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# Corporate Governance Report 2019

## Corporate Governance Report for the Group

Arise AB (publ) ("Arise") is a Swedish public limited liability company listed on Nasdaq Stockholm. Accordingly, Arise applies the Swedish Corporate Governance Code (the "Code", available on [www.corporategovernanceboard.se](http://www.corporategovernanceboard.se)). This Corporate Governance Report refers to the 2019 financial year and has been established in accordance with the provisions included in the Code, Chapter 6, Sections 6–9 of the Swedish Annual Accounts Act and Chapter 9, Section 31 of the Swedish Companies Act. Arise's Articles of Association and other information regarding corporate governance in Arise are available on our website, [www.arise.se](http://www.arise.se).

## Application of the Code

Corporate governance in Arise complies with the Code and is, therefore, based on the principles stated in applicable legislation, listing agreements, guidelines and good practice. Deviations from the Code are presented in the relevant sections of this Corporate Governance Report. During the financial year, the company did not contravene any regulations applied in the regulated market in which the company's shares are quoted for trading, nor did it, in any other manner, deviate from accepted practice in the securities market.

## Shares and shareholders

The share capital in Arise as per 31 December 2019 amounted to SEK 2,683,645.60, distributed between 33,545,570 shares. All shares issued are of the same class and thus entitle the respective holders to equal rights to the company's assets, profits and dividends. According to the shareholder register maintained by Euroclear Sweden AB, Arise had approximately 4,317 shareholders on 30 December 2019. The company had two shareholders with a direct or indirect participation representing 10 % or more of the votes on 31 December 2019, which were Johan Claesson with companies (29.9 %) and Brihan Invest AB (16.4 %). Information about the ten largest shareholders can be found on page 96 of this Annual Report and on Arise's website, [www.arise.se](http://www.arise.se).

## Annual General Meeting

Arise's highest decision-making body is the Annual General Meeting of shareholders. Notice of the Annual General Meeting, or an extraordinary general meeting at which potential changes in the Articles of Association are discussed, is given not earlier than six weeks and not later than four weeks prior to the meeting. The Annual General Meeting is to be held within six months from the end of the financial year. All shareholders listed in the shareholder register five weekdays prior to the Meeting, and who have announced to the company their intention to participate before the registration period has elapsed, have the right to attend and vote at the meeting. The number of votes a shareholder is entitled to exercise is not restricted. Shareholders who are unable to attend the meeting in person may be represented by proxies. The company does not apply special arrangements with regard to the function of the Annual General Meeting, either on the basis of regulations in the Articles of Association or, to the extent they are known to the company, shareholder agreements. Furthermore, the Articles of Association do not include specific regulations relating to changes in the Articles of Association.

The most recent Annual General Meeting took place on 8 May 2019 in Halmstad and the minutes from the meeting are available on Arise's website. At the Annual General Meeting, resolutions were passed regarding the authorisation of the Board to resolve on issues of ordinary shares, preference shares and convertibles, authorisation of the Board to repurchase own shares and authorisation of the Board to transfer treasury shares. The next Annual General Meeting will be held on 6 May 2020 in Halmstad. Shareholders wishing to add items to the agenda of the Annual General Meeting may send a written request to Arise AB (publ), Att: Chairman of the Board, Box 808, SE-301 18 Halmstad, Sweden. Such requests must reach the Board of Directors not later than seven weeks prior to the Annual General Meeting, or at least in sufficient time so that the issue can, if required, be included in the notice of the Meeting.



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## Nomination Committee

Under the Code, Arise is to have a Nomination Committee whose task is to include the preparation of proposals for members of the Board, the Chairman of the Board, the Chairman of general meetings and auditors as well as procedures for the next year's Nomination Committee. The Nomination Committee is also to submit proposals on fees for Board members and auditors. The Annual General Meeting on 8 May 2019 resolved to establish procedures for the appointment of a Nomination Committee prior to the next election and for the determination of remuneration. According to the resolution, the Nomination Committee is to comprise five regular members appointed by the four largest shareholders as of the start of October as well as the Chairman of the Board.

