

CORPORATE GOVERNANCE REPORT 2019

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CORPORATE GOVERNANCE

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The Corporate Governance Report is a part of Coor's Annual Report 2019, which explains why it begins on page 94. The Corporate Governance Report can be read separately but sometimes contains references to other parts of the annual report. The full annual report is available on the company's website.

*The Corporate Governance
Report of Coor Service
Management Holding AB
(corp. ID no. 556742-0806)
refers to the financial year 2019.*

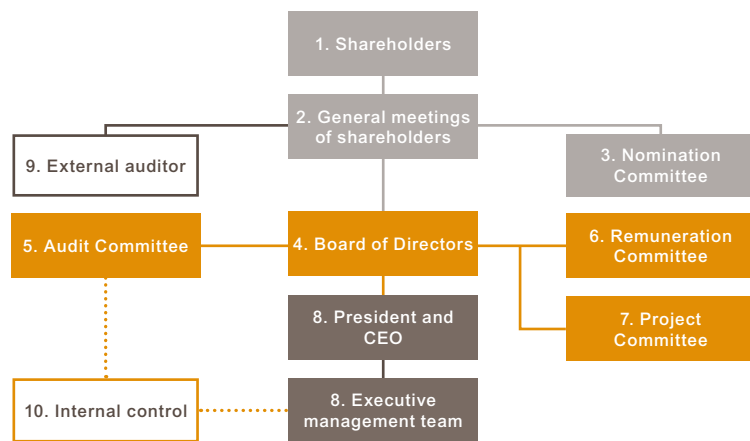


STRUCTURED GOVERNANCE AND INTERNAL CONTROL

The goal of Coor's corporate governance is to ensure systematic risk management and sustained value creation for shareholders through good control and a sound corporate culture.

This Corporate Governance Report has been prepared by the Board of Directors of the Coor Group and describes Coor's corporate governance for 2019. The report has been reviewed by Coor's auditors, whose opinion is presented at the end of the report.

COOR'S CORPORATE GOVERNANCE STRUCTURE



CORPORATE GOVERNANCE AT COOR

Coor is a public limited company with its registered office in Stockholm, whose shares were listed on the Nasdaq Stockholm exchange on 16 July 2015. Coor's corporate governance is based on Swedish laws and regulations and on the rules and practices which apply for companies listed on Nasdaq Stockholm. Coor also follows the Swedish Corporate Governance Code without deviating from any of its rules. In the countries where Coor operates the company follows the applicable local legislation.

In addition to the external regulations, Coor has a set of internal regulations consisting of governing documents for the Group, of which

the most important are the Articles of Association, which are adopted by the shareholders' meeting, the rules of procedure for the Board of Directors and its committees, and the Board's terms of reference for the Chief Executive Officer. In addition, there are a large number of internal policies, instructions and delegation arrangements which

clarify responsibilities and authorities in different areas. The most important governing documents are included in Coor's management system, which also describes the company's main processes and common work methods.

Coor's corporate governance structure is well defined and is illustrated schematically above.

SUSTAINABILITY MANAGEMENT

All companies have a big responsibility for the activities in which they are engaged, and for how these activities affect the environment and society at large, in the short and long term. Coor takes a structured, long-term approach to those sustainability aspects that are considered to have the biggest external impact. The purpose of Coor's sustainability management is to ensure that the company grows in a stable and profitable manner based on sound business ethics while minimizing its environmental impact, and that the company makes a positive contribution to society. For more information on Coor's sustainability management and governance, see the information in the sustainability sections of the annual report.

