

# Corporate Governance Report 2021

**Enea is a Swedish limited company with its headquarters in Stockholm, Sweden. The company is listed on Nasdaq Stockholm and the group's corporate governance is based on Swedish legislation, as well as the rules and recommendations issued by organizations such as the Swedish Corporate Governance Board and Swedish Securities Council.**

## Governance Model

Enea's governance, management, and control are divided between the shareholders at the Annual General Meeting, the Board of Directors and the CEO in compliance with the Swedish Companies Act and the Board of Directors' Rules of Procedure. During the financial year, Enea complied with the Swedish Code of Corporate Governance issued by the Swedish Corporate Governance Board, and this Corporate Governance Report has been prepared accordingly. The company's Auditor has completed a statutory review of this Report.

### 1 Shareholders

Enea's shares are quoted on Nasdaq Stockholm's Mid Cap list. According to the share register maintained by Euroclear Sweden, there were 21,615,231 shares as of December 31, 2021. At the same date, share capital was SEK 24,430,872, and Enea held 130,500 treasury shares, or 0.6 percent of all shares. As of December 31, 2021, the largest shareholder was Per Lindberg, with 34.1 percent of the shares through direct ownership and endowment insurance.

### Annual General Meeting

The Annual General Meeting, or where applicable, Extraordinary General Meetings, is Enea's chief decision-making body. All shareholders are entitled to participate in the Annual General Meeting (either in person by proxy through power of attorney) and have a matter considered. The AGM resolves on issues including:

- any amendment of the Articles of Association
- election of the Board of Directors, Chairman of the Board and Auditor
- adoption of Income Statements and Balance Sheets, appropriation of the company's profit or loss and discharging Board members and the Chief Executive Officer from liability
- principles for appointing a nomination committee
- guidelines for remuneration of senior executives

A two-thirds voting majority is required for resolutions to amend the Articles of Association. The AGM was held on May 6, 2021 in Stockholm, and conducted by postal vote only, pursuant to temporary legal provisions. Its resolutions included:

- adoption of Income Statement and Balance Sheet of the parent company and group
- discharging the Board members and Chief Executive Officer from liability
- that no dividend would be payable for the financial year 2020
- approving fees for Directors and Auditors
- approving the Board of Directors' remuneration report for the financial year 2020

- approving the Board of Directors' proposed guidelines for remuneration of senior executives
- authorizing the Board of Directors to decide on the purchase and transfer of treasury shares in accordance with the Board's proposal
- authorizing the Board of Directors to decide on new share issues to finance continued growth and expansion
- approving the Board of Directors' proposal on a long-term share-based incentive program and hedging measures in the form of amendments to the Articles of Association, authorization for the private placement of class C shares, authorization for the re-purchase of class C shares, and resolution on the transfer of ordinary treasury shares
- appointment of the following Directors:
  - i) re-election: Anders Lidbeck, Kjell Duveblad, Mats Lindoff, Birgitta Stymne Göransson and Charlotta Sund
  - ii) election: Jan Frykhammar

Anders Lidbeck was elected Chairman of the Board. Former Director Anders Skarin declined re-election. Öhrlings PricewaterhouseCoopers AB was re-elected Auditor.

The minutes from the AGM including decision-support documentation has been published at the company's website ([www.enea.com](http://www.enea.com)) In the Investors section.

### 2 Nomination Committee

The AGM resolves on principles for appointing a new Nomination Committee. The Nomination Committee should consist of representatives of two major shareholders, and the Chairman of the Board. However, it may have representatives of three or four major shareholders and the Chairman of the Board, if when forming the Nomination Committee, the Chairman considers that the major shareholders have such an interest. It is the Chairman's duty to contact the four largest registered shareholders in terms of votes at the end of September each year, requesting that each appoints a member of the Nomination Committee. If more than two of the shareholders do not wish to appoint a member, shareholders in order of size should then be requested to appoint a member of the Nomination Committee. The names of the Nomination Committee members should be published in the company's Interim Report for the first three quarters of the year.

The term of office for the appointed Nomination Committee should be until a new Nomination Committee has been appointed. A shareholders' representative should be appointed as Chairman of the Nomination Committee.