The Nomination Committee prior to the 2020 Annual General Meeting comprised Jan Barchan (Briban Invest AB), Johan Claesson (own holdings and through companies), Bengt Hellström (Third Swedish National Pension Fund), Leif Jansson (own holdings and through companies) and Chairman of the Board Joachim Gahm. The majority of the Nomination Committee's members are independent in relation to the company and management. No remuneration has been paid to the members of the Board for work on the Nomination Committee. The composition of the Nomination Committee ahead of the Annual General Meeting to be held on 6 May 2020 was published on Arise's website before 6 November 2019.

In its work, the Nomination Committee applied the diversity policy adopted by the Board. Item 4.1 of the Code comprises part of this diversity policy. The result of the work on the diversity policy is that the Nomination Committee has taken into account that, considering Arise's operations, stage of development, prevailing business and social conditions and other circumstances, the Board is to be characterised by diversity and breadth with regard to the expertise, experience and background of the Board members elected by the General Meeting. Efforts have also been made to achieve an even gender distribution on the Board. By applying the above, the Nomination Committee has a solid basis for determining whether the Board's composition is appropriate and whether Arise's needs for expertise, experience and diversity on the Board have been met. The Nomination Committee's proposals will be published not later than in connection with the notice of the 2020 Annual General Meeting. The Nomination Committee will present a description of its activities at the Annual General Meeting on 6 May 2020. Shareholders wishing to submit proposals and opinions to the Nomination Committee are requested to contact the Chairman of the Nomination Committee: Arise AB (publ), Att: Chairman of the Nomination Committee, Box 808, SE-301 18 Halmstad, Sweden.

## THE BOARD OF DIRECTORS

### General information

The Board of Directors is responsible for the management of the company's affairs and its organisation. The Articles of Association stipulate that the Board of Directors is to comprise not fewer than three and not more than nine Board members. The Articles of Association do not include any specific regulations regarding the appointment or dismissal of Board members. At the most recent Annual General Meeting, held on 8 May 2019, a Board was elected consisting of the members Joachim Gahm (Chairman), Maud Olofsson and Jon Brandsar. In accordance with the formal work plan for the Board of Directors, the Board is to hold at least six scheduled meetings between each Annual General Meeting. During the 2019 financial year, the Board of Directors held 12 meetings, with minutes taken at each meeting. The Board members' attendance at the meetings is presented in the table below. Descriptions of the members of the Board of Directors, including information on their other directorships, independence and relevant shareholdings are provided on page 98 of the Annual Report. Remuneration and other benefits to the Board of Directors are described in Note 4 on page 57 of the Annual Report. All members of the Board appointed by the Annual General Meeting were independent in relation to the company, its senior executives and major shareholders (refer also to page 96 of the Annual Report). More information on the Board of Directors is provided on Arise's website, [www.arise.se](http://www.arise.se).

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## AGM-elected Board members' attendance, 2019 financial year

	Number of meetings	Present at	Attendance %
Joachim Gahm, Chairman	12	12	100
Jon Brandsar	12	12	100
Maud Olofsson	12	12	100
Peter Gyllenhammar <sup>1)</sup>	4	4	100

- 1) Peter Gyllenhammar stepped down as Board member at the Annual General Meeting on 8 May 2019.

### The work of the Board

Meetings of the Board of Directors should ideally be held by physical attendance at Arise's head office. However, additional meetings may be conducted over the telephone. In the 2019 financial year, a few of the Board meetings took the form of a conference call for practical reasons. The Chairman of the Board leads and organises the work of the Board.