KEY EXTERNAL AND INTERNAL GOVERNING DOCUMENTS

External regulations

- Swedish laws and regulations
- Laws and regulations in other countries of operation
- Nasdaq Stockholm's rules for issuers
- Swedish Corporate Governance Code
- International Financial Reporting Standards (IFRS)

Internal governing documents

- Articles of Association
- Rules of procedure for the Board of Directors
- Rules of procedure for the Board committees
- The Board of Directors' terms of reference for the CEO

Policies and instructions

- Code of Conduct ¹⁾
- Insider policy ¹⁾
- Treasury policy ¹⁾
- Communication policy ¹⁾
- Procurement policy
- Sustainability policy including risk management
- IT policy
- Information security policy
- Internal control framework
- Accounting manual
- Authorisation manual
- Data protection policy

¹⁾ Policies adopted by the Board of Directors

1. SHARES AND OWNERSHIP STRUCTURE

At year-end, Coor had a share capital of SEK 383,248,088, represented by 95,812,022 shares. Each share carries one vote at general meetings. As at 31 December 2019, Coor's share register listed approximately 5,700 shareholders. Of the total share capital, approximately 52 per cent was owned by investors outside Sweden. The three largest shareholders were AMF Försäkring & Fonder, with 8.4 per cent of the shares and voting rights, Nordea Fonder with 7.7 per cent and Capital Group with 7.6 per cent. More information about Coor's shares and ownership structure is available on the company's *website* under *About Coor/Investors* and in the section *Share information*.

2. GENERAL MEETINGS OF SHAREHOLDERS

In accordance with the Swedish Companies Act, the general meeting of shareholders is the company's highest decision-making body. All shareholders are entitled to participate and vote at the annual meeting of shareholders (Annual General Meeting). At the AGM, shareholders discuss the annual report, payment of dividends, election of Directors and auditors, fees and principles of remuneration as well as other matters. The resolutions adopted at a general meeting are announced in a press release after the meeting. More information on the convening of and participation in general meetings is available on the company's *website* under *About Coor/Corporate Governance*.

3. THE NOMINATION COMMITTEE

The composition and activities of the Nomination Committee are governed by the terms of reference adopted by the AGM and are described on the company's *website* under *About Coor/Corporate Governance*.

Composition and activities in preparation for the 2020 AGM

Prior to the 2020 Annual General Meeting, the Nomination Committee consists of Ulrika Danielson (Second Swedish National Pension Fund), Henrik Didner (Didner & Gerge Fonder), Tomas Risbecker (AMF Försäkring & Fonder), Jan Särilvik (Nordea Funds) and Chairman of the Board Mats Granryd.

In preparation for the 2020 AGM, the committee met on three occasions. Through the Chairman of the Board and the company's President and Chief Executive Officer, the Nomination Committee received information about the operations, development and other circumstances of the company. The Nomination Committee also interviewed individual Board Directors. It also discussed the main requirements that should be applied for Directors, including the requirement for independent Directors, and looked at the number of directorships of other companies held by the Directors. The committee placed a strong emphasis on ensuring a balanced representation of men and women, diversity and breadth.

Shareholders have been welcome to submit proposals and views to the Nomination Committee. No separate fee was paid to any of the members of the Nomination Committee.

4. THE BOARD OF DIRECTORS

The Board of Directors has ultimate responsibility for the company's organisation and operations, and continually assesses the financial situation of the company and Group.

Composition and activities in 2019

Coor's Board of Directors consists of seven ordinary Directors elected by the shareholders' meeting and three employee representatives. The composition of the Board meets the requirements for independent Directors provided for in the Swedish Corporate Governance Code. Information on the independence of the Directors is presented in a table on the next page. The Board of Directors is presented at the end of the Corporate Governance Report along with information about the Directors' directorships outside the Group and their holdings of Coor shares. The Board has appointed Coor's Chief Legal Counsel to act as its secretary.

In 2019, the Board met on 11 occasions. The Board addressed strategic matters, financial performance and matters relating to customers, employees, sustainability and risk management over the course of the year. Important matters that were addressed in 2019 included matters relating to new deals and potential acquisitions. Senior executives gave presentations on specific issues to the Board on an ongoing basis.

To handle matters that need to be discussed separately, the Board has established three committees: the Remuneration Committee, the Audit Committee and the Project Committee. The committees reported on their meetings to the Board on a regular basis.