If material changes of control occur after the Nomination Committee has been constituted, its composition should be altered in accordance with the above principles. In accordance with the above, at the end of September, the Chairman of the Board contacted the four largest shareholders to request them to each appoint a member of the Nomination Committee. The Nomination Committee should consult on, and submit proposals to the AGM regarding, the following:

- Chairman of the forthcoming AGM
- election of the Chairman of the Board and other Board members
- Directors' fees divided between the Chairman and other Directors, and principles for any compensation for committee work
- election and fees for the company's Auditors, and where applicable, Deputy Auditor
- decisions on principles for appointing a nomination committee

The Nomination Committee for the AGM 2022 has the following members: Per Lindberg, Jan Dworsky (appointed by Swedbank Robur Fonder), Niklas Johansson (appointed by Handelsbanken Fonder), Henrik Söderberg (appointed by C WorldWide Asset Management) and Anders Lidbeck (Chairman of the Board of Enea AB). The Nomination Committee has appointed Per Lindberg as its Chairman, and the Nomination Committee's complete proposals for the AGM 2022, with their reasoning, will be published in the invitation to the AGM. The invitation is published on the company's website ([www.enea.com](http://www.enea.com)) in the Investors section.

### 3 Board of Directors

Pursuant to its Articles of Association, Enea's Board of Directors should be elected by the AGM and consist of five to seven members, and a maximum of seven deputies. Enea's Board of Directors has been appointed in accordance with the Swedish Code of Corporate Governance and the company's diversity policy. Consideration has been given to the need for versatility, skills, and experience, which in different ways, contribute to Enea's progress, and for the requirement to endeavor for even gender division.

Consideration has also been given to Directors being able to reserve the necessary time for their service with the company. The composition of the Board of Directors reflects this, and most Directors have knowledge and long-term experience of the sectors that Enea operates in. In the year, Enea's Board of Directors had six members elected by the AGM. The CEO and CFO participate at every Board meeting and report on the company's business situation, prospects, financial position and events of material significance. Other employees also present reports at Board meetings when necessary.

The CFO also serves as the Board's secretary. The CEO does not participate in the parts of Board meetings that discuss the relationship between the CEO and the company. The work of the CEO and other senior executives is appraised at least yearly.

### Board of Directors' Independence

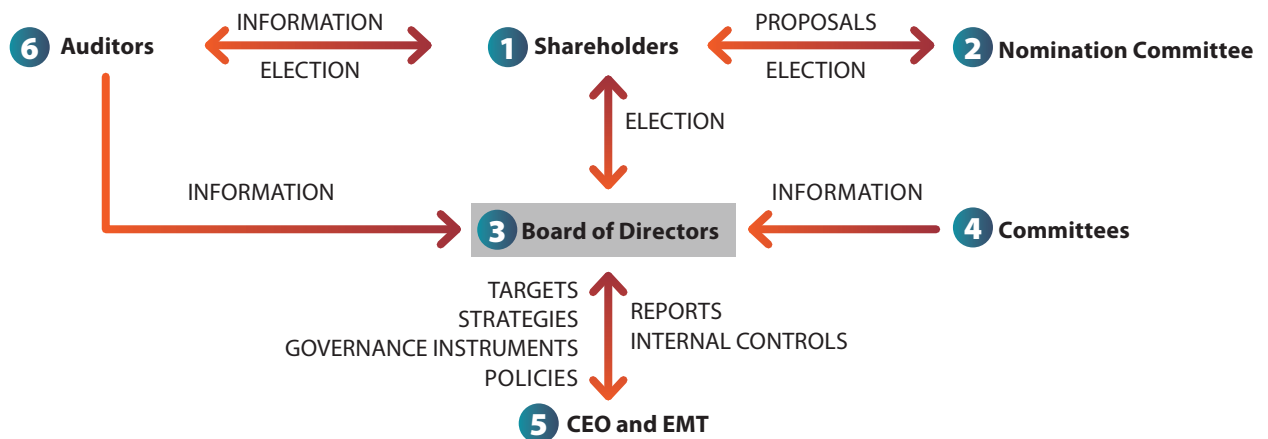
According to the Swedish Code of Corporate Governance, a majority of Board members elected by the AGM should be independent of the company and Management. A minimum of two of these should also be independent of the company's major shareholders.

All Board members were judged as independent in respect of the company and Executive Management Team and major shareholders. For information on Board members and their shareholdings, see pages 41-42.

### The Work of the Board of Directors

The Board of Directors' rules of procedure are adopted at the Board meeting following election after the AGM each year and are revised only in special circumstances. Apart from the Board of Directors' duties, the rules of procedure also state the Board of Directors' responsibilities and segregation of duties. The Board of Directors also issues instructions for the President. At the Board meeting following election, staffing of the Board's Audit, Remuneration and Technology committees is also approved. Apart from the Board meeting following election, the Board should hold at least six meetings per year. The Board of Directors should manage the company's affairs in the interests of the company and of all shareholders.