Legal counsel Jonas Frie has served as the Board's secretary. Prior to each meeting, a proposed agenda is sent out, along with the documents which are to be addressed at the meeting. The proposed agenda is prepared by the CEO in consultation with the Chairman. The matters presented to the Board are presented for the purposes of information, discussion or decision. Decisions are taken after discussions and after all members of the Board in attendance at the meeting have had the opportunity to express their opinions. The Board's broad experience in various areas often results in a constructive and open discussion. During the year, no member of the Board expressed a reservation against any issue regarding which decisions were taken. Any objections are recorded in the minutes. Open questions are followed up on a continuous basis. The Board has not established a division of responsibilities among its members, other than that which is provided in the formal work plan for the Board and its committees. The formal work plan for the Board, which is to be reviewed on an annual basis, regulates the division of duties among the Chairman, the Board and its committees. Among other things, the formal work plan stipulates, for example, the obligatory permanent items to be addressed at every scheduled meeting. During the year, the Chairman commissioned an evaluation of the Board of Directors to be undertaken by means of a survey. The results have been compiled on an anonymous basis and have been reported to the Board and the Nomination Committee by the Chairman.

### Diversity

The Board has adopted a Diversity Policy which aims to promote diversity on the Board and in the management team. The Board believes that diversity in the Board and management contributes to greater understanding of the company's organisation and operations, and allows decisions to be constructively and independently questioned and creates a more open climate to new ideas and approaches. According to the diversity policy, the Board is to be characterised by diversity and the composition of the Board is to follow item 4.1 of the Code. Efforts are also being made to achieve an even gender distribution on the Board. The policy is a governing document for the Nomination Committee that is to be applied when preparing proposals for Board members.

### Remuneration Committee

Up to the Annual General Meeting 2020, the Remuneration Committee comprises Board members Joachim Gahm (Chairman), Maud Olofsson and Jon Brandsar. The CEO normally participates in meetings of the Remuneration Committee, but has no say in matters pertaining to his own salary or benefits. The Remuneration Committee held three meetings in 2019 and each meeting was attended by all members. The Committee's areas of responsibility are to present proposals regarding overall policy on salaries, remuneration and other employment conditions of the company's Group management and potential warrant programmes. The Remuneration Committee is to provide proposals on individuals salaries and other remuneration of the CEO and, following proposals from the CEO, decide on individual salaries and other remuneration to managers who report to the CEO. All members of the Committee are independent in relation to Arise and its senior executives. The Committee's work is



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based on the resolutions passed at the most recent Annual General Meeting regarding the guidelines for remuneration of senior executives. The Committee's work follows a written formal work plan adopted by the Board. The Committee does not have its own right of decision other than within the remuneration policy that the AGM resolves on for senior executives.

### Audit Committee

Up to the Annual General Meeting 2020, the Audit Committee consists of the Board members Maud Olofsson (Chairman), Joachim Gahm and Jon Brandsar. The Company's CFO Linus Hägg reports to the Committee. The Audit Committee held five meetings in 2019 and each meeting was attended by all members. The Audit Committee is responsible for preparing the Board's work on ensuring the quality of the company's financial reporting. Quality assurance normally takes place by the Committee addressing all critical accounting matters and drafts of the financial statements that the company publishes. The Audit Committee also addresses matters concerning, for example, financial reporting, risks, governing documents, KPIs, accounting rules and internal control. The Audit Committee also maintains a continuous dialogue with the auditor. The Committee's work follows a written formal work plan adopted by the Board and the Board does not have its own right of decision.

### Group management

Arise's Group management and the Group management's shareholdings are described on page 99 of the Annual Report.

### Appointment of auditors

At the 2019 Annual General Meeting (as at the 2018 Annual General Meeting), Öhrlings PricewaterhouseCoopers AB was appointed as the company's auditor, with Authorised Public Accountant Magnus Willfors as Auditor-in-Charge for the period up to the next Annual General Meeting. The appointment of auditors will therefore be on the agenda at the forthcoming Annual General Meeting. The 2019 Annual General Meeting also resolved that fees to auditors were to be paid according to standard norms and approved invoices.

### Internal control

The objective of the internal financial control in Arise is to establish an effective decision-making process in which requirements, objectives and limits are clearly defined. The company and management apply the internal control system to monitor the operations and the Group's financial position.