5. THE AUDIT COMMITTEE

Consists of three Board-appointed members: Kristina Schauman (Chairman), Anders Ehrling and Heidi Skaaret. Coor's CFO and external auditors attend all meetings.

Follows up and monitors internal control, audit, risk management, accounting and financial reporting activities.

6. THE REMUNERATION COMMITTEE

Consists of three Board-appointed members: Mats Granryd (Chairman), Monica Lindstedt and Kristina Schauman.

Submits proposals on remuneration to the Board, and monitors and evaluates remuneration structures and levels for the executive management team.

7. THE PROJECT COMMITTEE

Consists of three Board-appointed members: Mats Granryd (Chairman), Anders Ehrling and Mats Jönsson.

Assists the Board by submitting proposals for and providing decision guidance on major customer contracts, acquisitions and other important agreements.

RESOLUTIONS ADOPTED AT THE ANNUAL GENERAL MEETING 2019

At the 2019 AGM, the following main resolutions were adopted:

- To approve a dividend of SEK 4 per share, consisting of an ordinary dividend of SEK 2.00 and a special dividend of SEK 2.00, as proposed by the Board.
- That the Board of Directors should consist of seven Directors with no deputies.
- The election of the Chairman of the Board and Directors in accordance with the Nomination Committee's proposal:
- Mats Granryd was re-elected to the Board as a Director and as Chairman of the Board.
- The Directors Anders Ehrling, Mats Jönsson, Monica Lindstedt, Kristina Schauman, Heidi Skaaret and Mikael Stöhr were re-elected to the Board.
- To approve the payment of Directors' fees totalling SEK 2,985,000, as proposed by the Nomination Committee, to be distributed as follows:
 - SEK 785,000 to the Chairman.
 - SEK 280,000 to each of the other AGM-elected Directors.
- SEK 100,000 to Directors who are members of the Audit Committee.
- SEK 200,000 to the Chairman of the Audit Committee.
- SEK 50,000 to Directors who are members of the Remuneration Committee.
- SEK 50,000 to the Chairman of the Remuneration Committee.
- SEK 75,000 to Directors who are members of the Project Committee.
- SEK 100,000 to the Chairman of the Project Committee.
- To approve a long-term share-based incentive programme for the executive management team (EMT) and top management team (TMT).
- To authorise the repurchase and transfer of shares.
- To authorise the issuance of new shares.

The audit firm PwC notified Coor that Niklas Renström will be appointed as auditor-in-charge for the audit.

The full minutes of the AGM are available at www.coor.com.

DIRECTORS' ATTENDANCE, INDEPENDENCE AND FEES

	Meeting attendance				Independence		Fees
	Board of Directors	Audit Committee	Project Committee	Remuneration Committee	Independent of the company	Independent of major shareholders	Approved Directors' and committee fees, SEK '000 ⁴⁾
Total number of meetings	11	5	1	3			
AGM-elected Directors							
Anders Ehrling ¹⁾	11	2	1	-	Yes	Yes	455
Mats Granryd, Chairman	11	-	1	3	Yes	Yes	935
Mats Jönsson	11	-	1	-	Yes	Yes	355
Monica Lindstedt	10	-	-	3	Yes	Yes	330
Kristina Schauman	11	5	-	3	Yes	Yes	530
Heidi Skaaret	10	5	-	-	Yes	Yes	380
Mikael Stöhr	11	-	1	3	No	Yes	-
Union-appointed employee representatives							
Glenn Evans	11	-	-	-	No	Yes	-
Linus Johansson	10	-	-	-	No	Yes	-
Pier Karlevall ²⁾	2	-	-	-	No	Yes	-
Rikard Milde ³⁾	10	-	-	-	No	Yes	-

¹⁾ Joined the Audit Committee in connection with the AGM on 2 May 2019.

²⁾ Stepped down as employee representative in connection with the AGM on 2 May 2019.

³⁾ Joined the Board as a regular employee representative on 1 April 2019.

⁴⁾ The fees for committee work were approved by the AGM on 2 May 2019 and apply until the next AGM on 28 April 2020. For information on fees that had an impact on earnings for 2019, see *Note 6 Remuneration of senior executives* in the statutory annual report.