## Governance Model – Overview



The duties of the Board include:

- formulating business targets and strategy
- appointing, appraising, and where necessary, dismissing, the CEO
- implementing effective systems for monitoring and controlling the company's operations
- ensuring satisfactory control over the company's compliance with laws and other regulations that apply to the company's operations
- formulating the necessary ethical guidelines for the company's conduct
- continuously evaluating strategic and complementary acquisitions
- ensuring corporate communication features openness, is relevant, and reliable

In the year, the Board dealt with the company's strategy and its business operations, and remuneration of senior executives. The CEO's status report, which includes ongoing monitoring of operations and forecasts, is provided to the Board each month, apart from January and July. In the year, the Board also considered these matters and Interim Reports, budgets and the business plan for 2022, as well as acquisition plans and initiated acquisition projects. Additionally, the Board discussed staff and management issues, as well as exogenous factors such as competition and technological progress.

The Board's work was evaluated at the end of the year. The Board held 11 meetings where minutes were taken, and one Board meeting following election in 2021. Apart from regular service on the Board, certain Directors are also members of the company's Audit, Remuneration and Technology Committees. Attendance at Board meetings in the year is on page 45.

## Board of Directors 2021



**Anders Lidbeck**  
Chairman of the Board  
Elected 2019

Born in: 1962  
Education: B.Sc. (Econ.), Lund University  
Previous appointments: President and CEO of Enea, President and CEO of Telegologic, sales and marketing positions at Nokia, ICL and Telia Megacom, including

President of ICL Direct in Benelux and Vice President of Sales & Marketing for ICL Industry Systems Europe.  
Other directorships: -  
Main employment: Directorships  
Shares held: 44,702

Committee service: Chairman of Remuneration Committee



**Kjell Duveblad**  
Director  
Elected 2008

Born in: 1954  
Education: MBA, Stockholm School of Economics  
Previous appointments: Sales Director of IBM Svenska AB and President of Oracle Sweden, Nordics and Baltics.

Other directorships: Chairman of QBNK Holding AB and Director of several unlisted companies  
Main employment: Management consulting and Directorships  
Shares held: 10,000

Committee service: Chairman of Audit Committee



**Jan Frykhammar**  
Director  
Elected 2021

Born in: 1965  
Education: B.Sc. (Econ.), Uppsala University  
Previous appointment: CEO of Ericsson (Interim), COO & CFO of Ericsson 2009-2016, President of Global Services business area.

Other directorships: Chairman of Aspia AB and Celltick Inc. Director of Telavox AB, ITAB Shop Concept AB, Roima Intelligence Oy, Nordic Semiconductor ASA, Clavister Holding AB, Alphawave IP Plc, Quickbit AB and Ox2 AB.

Main employment: independent director, senior advisor and investor  
Shares held: 0  
Committee service: Audit Committee



**Mats Lindoff**  
Director  
Elected 2010

Born in: 1961  
Education: M.Sc. (Eng.) EE  
Previous appointments: Chief Technology Officer Sony-Ericsson, President of C-Technologies AB.

Other directorships: Director of Precise Biometrics AB, and a number of unlisted companies.  
Main employment: Strategy consultant

Shares held: 990  
Committee service: Chairman of Technology Committee



### **Birgitta Stymne Göransson**

**Director**  
**Elected 2019**

Born in: 1957  
Education: M.Sc. (Eng.) Royal Institute of Technology, Stockholm, MBA, Harvard Business School  
Previous appointments: Strategy consultant, McKinsey and Co, COO of

Telefosgruppen, President of Semantix AB and Memira AB.  
Other directorships: Chairman of the National Swedish Industrial Development Fund and Min Doktor. Director of Elekta AB, Pandora A/S, Asker Healthcare Group

and BCB Medical Oy.  
Main employment: Industry advisor and Directorships  
Shares held: 2,000  
Committee service: Audit Committee



### **Charlotta Sund**

**Director**  
**Elected 2020**

Born in: 1963  
Education: M.Sc. (Eng.) Industrial Engineering & Management, Linköping Institute of Technology  
Previous appointments: Senior Vice President and Vice President, Ericsson,

various product management, marketing and sales positions at Ericsson.  
Other directorships: Directorships in the Tekniska verken group.  
Main employment: President and CEO of Tekniska verken i Linköping AB