### Control environment

The control environment forms the basis for internal control. Arise's control environment comprises, for example, sound core values, integrity, competence, a leadership philosophy, an organisational structure, responsibility and authorities. Arise's formal work plans, instructions, policies, guidelines and manuals provide guidance to the employees.

Arise ensures a clear division of roles and responsibilities for the effective management of operational risks through, for example, its formal work plans for the Board of Directors and its committees, as well as through terms of reference to the CEO. During the company's day-to-day operations, the CEO is responsible for the system of internal controls required to create a control environment for significant risks. Arise also has guidelines and policies regarding financial governance and monitoring, communication issues and business ethics. All companies in the Group employ the same reporting system and the same chart of accounts. The Board has appointed an Audit Committee, which is responsible for, among other things, ensuring compliance with adopted policies for financial reporting and internal control. The CEO or CFO reports the results of their work on internal control to the Audit Committee.

The results of the work of the Audit Committee, in the form of observations, recommendations and proposals for decisions and measures, are reported to the Board on an ongoing basis. To summarise, Arise's internal control environment is based on the division of work between the Company organs, reporting to the Board of Directors, adopted policies and guidelines, and employee compliance with the policies and guidelines.



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### Internal control over financial reporting

Internal control over financial reporting is part of the internal control within Arise and its aims include providing reasonable assurance of the reliability of the company's external financial reporting in the form of interim reports, annual reports and year-end reports, and ensuring that the external financial reporting is prepared in accordance with laws, applicable accounting standards and other requirements for listed companies.

### Risk assessment and control activities

Arise regularly performs risk analyses in order to identify potential sources of errors in the financial reporting. Relevant procedures are documented so as to increase traceability in the financial reporting. Normal control activities include reconciliation of accounts and supporting controls. The purpose of all control activities is to prevent, detect and remedy any errors or deviations in financial reporting. The most significant risks regarding financial reporting identified through the Group's internal control activities are managed through control structures which are primarily based on reports on deviations from established goals or norms regarding, for example, currencies and hedging.

### Follow-up

The Board of Directors evaluates the information provided by Company management on an ongoing basis. In the activities of the Board of Directors and the Audit Committee, great importance is attached to the work involved in following up the effectiveness of internal control. The activities include, for example, ensuring that measures are taken regarding any proposals for actions arising in the external audit. The reports provided by management to the Board of Directors and the Audit Committee include a follow-up of the company's positions pursuant to the financial policy, and any deviations. The activities implemented by the Board of Directors in its follow-up of internal control regarding the financial reporting include assigning management to report on the outcome of any issues related to the financial reporting.

### Information and communication

The dissemination of correct information, both internally and externally, implies that all parts of the operations are able to exchange and report relevant and significant information about the business in an effective manner. In order to achieve this, Arise has issued policies and guidelines regarding the management of information in the financial processes, which have been communicated to the employees by the management group. Furthermore, for communication with external parties, there is a policy stipulating guidelines for the form such communication is to take. The ultimate purpose of the aforementioned policies is to ensure that the company's disclosure requirements are complied with and that the investors receive the correct information in a timely fashion.

### Internal audit

Taking into account the size of the company, in combination with the Audit Committee's work, and the fact that sound control procedures have been established and applied, the Board of Directors has not deemed it necessary to establish a separate internal audit function. However, the matter of whether a separate internal audit function is required will be addressed on an annual basis.

### Activities in 2019

Focus during the year was on matters related to financing, investments and discussions regarding divestitures.

Halmstad, 27 March 2020

**Joachim Gahm**  
*Chairman*

**Maud Olofsson**  
*Board member*

**Jon G Brandsar**  
*Board member*

**Daniel Johansson**  
*CEO*



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## AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE REPORT

*To the General Shareholders' Meeting of Arise AB (publ), Corporate Identity Number 556274-6726*

### Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2019 on pages 92–95 and that it has been prepared in accordance with the Annual Accounts Act.

### The scope of the audit

Our examination has been 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.

### Opinion

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

Malmö, 27 March 2020  
Öhrlings PricewaterhouseCoopers AB

**Magnus Willfors**  
*Authorised Public Accountant*