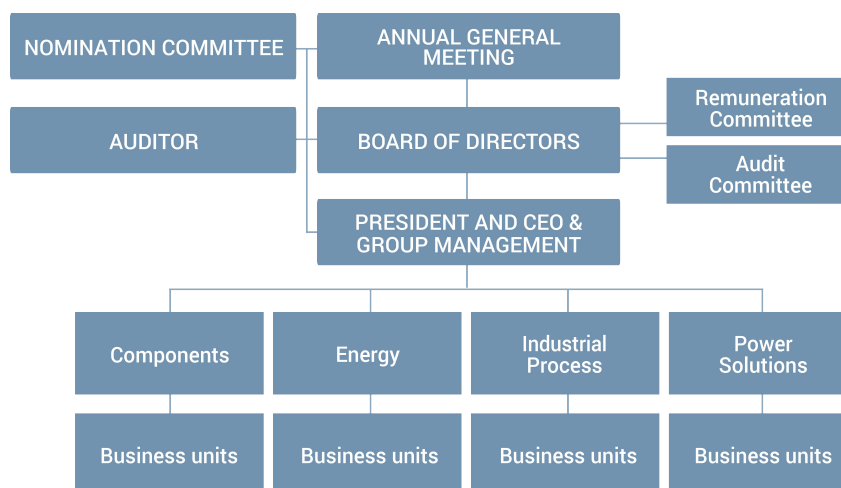


## CORPORATE GOVERNANCE

### PRINCIPLES FOR CORPORATE GOVERNANCE

The Addtech Group considers sound corporate governance to be an important foundation for achieving a confiding relationship with shareholders and other important stakeholders. The Swedish Corporate Governance Code, which is applied by the Addtech Group, aims to create a good balance between shareholders, the Board of Directors and the senior management. Sensible corporate governance, with high standards for openness, reliability and ethical values, has always been a guiding principle for the Addtech Group's operations.



### COMPLIANCE WITH THE SWEDISH CODE OF CORPORATE GOVERNANCE

Addtech's shares are traded on Nasdaq Stockholm and Addtech therefore follows the Nasdaq Stockholm Rule Book for Issuers. As a listed company Addtech also applies the Swedish Code of Corporate Governance (the Code), which is available at [www.corporategovernanceboard.se](http://www.corporategovernanceboard.se). Deviations from aspects of the Code and justification for such deviations are stated where applicable throughout the text. The Company deviates on three points, two of which are included in the section on the Nomination committee and one in the section on Quarterly review by auditors. The Company's auditor has examined this corporate governance report. The Company's URL is: [www.addtech.com](http://www.addtech.com).

### COMPLIANCE WITH APPLICABLE RULES FOR TRADING

No violations of any applicable stock exchange rules occurred in 2015/2016 and Addtech's operations were conducted in accordance with good practices in the stock market.

### SHARES AND SHAREHOLDERS

The Addtech AB share register is maintained by Euroclear Sweden AB. As of 31 March 2016 Addtech had 4,266 shareholders according to the shareholder register and the total number of shares was 68,198,496 divided among 3,237,672 A shares, each carrying 10 votes, and 64,960,824 B shares, each carrying one vote. The total number of voting rights was 97,337,544. More information about the Addtech share and shareholders can be found in the annual report under the section the Share.

### KEY EVENTS IN 2015/2016

On 1 April 2015 Addtech reorganised, forming a fifth business area and appointing two new business area managers, Johan Dyberg and Niklas Stenberg. The aim of the organisational change was to increase the potential for growth and efficiency in the companies. The five business areas are Components, Energy, Industrial Process, Power Solutions and Life Science.

On 6 April 2015 it was announced that preparations had begun for a separate listing on Nasdaq Stockholm through a distribution of shares in Life Science's operations among Addtech's shareholders.

On 27 August 2015 Addtech's Annual General Meeting resolved to approve a dividend of SEK 3.25 per share, which was a payout ratio of 55 percent, equivalent to SEK 216 million.

On 23 September 2015 it was announced that the share-related incentive scheme aimed at 25 senior executives for a maximum of 350,000 call options was fully subscribed.

On 23 October 2015 Addtech announced the appointment of its chief financial officer, Kristina Willgård, to serve as chief executive officer of AddLife AB. Mats Lönnqvist was appointed acting CFO of Addtech for the interim period until a replacement was hired.

On 13 November Addtech announced that Christina Kassberg was appointed to serve as its new CFO. She took over her new position on 4 February 2016.