Shares held: 200  
Committee service: Remuneration Committee



### **Jenny Andersson**

**Employee Representative, Swedish Association of Graduate Engineers (Sveriges Ingenjörer)**  
**Elected 2019**

Born in: 1973  
Education: Computer technology graduate

Previous appointments: Enea employee since 2010 (test and project manager)  
Main employment: Group Quality Manager

Shares held: 0  
Committee service: None

## **4 Audit Committee**

The overall responsibilities of the Board cannot be delegated, but the Board has constituted an Audit Committee to go to greater depth and consult on the following critical issues. At the Board meeting following election after the AGM, Kjell Duveblad (Chairman), Jan Frykhammar, and Birgitta Stymne Göransson were appointed members of the Audit Committee. Enea's CEO, CFO and Auditor are co-opted to Audit Committee meetings, which are normally held once per quarter. Anders Skarin was a member of the Audit Committee until May.

Minutes are taken at Audit Committee meetings, which are reported to the Board. The Committee is responsible for consulting on the Board's work in terms of:

- quality-assuring the company's financial reporting
- staying informed on the orientation and scope of the audit
- discussing coordination between the external audit and the company's internal control functions, and view of the company's risks
- setting guidelines for services other than auditing that the company may purchase from its Auditors

- appraising the Auditor's work and informing the company's Nomination Committee about this appraisal
- assisting the Nomination Committee on consulting on proposals for the company's Auditors and audit fees

The Audit Committee held five meetings in the year. Primarily, the Committee discussed the presentation of the company's interim reports, product profitability, goodwill and other intangible assets, accounts receivable, risk management, finance-related issues, and internal controls. The company's Auditors report their observations from the audit to the whole Board each year in tandem with the annual financial statement.

Additionally, the Board meets the company's Auditor at least once per year, without Management being in attendance, to receive information on the audit's orientation and scope. The coordination between the external audit and internal controls, and view of the company's risks as above, is also discussed at these meetings.

Anders Skarin resigned at the AGM 2021.  
This information, which covers personal and related parties shareholdings, is as of March 24, 2022

#### 4 Remuneration Committee

As stated above, the Board's overall responsibilities cannot be delegated, but the Board has also constituted a Remuneration Committee, whose duty is to consult on issues relating to salary, other benefits, and other employment terms of the CEO, and where appropriate, other members of the Executive Management Team.

The Remuneration Committee is convened as required, and reports on its work to the Board. The Remuneration Committee held five meetings where minutes were taken in the year. At the Board meeting following election after the AGM, Anders Lidbeck was appointed Chairman and Charlotta Sund as a member of the Remuneration Committee.

#### 4 Technology Committee

The overall goal of the Technology Committee is to give the Board of Directors an opportunity to exchange know-how and feedback with Management on technology choices for Enea's product and acquisition strategy. The Technology Committee serves an advisory function, and does not discharge the Board of Directors from any liability. The Technology Committee was constituted in May 2021, and held three meetings in the year. Mats Lindoff was appointed a member and Chairman of the Technology Committee at the Board meeting following election after the AGM. Enea's Chief Executive Officer and Head of Corporate Development are co-opted to Technology Committee meetings.

#### Evaluation of the Work of the Board of Directors

The Chairman of the Board is responsible for evaluating the work of the Board. This evaluation is in two phases, the first being an open discussion within the Board, with

each Director given the opportunity and time to reflect and discuss their view of the Board's work. This discussion is then the basis of the second phase, which consists of the Nomination Committee excluding the Chairman of the Board, individually interviewing one or two Directors each. The Nomination Committee receives written reports used as a basis for evaluating the work of the Board.

#### 5 Chief Executive Officer and Executive Management Team

Jan Häglund has been Chief Executive Officer since May 2019. He has no significant shareholdings in companies that Enea has business relationships with, and his other significant appointments and experience are stated in the presentation of the Executive Management Team below.

The members of Enea's Executive Management Team are the CEO, CFO, as well as seven managers of central and line functions representing organizational functions and business units. For more information on the members of the Executive Management Team, see the presentation below.

The Executive Management Team meets twice per month to analyze the business position of all business units, and to discuss other regular and relevant issues. The Executive Management Team also meets several times per year to discuss the company's strategy and report its proposal for a strategy for the coming years to the Board. Based on the approved strategy, the CEO and CFO produce a business plan for the coming year. This business plan is submitted for approval at a Board meeting in December.

## Executive Management Team 2021



**Jan Häglund**  
President and CEO  
Employee since 2019  
EMT member since 2019

Born in: 1966  
Education: Ph.D. in Physics, Royal Institute of Technology, Stockholm, DEA in Physics, Grenoble University of Technology, M.Sc. (Eng.) in Engineering Physics, Royal Institute of Technology, Stockholm.