Attendance at the year's Board meetings was good. Information on Directors' attendance at meetings of the Board and its committees and on the fees paid for this work is presented in the table on the previous page.

Diversity policy

As its diversity policy, Coor applies Rule 4.1 of the Swedish Corporate Governance Code, which means that the Board should have a composition that is appropriate in view of the company's operations, stage of development and other circumstances, and is diverse and broad with regard to the skills, experience and backgrounds of its AGM-elected members, and that a balanced representation of men and women should be aimed for.

Coor considers that the company's Board of Directors meets the requirements of its diversity policy. The Board consists of three women and four men. The members come from different sectors of industry and have varying professional backgrounds and expertise.

8. THE CHIEF EXECUTIVE OFFICER AND THE EXECUTIVE MANAGEMENT TEAM

The Board of Directors has delegated operational responsibility for the company and its management to the company's President and Chief Executive Officer (CEO), who manages the business within the limits and guidelines established by the Board. The division of responsibilities between the Board and CEO is set out in written terms of reference, which are adopted annually by the Board. Mikael Stöhr has been the company's CEO since 2013. The CEO appoints the executive management team, who together with the CEO is in charge of managing the company's day-to-day operations. This responsibility includes setting goals for the company's operational activities, allocating resources and monitoring performance as well as preparing proposals for investments, acquisitions and divestments in accordance with the Board's written instructions.

In 2019, the executive management team met 13 times in person or by

i EVALUATION OF THE BOARD AND CEO

The annual evaluation of the Board, including the Board committees, was carried out by an external consultant. The evaluation covered Board practices, and the composition and expertise of the Board, including the Directors' backgrounds, experience and diversity. The results of the evaluation were presented to the Nomination Committee and the Board of Directors.

The evaluation of the CEO was discussed at a Board meeting without the presence of management.

telephone. Matters addressed included performance monitoring and forecasts, targets and target monitoring, the market situation, ongoing deals, the status of Group-wide projects, strategy work, recruitment and other important matters.

ANNUAL CALENDAR 2019

	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
THE BOARD OF DIRECTORS		<ul style="list-style-type: none"> Review of the Auditor's Report. Approval of Corporate Governance Report. Resolution on the proposed appropriation of retained earnings. Remuneration Committee's evaluation and application of the remuneration guidelines. Approval of the year-end report. Preparations for the AGM. 		<ul style="list-style-type: none"> Approval of the annual report. 	<ul style="list-style-type: none"> Approval of Q1 report. Annual General Meeting. Inaugural Board meeting 	
THE AUDIT COMMITTEE		<p>FEBRUARY, Q4 MEETING</p> <ul style="list-style-type: none"> Review of year-end report Approval of Corporate Governance Report. External Auditor's Report. External auditor's independence. Review of transfer pricing policy. 			<p>APRIL, Q1 MEETING</p> <ul style="list-style-type: none"> Review of Q1 report. Audit plan and fees for external auditors. Evaluation of the external audit. Review of treasury policy. Review of risk assessment. 	
THE REMUNERATION COMMITTEE		<p>MEETING IN FEBRUARY PRIOR TO FIRST BOARD MEETING OF THE YEAR</p> <ul style="list-style-type: none"> Evaluation of remuneration guidelines and the application of the guidelines. Proposed LTIP 2019 				



AUDITORS

Öhrlings

PricewaterhouseCoopers AB (PwC)

Auditor-in-charge: Niklas Renström

Other audit engagements:

Evolution Gaming Group AB, Note AB and Vitec Software Group AB

Environmental and quality auditors

Coor's business has been globally certified under the international ISO 45001-2018 occupational health and safety, ISO 14001-2015 environment and ISO 9001-2015 quality standards. This means that the business is audited twice a year by an independent party. Det Norske Veritas is in charge of the external audit with regard to compliance with the standards. The results of these audits are reported to the executive management team. More information about this audit is presented in the section *Sustainability notes*.