On 9 March 2016, the Extraordinary General Meeting resolved on the distribution of all Addtech shares in AddLife AB to the shareholders of Addtech. The first day of trading of AddLife's Class B shares on Nasdaq Stockholm was 16 March 2016.

350,000 treasury shares were repurchased during the year. Repurchased shares are intended to cover the Company's commitment to outstanding call options programmes.

During the financial year 10 acquisitions made by the Group have taken effect, adding annual sales of about SEK 640 million.

## **ARTICLES OF ASSOCIATION**

According to the Articles of Association, the Company's name is Addtech Aktiebolag and the financial year is from 1 April to 31 March. The Articles of Association have no special provisions about the appointment and dismissal of Board members and about amendments to the Articles. The Articles of Association do not limit the number of votes that each shareholder may cast at an Annual General Meeting. For the full Articles of Association, which the EGM adopted in their present form on 19 November 2013, please see the Company's website under Investors/Corporate governance/Articles of Association of Addtech.

## **ANNUAL GENERAL MEETING**

Shareholder influence in the Company is exercised by the Annual General Meeting or, where appropriate, an Extraordinary General Meeting, which is Addtech's highest decision-making body. The AGM must be held in Stockholm within six months of the end of the financial year. The items on the agenda of the Annual General Meeting for resolution include the election of the Board of Directors and the Chairman of the Board, the appointment of an auditor, the adoption of the income statement and balance sheet, the appropriation of the Company's unappropriated earnings, the discharge from liability for the Members of the Board and the CEO, the Nomination Committee and its work, and remuneration guidelines for senior executives. Details of the company's previous Annual General Meetings can be found on Addtech's website, which also includes information on shareholders' entitlement to raise matters for consideration at the Annual General Meeting, and on when such requests for consideration should be received by Addtech. No special arrangements regarding the function of the AGM, due to any provisions in the Articles of Association or as far as is known to the Company due to shareholder agreements, apply in the Company. Most decisions at shareholders' meetings are taken with a simple majority and for elections the candidate who receives the most votes in an election is considered to be elected. Certain decisions, however, such as amendments to the Articles of Association, require a qualified majority.

## **2015 ANNUAL GENERAL MEETING**

Addtech's Annual General Meeting was held on Thursday, 27 August 2015 in Stockholm. In all, 74 shareholders were present at the AGM, in person or by proxy, representing 67.50 percent of votes and 55.31 percent of capital. Chairman of the Board Anders Börjesson was elected to serve as chairman of the AGM. The meeting was attended by all members of the Board and Group Management. Authorised public accountant George Pettersson, principal auditor for Addtech, and Jonas Eriksson were also present at the meeting, along with other representatives of Addtech's selected auditors at KPMG.

The 2015 AGM resolved that the dividend would amount to SEK 3.25 per share. Moreover, the AGM resolved to re-elect directors Anders Börjesson, Eva Elmstedt, Tom Hedelius, Ulf Mattsson, Johan Sjö and Lars Spongberg. Malin Nordesjö was elected to serve on the Board of Directors. Anders Börjesson was elected Chairman of the Board. At the subsequent first meeting of the new Board following its election, Tom Hedelius was reappointed Vice Chairman of the Board. In addition, the registered firm KPMG was re-elected for a period of one year. The other resolutions of the AGM can be seen in the complete agenda from the AGM, which is available along with other information about the 2015 AGM at [www.addtech.com](http://www.addtech.com).

## **2016 EXTRAORDINARY GENERAL MEETING**

The Extraordinary General Meeting was held on Wednesday, 9 March 2016 in Stockholm. In all, 24 shareholders were present, in person or by proxy, representing 58.05 percent of votes and 42.90 percent of capital. Chairman of the Board Anders Börjesson was elected to serve as chairman of the EGM. The meeting was attended by members of the Board and Group Management.

Authorised public accountant Jonas Eriksson, co-responsible auditor for Addtech, was present at the meeting as the representative of Addtech's selected auditors at KPMG. The Extraordinary General Meeting resolved to authorise a distribution of all of the Company's shares in AddLife AB to Addtech's shareholders. The resolutions of the EGM can be seen in the complete agenda, which along with other information about the meeting are available at [www.addtech.com](http://www.addtech.com).

## **2016 ANNUAL GENERAL MEETING**

Addtech 2016 Annual General Meeting will be held Wednesday 31 August at IVA in Stockholm. For additional information about the 2016 AGM please see the section called "Welcome to the Annual General Meeting" in the annual report, as well as Addtech's website [www.addtech.com](http://www.addtech.com).