Previous appointments: Ericsson: product portfolio and development manager, Digital Services product area, Product area VP for Network Analysis and Control, Product area VP for IP and Broadband.

Shares held: 3,000  
Max. no. of shares from incentive programs:  
LTIP 2019: 13,860  
LTIP 2021: 21,000



**Ola Burmark**  
Chief Financial Officer  
Employee since 2021  
EMT member since October 1, 2021

Born in: 1969  
Education: B.Sc. (Econ.), Mid Sweden University

Previous appointments: CFO of ZetaDisplay, Medivir, Onemed Group and Aditro.  
Other assignments: Director of Kjell&Company Group AB.

Shares held: 0  
Max. no. of shares from incentive programs:  
LTIP 2019: 0  
LTIP 2021: 12,000



**Erik Larsson**  
Senior Vice President of Marketing  
Employee since 2016  
EMT member since 2016

Born in: 1960  
Education: M.Sc. (Eng.) in Engineering Physics, Royal Institute of Technology, Stockholm. MBA, IU Kelley School of Business, US.

Previous appointments: VP of Marketing at Netcenter (now part of Mavenir), VP of Marketing at Integra (now Level 3), Marketing Director at Nortel, Consultant at Business Sweden.

Shares held: 17,554  
Max. no. of shares from incentive programs:  
LTIP 2019: 7,920  
LTIP 2021: 12,000





**Daniel Forsgren**  
**Senior Vice President of Corporate Development**  
**Employee since 2006**  
**EMT member since 2014**

Born in: 1973  
 Education: M.Sc. (Eng.) in Applied Physics and Electrical Engineering, Linköping Institute of Technology.

Previous appointments: SVP Product Management at Enea, Principal Engineer at Enea's CTO office, System Architect at Enea. Software Engineer at Virtutech.

Shares held: 12,969  
 Max. no. of shares from incentive programs:  
 LTIP 2019: 7,920  
 LTIP 2021: 12,000



**Jonas Jacobsson**  
**Senior Vice President, Head of Service Provider Sales**  
**Employee Aptilo since 2012, Enea since 2020**  
**EMT member since July 23, 2021**

Born in: 1973  
 Education: AS Degree Data Communications, CA Software Development and Network Management, Foothill College, USA

Previous appointments: COO of Aptilo Networks, VP of Sales Americas at Aptilo Networks, Director of Business Development at Smith Micro Software, Director of Engineering at Insignia Solutions, CTO of mi4e Device Management AB.

Shares held: 0  
 Max. no. of shares from incentive programs:  
 LTIP 2019: 0  
 LTIP 2021: 12,000



**Roland Steiner**  
**Senior Vice President of Telecom Business Unit**  
**Employee since 2019**  
**EMT member since 2019**

Born in: 1974  
 Education: M.Sc. Electrical Engineering, Vienna University of Technology.

Previous appointments: VP, Global Head of Telco Solutions at Atos, VP of Business Unit LTE at Siemens Convergence Creators.

Shares held: 0  
 Max. no. of shares from incentive programs:  
 LTIP 2019: 7,920  
 LTIP 2021: 12,000



**Jean-Philippe Lion**  
**Senior Vice President of Enterprise Business Unit**  
**Employee of Qosmos since 2007, Enea since 2017**  
**EMT member since 2018**

Born in: 1966  
 Education: M.Sc. in Telecommunication Engineering, Telecom ParisTech, MBA INSEAD (France).

Previous appointments: VP Sales Engineer and Apac at Qosmos, Local Loop BU General Manager and Business Development Director at SFR, Senior Associate at Booz Allen and Hamilton.

Shares held: 3,379  
 Max. no. of shares from incentive programs:  
 LTIP 2019: 7,920  
 LTIP 2021: 12,000



**Brian Collins**  
**Senior Vice President of AdaptiveMobile Security**  
**Employee of AdaptiveMobile Security since 2009, Enea since 2021**  
**EMT member since July 15, 2021**

Born in: 1962  
 Education: Business graduate, University College Dublin.  
 Previous appointments: executive positions with Telenor International, Pacific Bell, Etisalat (UAE) and Internet pioneers

such as Google. President and Founder of MobileAware, one of the investment projects of US/Ireland-based fund Cross Atlantic Capital Partners. Adviser to two sovereign wealth funds and private equity funds on several major transactions.