The Group also has an expanded management forum, the top management team, which consists of the executive management team and the country management teams. The Group's roughly 130 senior executives gather annually at a special forum (Management Days) to network, exchange experience, be inspired and discuss matters of common interest.

9. EXTERNAL AUDITORS

The company's auditors are appointed by the Annual General Meeting. At the 2019 AGM, Öhrlings PricewaterhouseCoopers AB (PwC) with Niklas Renström as auditor-in-charge, were re-elected to serve as the company's external auditors until the 2020 AGM. PwC have been Coor's auditors since 2004. Niklas Renström has been Coor's auditor-in-charge since 2018.

The external audit of Coor's financial statements is conducted in accordance with the Swedish Companies Act, the International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. The auditor

is tasked with auditing the annual accounts, annual report and consolidated accounts as well as the Board of Directors' and executive management team's management of the company. The auditors also review the interim financial statements as at 30 September and the company's internal control.

The auditors are required to keep the Board updated on the planning, scope and content of the annual audit and to inform the Board of any services in addition to audit services that have been provided, the fees for such services and other circumstances that could affect the auditors' independence. To meet the Board's need for information and to ensure that all areas are addressed in a structured manner, Coor's auditors participate at the meetings of the Audit Committee and attend at least one Board meeting a year. On at least one occasion, the auditors meet the Board without the presence of management. The fees paid to the auditors for 2019 are presented in *Note 7 Audit fees* in the *statutory annual report*.

JULY

- Approval of Q2 report.

NOVEMBER

- Review of matters presented by the Audit Committee and of the Auditor's Report.
- Approval of Q3 report.

DECEMBER

- Approval of the budget and business plan.
- Remuneration Committee's evaluation and application of the remuneration guidelines.
- Proposed new remuneration guidelines.
- Board's evaluation of the CEO.
- Resolution on remuneration and other terms for the CEO.

OCTOBER

- Approval of strategy.

JULY

JULY, Q2 MEETING

- Review of Q2 report.

AUGUST

SEPTEMBER

OCTOBER

NOVEMBER

DECEMBER

NOVEMBER, Q3 MEETING

- Review of Q3 report.
- Review of finance function.
- External Auditor's Report.

DECEMBER

- Evaluation, monitoring and planning of internal control.
- Draft Corporate Governance Report.
- Matters relating to the annual accounts.
- Assessment and decision on the need for an internal audit function.

DECEMBER

- Evaluation of remuneration guidelines and the application of the guidelines. Proposed new remuneration guidelines.
- Evaluation of LTIP and the proposed new programme.
- Evaluation of the CEO and the proposal for remuneration and other terms for the CEO.
- Evaluation of senior executives and resolution on remuneration and other terms for senior executives.

PRINCIPLES OF REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES

Directors' fees are set by the Annual General Meeting based on the Nomination Committee's proposal. Additional fees are paid to the chairmen and members of Board committees.

The AGM also determines the principles of remuneration of senior executives in the Group. These guidelines state that the total remuneration must be market-based, competitive and reflect the individual's performance and responsibilities.

Matters relating to senior executives are prepared by the Board's Remuneration Committee, which also monitors and evaluates remuneration structures and levels on an ongoing basis.

For complete information on levels of remuneration and guidelines for remuneration, see *Note 6 Remuneration of senior executives* in the *statutory annual report*.

Basic salary

Coor aims to ensure that members of the executive management team are paid a competitive market salary in the form of a fixed monthly salary. The basic salary is paid as remuneration for dedicated work performance at a high level that adds value for Coor's customers, shareholders and employees.