## **NOMINATION COMMITTEE DUTIES**

The Nomination Committee's mandate from the Annual General Meeting is to evaluate the composition and work of the Board of Directors as well as to submit proposals to the AGM for the Chairman of the AGM, Directors and Chairman of the Board, remuneration to directors who are not employed by the company, election, where appropriate, of a registered auditing firm and auditors' fees, as well as principles for election of members to the Nomination Committee. The members of the Nomination Committee receive no remuneration from the Company for their work on the committee. The committee had three meetings at which minutes were taken prior to the 2016 AGM. The complete proposals of the Nomination Committee to the AGM are presented in the notice to attend the meeting and on the Company's website.

## **COMPOSITION OF THE NOMINATION COMMITTEE**

The meeting decided that the following principles will apply until further notice. Consequently, the Annual General Meeting does not decide on these principles and the Nomination Committee assignments annually, unless the principles or the assignments are to be changed. The Nomination Committee consists of representatives of the five largest known shareholders by vote at year-end (grouped by shareholdings on 31 December) and the Chairman of the Board of Directors, who was also tasked with convening the first meeting of the Nomination Committee. The Nomination Committee will appoint a Chairman among its members. The composition of the Nomination Committee shall be announced not later than six months before the 2016 Annual General Meeting.

The following were thus chosen as of 31 December 2015: Åsa Nisell (representing Swedbank Robur), Martin Wallin (representing Lannebo Fonder), Johan Strandberg (representing SEB fonder), and Tom Hedelius and Anders Börjesson, Chairman of the Board. The composition of the Nomination Committee was disclosed in conjunction with the presentation of the interim report for the third quarter on 9 February 2016.

Two Nomination Committee members are Board members and are not independent of the Company's major shareholders, which deviates from the Code's rules 2.4 on composition of the Nomination Committee. If more than one Board member is included on the Nomination Committee, no more than one of them may be in a position of dependence in relation to the Company's major shareholders. The composition of the committee follows the principles set by the AGM. Anders Börjesson is chairman of the Nomination Committee and Board Chairman. This deviates from the Code's rules 2.4, which state that the chairperson of the Nomination Committee shall not be a Board member of the Company. In conjunction with its first meeting, the Nomination Committee also deemed it suitable that the committee chairperson should be the member who represents the largest group of shareholders and who has good knowledge of both the company and other shareholders.

## **BOARD DUTIES**

The primary duty of the Board of Directors is to manage the Group's operations on behalf of the owners in such a way that the owners' interests, in terms of a long-term return on capital, are optimally protected. The Board of Directors holds overall responsibility for Addtech's organisation and management of Addtech's business. It is responsible for the Group's long-term development and strategy, for continuously monitoring and assessing the Group's operations, and for any other task conferred by the Swedish Companies Act.

## **COMPOSITION OF THE BOARD OF DIRECTORS**

In accordance with the Articles of Association, the Board is to consist of at least three and at most nine members. The directors shall serve from the end of the AGM when they are elected until the end of the next AGM. There is no limit to the number of consecutive terms a director may serve on the Board. The 2015 AGM re-elected directors Anders Börjesson, Eva Elmstedt, Tom Hedelius, Ulf Mattsson, Johan Sjö and Lars Spongberg and elected director Malin Nordesjö. Anders Börjesson was elected Chairman of the Board.

At the subsequent first meeting of the new Board following its election, Tom Hedelius was reappointed Vice Chairman of the Board. The members of the Board of Directors are presented in the Board of Directors and Management section of the annual report and on the Company's website.

### **Independence of the Board of Directors**

Several different types of independence requirements apply to the Board of Directors and its committees. Addtech applies independence requirements taken from applicable Swedish legislation, the Swedish Code of Corporate Governance, and the rules of the Nasdaq Stockholm Stock Exchange. The Nomination Committee evaluates the Board's independence ahead of the Annual General Meeting. All Board members are independent of the Company, apart from Johan Sjö, who is employed in the Company as the CEO. In addition to being independent of the Company, Eva Elmstedt, Ulf Mattsson and Lars Spongberg are also independent of the Company's major shareholders. The Board has thus been assessed as complying with the requirement that at least two of the members who are independent of the Company are also independent of major shareholders.

### **Rules of procedure**

The Board of Directors adopts written Rules of Procedure every year in accordance with the provisions of the Swedish Companies Act. The rules of procedure clarify the distribution of work between members of the Board, including its committees, the number of regular Board meetings, matters to be addressed at regular board meetings and duties as the Chairman of the Board. The Chairman shall organise and lead the work of the Board, be responsible for contacts with the owners regarding ownership issues and communicate shareholders' views to the Board, ensure that the Board receives satisfactory information and decision support documentation for their work and verify that the Board's decisions are implemented. The Board has also issued written instructions specifying the details of financial reporting to the Board and the distribution of work between the Board and the CEO.