Shares held: 0  
 Max. no. of shares from incentive programs:  
 LTIP 2019: 0  
 LTIP 2021: 0



**Marius Dutu**  
**Senior Vice President of Software Development Services Business Unit**  
**Employee since 2008**  
**EMT member since November 1, 2021**

Born in: 1975  
 Education: Finance & Banking, Bucharest University of Economic Studies

Previous appointments: Country Manager Enea Services Romania, Finance Manager Enea Services Romania, Finance Manager Ipdevel.

Shares held: 0  
 Max. no. of shares from incentive programs:  
 LTIP 2019: 0  
 LTIP 2021: 0

Jonas Björklund, Senior Vice President and Head of the Aptilo Business Unit, was an EMT member July 1 - December 31, 2021.  
 EMT members leaving Enea in 2021: Björn Westberg, CFO, Bogdan Putnica, Senior Vice President of the Software Development Services Business Unit, Paul Mikkelsen, Senior Vice President and Head of the Aptilo Business Unit, Indranil Chatterjee, Senior Vice President, Head of Service Provider Sales

This information, which covers personal and related parties shareholdings, is as of March 24, 2022.

## 6 Auditors

The AGM 2021 elected Öhrlings PricewaterhouseCoopers as Auditor, with Nicklas Kullberg (Authorized Public Accountant) as Auditor in Charge. The company's Auditor conducts a review of the company's internal controls and administration each year, reporting observations and evaluation to the whole Board. The guidelines for the work of the Board are based on the rules of procedure that formalize issues including the segregation of duties within the Board and between the Board and Management. In the year, the Auditor also conducted a review of the annual financial statement, and the Audit Report is included in this Annual Report (page 91). A summary review of the third quarterly financial statement was also conducted, and the company's Auditor presented his Audit Report in the Interim Report for the period January-September. Enea's internal controls were one of the focuses of the Auditor's review of the Third-quarter Interim Report.

### Remuneration of the Board of Directors

A total of SEK 2,080,000 of Directors' fees are payable, divided between SEK 530,000 to the Chairman, and SEK 250,000 to each of the other Directors appointed by the AGM. Fees for committee work are payable as follows, a total of SEK 190,000 for the Audit Committee, divided between SEK 90,000 for the Chairman and SEK 50,000 to each of the two members, and for the Remuneration Committee, SEK 50,000 for the Chairman and SEK 30,000 to one member, and for the Technology Committee, SEK 30,000 to one member. The Board's employee representatives do not receive Directors' fees.

### Remuneration of Senior Executives

In order to hire and retain senior executives, the company offers competitive terms and conditions with remuneration at market levels. Overall remuneration to senior executives comprises basic and variable salary, pension provisions, and share-based payment. Basic and variable salary are set yearly at individual level. The model for senior executives' variable salary, and determining its outcome, are subject to decision by the Board after proposal from the Remuneration Committee. Additionally, variable salary is based on performance in relation to targets set yearly, primarily relating to the company's sales and EBIT, as well as individual targets adapted to the individual executive's responsibilities. If these targets are achieved, a portion of maximum variable salary is payable, and if targets are exceeded, more remuneration may be payable, up to a predetermined ceiling. Senior executives may be offered the opportunity to participate in share-based incentive programs, subject to AGM resolution. This means that compensation may also be payable in the form of share-based payment, providing that the targets and other conditions of such share-based incentive program are satisfied. Remuneration of the Chief Executive Officer is subject to decision by the Board, after proposal from the Remuneration Committee.

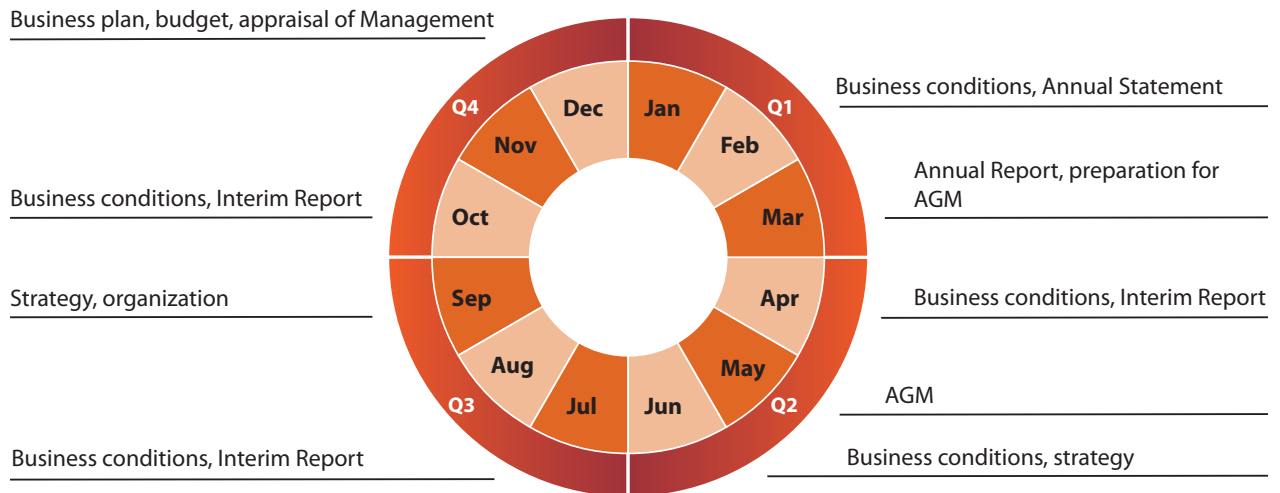
### Board Members' Meeting Attendance 2021

