be found on the company's website at [www.nedermangroup.com](http://www.nedermangroup.com) and in the annual report for 2021 on page 133.