### **Duties of the Chairman of the Board**

The Chairman is responsible for ensuring that the Board's work is well-organised and conducted efficiently and that the Board fulfils its obligations. The Chairman monitors operations in dialogue with the Chief Executive Officer. The Chairman is also responsible for ensuring that other Board members receive the introduction, information and documentation necessary to maintain the high quality of the discussions and decisions, as well as for monitoring that the Board's decisions are implemented. The Chairman represents Addtech in ownership issues.

### **Work of the Board of Directors in 2015**

According to the Board's rules of procedure, the Board is to meet in conjunction with presentation of the interim reports, at an annual strategy meeting and at the first post-election meeting of the new Board per year as well as on other occasions if required. The Board held ten meetings in 2015, seven of which were before the 2015 AGM and three after the AGM.

The following table shows attendance at Board meetings:

Board member	Elected	Born	Attendance (total number of meetings)			Independent in relation to the Company	Independent in relation to major shareholders	Total compensation, SEK
			Board	Remuneration committee	Audit committee			
Anders Börjesson (Chairman)	2001	1948	10 (10)	1 (1)	1 (1)	Yes	No	500,000
Eva Elmstedt	2005	1960	10 (10)		1 (1)	Yes	Yes	250,000
Tom Hedelius (Vice Chairman)	2001	1939	10 (10)	1 (1)	1 (1)	Yes	No	380,000
Ulf Mattsson	2012	1964	10 (10)		1 (1)	Yes	Yes	250,000
Malin Nordesjö <sup>1)</sup>	2015	1976	3 (3)		1 (1)	Yes	No	250,000
Johan Sjö <sup>2)</sup>	2008	1967	10 (10)			No	Yes	-
Lars Spongberg	2001	1945	10 (10)		1 (1)	Yes	Yes	250,000

1) Took over at 2015 Annual General Meeting

2) No fee is paid to directors who are employed at Addtech

All meetings followed an agenda, which was provided to members prior to Board meetings along with documentation for each item on the agenda. Regular board meetings usually last half a day to allow time for presentations and discussions. The Chief Executive Officer or his designee presents all matters relating to the operations of the Company and the Group. Other salaried employees in the Company take part in Board meetings to present certain issues or when otherwise deemed suitable. The Company's CFO is the Board Secretary and the secretary of the Nomination Committee. The Board discussed the following matters at its meetings:

- Strategic direction and significant goals
- Significant issues related to optimisation of capital structure, dividends, share repurchases, investments, acquisitions and divestments
- Monitoring and control of operations, disclosure of information and organisational issues, including evaluation of the Group's operational management
- Interim reports, year-end report and annual report
- Overarching responsibility for establishing policies

### Evaluation of the work of the Board

The Board conducts an annual evaluation of its work. Each year the Chairman initiates and leads the evaluation of the Board's work. The purpose of the evaluation is to further improve working methods, dynamics, efficiency and working environment, as well as the main focus of the Board's work. This evaluation also focuses on access to and the need for special expertise on the Board. The evaluation includes interviews and group discussions. In addition, the Chairman of the Board conducts individual discussions with each director. The evaluations were discussed at a Board meeting and also serve as a basis for the Nomination Committee's work when proposing directors.

### Remuneration committee

The remuneration committee elected by the Board of Directors consists of: Anders Börjesson (Board Chairman) and Tom Hedelius (Vice Chairman), and Johan Sjö as the reporting member. The remuneration committee draws up the 'Board's proposal for principles regarding remuneration to senior management'. The Board discusses the proposal, which is then presented to the AGM to decide on. The Board sets the remuneration of the CEO based on the AGM's decision. The CEO does not report on his own remuneration and does not take part in making the Board decision. The remuneration committee sets the remuneration of other members of Group management based on proposals from the CEO. The Board is informed of the remuneration committee's decisions. The remuneration committee then has the task of monitoring and evaluating application of the guidelines for remuneration to senior management as decided on by the AGM. In addition, the remuneration committee must monitor and evaluate ongoing programmes, and those completed during the year, for variable remuneration to the Company management. The remuneration committee had one meeting during the financial year.