Board member	Board of Directors (12 meetings)	Audit Committee (5 meetings)	Remuneration Committee (2 meetings)	Technology Committee (3 meetings)
Anders Lidbeck	12		2	
Kjell Duveblad	12	5		
Jan Frykhammar <sup>1</sup>	7	3		
Mats Lindoff	12			3
Birgitta Stymne Göransson	12	5		
Charlotta Sund	11		2	
Jenny Andersson <sup>2</sup>	12			
Anders Skarin <sup>3</sup>	5	2		

<sup>1</sup> Elected at the AGM 2021  
<sup>2</sup> Employee representative  
<sup>3</sup> Left at the AGM 2021



## Work of the Board of Directors in 2021



### Pension Arrangements

The pension arrangements of the Chief Executive Officer are decided by the Board after proposal from the Remuneration Committee, and make up 30 percent of total salary. Other senior executives in Sweden have pension arrangements lying within the framework set by the ITP (Supplementary Pensions for Salaried Employees) plan, with expected retirement ages of 65, and pension provisions related to employee salary. Pension premiums are paid continuously.

### Severance Pay

On termination of the Chief Executive Officer's employment, the company will observe a notice period of six months, and the Chief Executive Officer has a notice period of six months to the company. In addition, severance pay corresponding to six months' basic salary is payable for employment terminated by the company.

If a change of control results in a new majority shareholder, the CEO is entitled to severance pay of six months' salary. All dismissal and severance pay are deducted from any other income. For other senior executives, notice periods of up to nine months apply. The Board reserves the right to depart from the proposed guidelines if there are special circumstances in an individual case.

### Internal Controls and Risk Management

The Board is responsible for internal controls and risk management in accordance with the Swedish Companies Act, the Swedish Annual Accounts Act, and the Swedish

Code of Corporate Governance. The Audit Committee monitors Enea's internal control, which does not affect the Board's responsibilities and work otherwise. The purpose is for operations to be pursued expediently and efficiently, and that external reporting complies with legislation and internal regulations governing the company. For this work to be successful, the Board works on a structured basis, delegating specific duties to the Executive Management Team, the Audit Committee, and other staff. Enea states how this work is to be conducted and delegated in policies, such as the Finance Policy and Authorization Policy.

### Internal Controls over Financial Reporting

Enea's control environment forms the basis of the company's internal controls over financial reporting. Clear communication of decision paths, authorization, and responsibilities throughout the organization is a key component of Enea's control environment. Enea fulfils the requirements of ongoing work on internal controls and risk management as part of the company's compliance with the Swedish Code of Corporate Governance. For Enea, internal controls over financial reporting are an integrated part of the company's corporate governance. This involves procedures and methods to safeguard the company's assets and the accuracy of financial reporting, which in turn, is designed to protect shareholders' investments in the company. The Board monitors the quality of financial reporting in a number of ways.