### **Audit committee**

The Board has appointed an audit committee consisting of the Board members who are not employed by the Company, in other words, Anders Börjesson, Tom Hedelius, Eva Elmstedt, Ulf Mattsson and Lars Spongberg. The audit committee's tasks were integrated into Board work at the Board's regular meetings, so the Board Chairman also acted as Chairman of the audit committee. The committee Chairman has accounting and auditing knowledge.

Eva Elmstedt, Ulf Mattsson and Lars Spongberg are also independent of the Company's major shareholders and have accounting knowledge.

Without affecting the Board's responsibility and tasks in other respects, the audit committee shall monitor the Company's financial reporting; monitor the effectiveness of the Company's internal control and risk management regarding the financial reporting; stay informed about the audit of the annual accounts and the consolidated financial statements; assess and monitor the impartiality and independence of the auditor and in doing so shall pay particular attention to whether the auditor provides the Company with other services besides auditing services; and assist in drawing up proposals for the AGM's decision on selection of an auditor.

In conjunction with the adoption of the 2015/2016 annual accounts, the Board held discussions with the Company's external auditors and received their reporting. The Board also discussed matters with the auditors at this meeting, which was not attended by the CEO or other members of Company management.

### **AUDITOR**

The Articles of Association stipulate that a registered auditing firm must be selected as auditor. The 2015 Annual General Meeting elected KPMG to serve as the Company's auditor until the close of the 2016 Annual General Meeting. George Pettersson is the Auditor in charge, assisted by Jonas Eriksson. KPMG audits Addtech AB and practically all its subsidiaries.

The Company's auditor works according to an audit plan that includes comments from the Board and reports his or her findings to company managements and business area managements, Group management and the Board of Addtech AB. This takes place during the audit and when establishing the annual accounts. The Company's auditor also takes part in the Annual General Meeting, describing and commenting on his or her audit work.

The independence of the external auditor is regulated in a special directive decided by the Board. It states the areas in which the services of the external auditor may be used regarding issues that are not part of regular auditing. The Company's auditor continually assesses its independence of the Company and submits written affirmation to the Board each year stating that the auditing firm is independent of Addtech. In the past year, the auditors performed advisory assignments, mainly concerning accounting, taxation issues and listing rules.

### **Quarterly review by auditors**

Addtech's six-month or nine-month reports were not reviewed by Addtech's external auditors during the 2015/2016 financial year, which deviates from the rules of the Code 7.6. Among other things, after consultation with the Company's external auditors, the Board has so far judged that the benefit and additional cost to the Company of extended quarterly reviewing by the auditors cannot be justified.

## Chosen auditors

### GEORGE PETTERSSON

#### KPMG

Auditor in charge: George Pettersson, Authorised Public Accountant, Stockholm. Born in 1964. George Pettersson has been in charge of auditing the Addtech Group since 2013/2014 and is also in charge of auditing AddLife AB, Lagercrantz Group AB, Nobia AB and Sandvik AB.

### JONAS ERIKSSON

#### KPMG

Assistant auditor: Jonas Eriksson, Authorised Public Accountant, Stockholm. Born in 1974. Jonas Eriksson has been the assistant auditor for the audit of the Addtech Group since 2013/2014 and is also involved in auditing companies including AddLife AB and Sandvik AB. Jonas is also in charge of auditing numerous medium-size companies, including Carglass Sweden AB, Brand Factory Group and the Silva Group.

## CHIEF EXECUTIVE OFFICER AND GROUP MANAGEMENT

The Chief Executive Officer, Johan Sjö, heads the operations in accordance with requirements of the Swedish Companies Act and the frameworks set by the Board. In consultation with the Board Chairman, the CEO prepares requisite documentation for information and decisions prior to Board meetings, gives presentations and motivates proposals for decisions. The Chief Executive Officer leads the work of the Group Executive Board and makes decisions in consultation with other members of Group Management. At the end of 2015/2016, in addition to Johan Sjö, Group Management included Anders Claeson, Åke Darfeldt, Johan Dyberg, Christina Kassberg and Niklas Stenberg. Group management regularly reviews operations in meetings chaired by the CEO. The Chief Executive Officer is presented in more detail in the Board and Management section of the annual report and on the Company's website. At the close of the financial year Hans Andersén replaced Åke Darfeldt, who retired.

## REMUNERATION TO SENIOR MANAGEMENT

Principles for remuneration to senior management at Addtech are adopted by the Annual General Meeting. Senior management consists of the CEO and other people in Group Management. The 2015 AGM adopted the recommendations of the Nomination Committee regarding remuneration guidelines for senior executives. These guidelines are essentially consistent with the principles previously applied.