Each year, the Board adopts rules of procedure, which regulate activities including the Chairman's and CEO's duties. According to these rules, the CEO is responsible for the control environment, and reviews and quality-assures all financial reporting, as well as ensuring that the Board receives all other reports necessary for evaluation of the group's financial position on an ongoing basis. The instructions for the CEO state the matters that require authorization or approval from the Board. The Board approves rules of procedure for the Board, Audit Committee, Remuneration Committee and Technology Committee at the Board meeting following election after the AGM. Additionally, the Board adopts instructions for the CEO, an approvals list, Finance Policy and instructions for trading in the company's shares. Enea's CEO and Executive Management Team bear operational responsibility for internal controls. Based on the Board's guidelines, as well as legislation and regulation of financial reporting, such as the Swedish Companies Act, the Swedish Annual Accounts Act, and the Swedish Code of Corporate Governance, the Executive Management Team has adopted the segregation of roles and duties for employees that work on financial reporting within the group. The group is divided into units, whose managers are responsible for performance against target and budget, as well as governance issues for their operations. Enea's organizational structure is communicated on the group's intranet, to clarify areas of responsibility and roles for everyone working on financial information. Enea has instructions for the group's staff, stating the authorization of each employee to take certain actions, such as approval and authorization policies. Enea also has a number of policies governing day-to-day work, laying a foundation of internal controls, such as its Finance Policy, Insider Policy (pursuant to the EU MAR), Authorization Policy, IT Policy, Sustainability Policy, and Corporate Communication Policy.

The group also has an Accounting and Financial Reporting Manual, stating the group's accounting policies, and providing reporting instructions. It also

includes a schedule for ensuring the availability of consistent and accurate account information at the appropriate times.

The guidelines are updated regularly and communicated to those employees that work directly or indirectly on financial reporting. To safeguard internal controls, all critical governance documents are kept available on Enea's intranet, and in the company's document management system. Accordingly, all staff always have access to the relevant documents and policies. These documents are also classified by authorization level, depending on the roles of individual staff members. The Board receives monthly business reports. The Board analyzes these reports and potential actions are discussed at the following Board meeting. For urgent actions, the Chairman convenes additional Board meetings to consult on the relevant issue. Internal controls are monitored through a number of channels including the Accounting and QA function, Enea's General Counsel, the Delivery function, internal quality meetings, and at quarterly Audit Committee meetings. These functions work on the basis of various targets and control documents to assure the quality of the company's procedures and decision-making.

### **Risk Assessment**

The objective of Enea's risk assessment is to safeguard the group's earnings performance and financial position. The Board approves the principles and guidelines governing the company's risk management, while the CEO and Executive Management Team bear operational responsibility. Regular risk assessments of the Executive Management Team and each business unit manager are conducted within Enea's monthly financial follow-ups, with actions taken as necessary. As stated above, Enea's organization is structured to manage, review, and evaluate internal controls. Internal controls are also covered in the company's planning and budgeting process, which involves a yearly review of the risks of operations. The Audit Committee and Board are responsible for analyzing and assessing these risks.

## Control Activities

Enea's control environment is structured to manage the risks that the Board considers material to internal controls over financial reporting. The control environment is based on the company's organization having clear roles that enable effective segregation of duties, and control activities being capable of discovering and preventing risks of misstatements in financial reporting early.

Examples of activities and documentation for this purpose include:

- review conducted by Authorized Public Accountants in addition to the statutory audit
- governance and regular monitoring of the company's accounting
- financial and legal policies
- quarterly updates of the company's forecast
- regular monitoring and review of special segments
- the Board's quarterly review of business conditions, in terms of plans and budgets
- monitoring financial performance of the company's business units and products
- analysis of major transactions, cash flow, balance sheet, and future prospects
- the finance function reviews development projects with the development function, usually each month. Commercial viability and other criteria that new projects need to satisfy are discussed

Enea has had ISO certification since 2006. The company's product activities comply with the principles defined by ISO 9001:2015. Enea recertifies every third year, and follow-up audits are conducted in intervening years.

## Information and Communication

The governance documents (such as policies, guidelines and manuals) relating to financial reporting are communicated on Enea's intranet and document management system. Each governance document is owned by the department responsible for its content and any revisions.

Most communication is digital, and when necessary, departmental managers meet staff to inform, follow up, and evaluate. Communication of the Board of Directors' material is digital, through a verified and secure channel. The Board's and Executive Management Team's corporate communication rules are stated on pages 40-43.

Governance documents for internal and external corporate communication have been prepared to ensure compliance with disclosure liabilities, and to manage communication with internal and external stakeholders.

## Follow-up

Enea's Finance functions within the group are integrated by a single, collective financial control system, and have shared accounting instructions. The company's marketing and sales function deals with current and potential customers in its customer relationship management system, which ensures that Enea's sales staff have access to the necessary information. The company reports regularly to the Board and Audit Committee on compliance with the Code of Conduct and the export legislation that Enea is liable for compliance with, on a regular basis. Against the background of the size and nature of operations, and the current reporting procedures to the Board and Audit Committee, the Board does not consider that constituting a dedicated internal audit function would be justifiable. The internal controls reviewed above are considered sufficient to assure the quality of financial reporting.