Addtech aim to offer a reasonable as well as competitive total remuneration package capable of attracting and retaining skilled individuals. The size of the overall package varies in relation to the performance of the employee and the Group and may comprise the different elements stated below. A fixed salary forms the foundation of the total remuneration. The salary should be competitive and reflect the responsibilities of the position. Fixed salaries are reviewed annually. Variable compensation is primarily based on the Group's growth in earnings, profitability and cash flow. Annual variable remuneration can be at most 40 percent of the fixed salary. Each year the Board of Directors evaluates whether or not to propose a long-term incentive scheme to the Annual General Meeting and, if such is the case, whether or not the proposed long-term incentive scheme should include a transfer of shares in the Company. Retirement pension and sickness and other benefits should be structured in accordance with applicable rules and market norms. Pensions should be based on defined-contribution plans where possible.

For more details regarding remuneration to senior management, please see note 6 of the Annual Report. In 2015 the Company complied with the principles for remuneration to senior management as approved by the AGM and the principles proposed to the 2016 AGM are unchanged. Please see the Administration Report of the annual report for the Board's complete proposals to the 2016 Annual General Meeting.



## **LONG-TERM INCENTIVE SCHEMES**

Addtech has four outstanding call option programmes totalling 1,240,000 B shares. The purpose of long-term incentive schemes is to give management personnel within the Addtech Group the opportunity to learn about and work towards an increase in the value of the Company's shares through their own investment. The schemes are also expected to create improved conditions for retaining and recruiting skilled personnel for the Addtech Group, to provide competitive remuneration and to unite the interests of the shareholders and the management personnel. The intention of the schemes is to contribute towards senior executives increasing their shareholdings in Addtech in the long term. Those members of management personnel included in the schemes are the group who, in an otherwise heavily decentralised organisation, are able to have a positive impact on profits through cooperation between the Group's subsidiaries. The share-related incentive schemes approved by the AGM do not involve any net charge to the Company's equity.

## **REMUNERATION TO THE BOARD OF DIRECTORS AND AUDITOR**

The AGM of Addtech AB resolves each year regarding guidelines for remuneration to the Board of Directors and the auditor. According to the resolution of the 2015 Annual General Meeting, Board fees for each director will remain unchanged from the previous year. The fees are as follows: SEK 500,000 to the Chairman of the Board, SEK 380,000 to the Vice Chairman of the Board and SEK 250,000 to each other director appointed by the AGM who is not employed by the Company. Total Board fees amount to SEK 1,880,000. No fee is paid for work on committees.

Audit fees will be paid according to approved invoice. For more details regarding audit fees and fees for nonauditing services please refer to the Note 7 of the annual report.

## **OPERATING ORGANISATION AND MANAGEMENT**

As of 1 April 2015, Addtech's operating companies have been organised in the five business areas Components, Energy, Industrial Process, Power Solutions and Life Science/AddLife. In March 2016 the Group's shareholdings in AddLife were distributed through an IPO on Nasdaq Stockholm, after which four business areas remain.

Taken together the Addtech Group consists of approximately 120 independent companies in about 20 countries and acquisitions are an important component of the Group's growth strategy. Decisions about the companies' operations are taken close to the market, but from a governance perspective it is important to integrate the acquired company in certain issues of significance to the Group, such as financial reporting, administrative procedures and common core values.

Each operating company has a board of directors in which the company's managing director and employees in managerial positions from business areas or business units are represented. Within each business area the companies are organised in business units linked to product or market concepts. Each company's chief executive officer reports to a business unit manager, who in turn reports to the business area manager. Each business area manager reports to the CEO of Addtech AB. The business areas and business units hold internal board meetings chaired by the CEO of Addtech AB and the managers of the business areas, respectively.



# BOARD OF DIRECTORS

The information about shareholdings and call options is as per 31 May 2016.



**ANDERS BÖRJESSON**

**M.Sc. Econ.**

Born in 1948. Board Chairman since 2001. Other board assignments: Chairman of B&B TOOLS, Tisenhultgruppen and Lagercrantz Group. Director of Bostad Direkt, Futuraskolan, Inomec, Ventilationsgrossisten Nordic and Swedish Cable Trolleys. Professional experience: President and CEO of Bergman & Beving. Ownership (family): 1,492,726 Class A shares and 121,050 Class B shares.



**EVA ELMSTEDT**

**Bachelor of Economics and Computer Science**

Born in 1960. Director since 2005. Other board assignments: Director of Proact IT, Gunnebo, Know IT, Syntavia and Axíell Group. Professional experience: Senior management at NSN, Nokia Networks, Ericsson, 3, Semcon and IBM. Ownership (own and company): 10,000 Class B shares.



**TOM HEDELIUS**

**M.Sc. Econ., Hon. Dr. of Economics.**

Born in 1939. Vice Chairman since 2001. Other board assignments: Honorary Chairman of Svenska Handelsbanken. Chairman of Anders Sandrews Stiftelse and Jan Wallanders and Tom Hedelius Stiftelse. Vice Chairman of Lagercrantz Group. Professional experience: Senior management at Svenska Handelsbanken and Industrivärden. Ownership: 1,447,776 Class A shares and 16,200 Class B shares.



**ULF MATTSSON**

**M.Sc. Econ.**

Born in 1964. Director since 2012. Industrial advisor at EQT. Other board assignments: Chairman of AcadeMedia, itslearning, Grangården, Evidensia Djursjukvård, Musti Ja Mirri Oy and Crem International. Director of Oras Invest Oy. Professional experience: Senior management at Tarkett, CEO of Domco, Mölnycke Health Care, Capiro and Gambro. Ownership: 8,000 Class B-shares.



**MALIN NORDESJÖ**

**M.Sc. Econ.**

Born in 1976. Director since 2015. Other board assignments: Chairman of Futuraskolan. Director of Tisenhultgruppen, Ventilationsgrossisten Nordic and Bostad Direkt. Professional experience: Senior management at Bostad Direkt, Futuraskolan and Trittech Technology. Ownership: 11,502 Class B shares.



**LARS SPONGBERG**

**M.Sc. Econ., LL M.**

Born in 1945. Director since 2001. Other board assignments: Director of Bikuben and Valedo Capital Partners Fund 1. Professional experience: Senior management at Spectra Physics, Autoliv, Svenska Handelsbanken, Electrolux and Swedish Match. Ownership: 1,500 Class B shares.



**JOHAN SJÖ**

**M.Sc. Econ.**

Born in 1967. Director, President and CEO. Director since 2008. Other board assignments: Chairman of AddLife and director of BUFAB. Professional experience: Senior management at B&B TOOLS, Alfred Berg/ABN Amro. Ownership: 10,080 Class A shares and 173,000 Class B shares. Call options corresponding to 110,500 shares.

## GROUP MANAGEMENT

The information about shareholdings and call options is as per 31 May 2016.



**JOHAN SJÖ**  
**M.Sc. Econ.**

Born in 1967. Director, President and CEO. Employed in the Group since 2007. Other board assignments: Chairman of AddLife and director of BUFAB. Professional experience: Senior management at B&B TOOLS, Alfred Berg/ABN Amro. Ownership: 10,080 Class A shares and 173,000 Class B shares. Call options corresponding to 110,500 shares.



**CHRISTINA KASSBERG**  
**B. Sc. Business Administration**

Born in 1968. Chief Financial Officer. Employed in the Group since 2016. Professional experience: CFO Stim, EVP Finance and Administration Medivir, controller Medivir and accountant Öhrling PricewaterhouseCoopers. Ownership: 1,600 Class B shares.



**ANDERS CLAESON**  
**M.Eng.**

Born in 1956. Executive Vice President and Business Area Manager, Addtech Components. Employed in the Group since 1982. Professional experience: Various managerial positions at Bergman & Beving. Ownership: 233,897 Class B shares. Call options corresponding to 109,000 shares.



**HANS ANDERSÉN**  
**Electric Power Engineer**

Born in 1961. Business Area Manager of Addtech Energy. Employed in the Group since 2006. Professional experience: CEO and owner of AB Gevea and Business Unit Manager Energy Supply. Ownership: 37,700 Class B shares. Call options corresponding to 45,800 shares.



**JOHAN DYBERG**  
**M.Sc Mechanical eng.**

Born in 1967. Business Area Manager of Addtech Industrial Process. Employed in the Group since 2012. Professional experience: Leading positions at small entrepreneur-driven companies as well as at large service and product companies including Electrolux and Husqvarna. Ownership: 24,000 Class B shares. Call options corresponding to 41,600 shares.



**NIKLAS STENBERG**  
**Bachelor of Laws**

Born in 1974. Business Area Manager of Addtech Power Solutions. Employed in the Group since 2010. Professional experience: Leading positions at B&B TOOLS, prior to which he was an attorney-at-law. Ownership: 15,000 Class B shares. Call options corresponding to 30,800 shares.

## **SYSTEM FOR INTERNAL CONTROL AND RISK MANAGEMENT IN FINANCIAL REPORTING**

### **Internal control**

The Board of Directors has overall responsibility for ensuring that the Group has an effective system for management and internal control. This responsibility includes annually evaluating the financial reports it receives and stipulating the content and format of these reports to ensure their quality. This requirement means that the financial reporting must fulfil its purpose and comply with applicable accounting rules and other requirements incumbent on listed companies. The CFO annually reports on the Group's internal control work to the Board.

### **Control environment**

Addtech builds and organises its business on the basis of decentralised responsibility for profitability and earnings. Internal control in a decentralised operation is founded on a firmly established process for defining goals and strategies for each operation. Internal directives and Board-approved policies convey defined decision-making channels, powers of authority and responsibilities. The financial policy, reporting manual and instructions for each annual/quarterly accounts are the Group's primary financial policy documents. A Group-wide reporting system with related analysis tools is used in the Group's annual/quarterly accounts process. At a more comprehensive level, all operations in the Addtech Group must comply with the Group's Code of Conduct.

### **Risk assessment**

Addtech has set procedures for managing the risks that the Board and Company management deem pertinent to internal control of financial reporting. The Group's exposure to several market and customer segments and the fact that operations are run in approximately 120 companies constitute a substantial distribution of risks. Risk assessments begin with the Group's income statement and balance sheet to identify the risk of material errors. For the Addtech Group as a whole, the greatest risks are linked to inventories and carrying amounts of intangible non-current assets related to business acquisitions.

### **Control activities**

Control activities include transaction-related controls such as authorisation and investment rules and clear payment procedures, but also analytical controls performed by the Group controller function and the central finance and accounting function. Controllers and financial managers at all levels of the Group play a key role in creating the right environment for transparent and accurate financial reporting. This role places great demands on integrity, expertise and the capabilities of individuals.

Regular finance conferences are held to discuss current issues and safeguard effective sharing of knowledge and experience within the finance and accounting functions. The monthly review of results that is performed via the internal reporting system and is analysed and commented on internally by the Board is a key overall control activity. The review includes an evaluation of results compared to targets set and previous performance as well as a follow-up of key indicators.

A 'self-evaluation' of internal control issues is performed in all Group companies each year. The companies comment on how important issues were handled, such as business terms and conditions in customer contracts, assessments of customers' credit ratings, valuation and documentation of inventories, payment procedures, documentation and analysis of financial statements/closing accounts, and compliance with internal policies and procedures. An accepted minimum level has been set for critical issues and processes, and all companies are expected to meet this level. The responses of each company are validated and commented on by that company's external auditor in conjunction with the ordinary audit. The responses are then compiled and analysed, after which they are presented to business area management and Group management. The results of self-evaluation are taken into consideration in planning the self-evaluation and external auditing for the coming year.

In addition to the 'self-evaluation' work, a more in-depth analysis of the internal control in about 25 operating companies takes place each year. This is classed as 'internal auditing' and is performed at the companies by business area controllers and employees from the Parent Company's central finance and accounting function. This audit work involves charting and testing the companies' key processes and control points in such processes. The external auditors study the records kept of the internal audits in conjunction with their audit of the companies. The process provides a good foundation on which to chart and assess the internal control in the Group. KPMG also performs an annual review and assessment of the Group's internal control process.

### **Information and communication**

Governance guidelines, policies and instructions are available on the Group intranet. The documents are regularly updated as needed. Changes are communicated separately via email and at meetings for controllers and financial managers.

Access to the documents for internal information on the intranet is governed via levels of authorisation. The Group's employees are divided into different groups and the groups have various levels of access to information. All financial guidelines, policies and instructions are available for each company's managing director and financial manager, business unit managers, business area managers, business area controllers and the central finance and accounting function. Access to financial data for the Group is also governed centrally via levels of authorisation.

### **Follow-up**

The Group CFO, Group controller and business area controllers analyse the outcome of the internal control each year. An assessment is made of the improvement measures that are to be implemented in the various companies. The boards in the Group companies are informed of the outcome of the internal control in each company and the improvement measures that should be implemented. The business area controllers and company boards subsequently follow up this work on a continual basis during the following year.

The Board receives monthly comments from the CEO regarding the business situation and development of operations. The Board reviews all quarterly reports and the annual report before their publication. The Board is updated annually about the internal control work and its results. The Board also examines the assessment made by KPMG of the Group's internal control processes.

### **Internal auditing**

In light of the above risk assessment and structure of control activities, including self-evaluation and a more in-depth analysis of internal control, the Board has chosen not to have a separate internal auditing function.