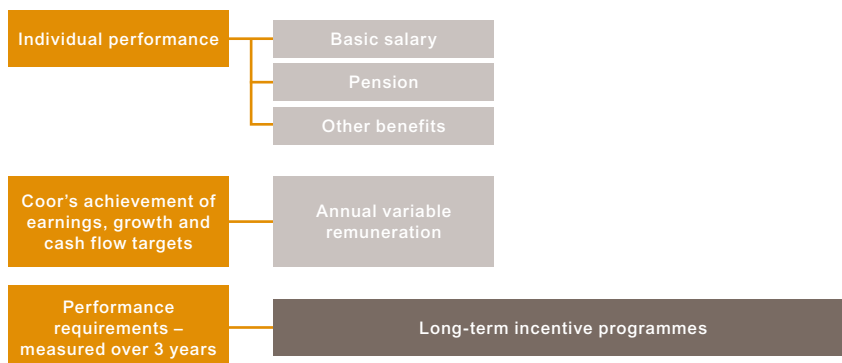
Variable remuneration

In addition to a basic salary, members of the executive management team are offered variable remuneration as well as a long-term incentive programme.

Annual variable remuneration

Annual variable remuneration is based on the achievement of Coor's targets for earnings, growth and cash flow. The remuneration is contingent on achievement of defined and measurable targets and is capped at 50 per

COOR'S REMUNERATION STRUCTURE



cent of the fixed annual salary. In special cases, an agreement on non-recurring remuneration may be concluded. Such remuneration is capped at three months' salary.

Long-term share-based incentive programmes (LTIP)

Coor's long-term incentive programmes (LTIP) are designed to increase and strengthen the company's ability to recruit and retain key individuals and to encourage participants to become long-term shareholders of Coor as a means of aligning the interests of participants and other shareholders. To participate in the programmes, participants are required to invest in Coor shares. The LTIP run– for three years and the outcome depends on the achievement of various performance requirements. Members of the executive management team also had the option, as part of LTIP 2018, to purchase call options.

For information on LTIP 2018 and 2019, see

Note 5 Employees and employee benefit expenses and *Note 6 Remuneration of senior executives* in the *statutory annual report*.

Retirement benefits

Retirement benefits for senior executives must be defined contribution benefits. The CEO and other senior executives are covered by an ITP supplementary pension plan solution (or an equivalent solution in other countries). The retirement age is not specified contractually, but is governed by local rules in each country.

Other benefits and severance pay

Other benefits mainly consist of normal company car and healthcare programmes. The contracts of members of the executive management team are terminable on no more than six months' notice and provide for severance pay of no more than 18 months' fixed salary. No severance pay is paid in case of voluntary resignation.

10. INTERNAL CONTROL AND RISK MANAGEMENT IN RESPECT OF FINANCIAL REPORTING

Coor's framework for internal control and risk management has been designed to ensure reliable financial reporting as well as compliance with laws and requirements which Coor as a listed company is required to follow.

Ultimate responsibility for internal control of financial reporting rests with Coor's Board of Directors. The Board has established an Audit Committee from among its members, which monitors issues relating to internal control of financial reporting in accordance with the

committee's rules of procedure. The Audit Committee has tasked the Group finance function with developing and monitoring the company's internal control system for financial reporting.

Coor's internal control activities are based on the framework developed by COSO. Under this framework, internal control is viewed as consisting of a number of components – control environment, risk assessment, control activities, information and communication, and monitoring. These components are integrated and interact with each other to prevent and detect material misstatements in the financial statements.

The intention behind Coor's internal control framework is to create effective processes and integrate internal control in the company's day-to-day activities as far as possible.

1. Control environment

A good control environment is fundamental to the effectiveness of a company's internal control system. Coor's control environment is defined in governing documents in the form of policies, procedures and manuals, and is maintained through clearly defined and communicated lines of command, authorities and responsibilities in the organisation.

Coor has a control environment that is based on a well defined structure of responsibilities as well as regular reporting and monitoring of financial results by contract, business unit and country, from site level up to Group level.

Coor has adopted a number of basic guidelines and policies which play an important role in maintaining an effective control environment. These include the Code of Conduct, guidelines for financial reporting and the authorisation manual.

2. Risk assessment

Based on the overall risk assessment produced by the executive management team (see the section *Risks and risk management*), a detailed risk assessment of financial reporting is made to identify and evaluate material risks in the financial processes as well as the risk of irregularities and fraud.

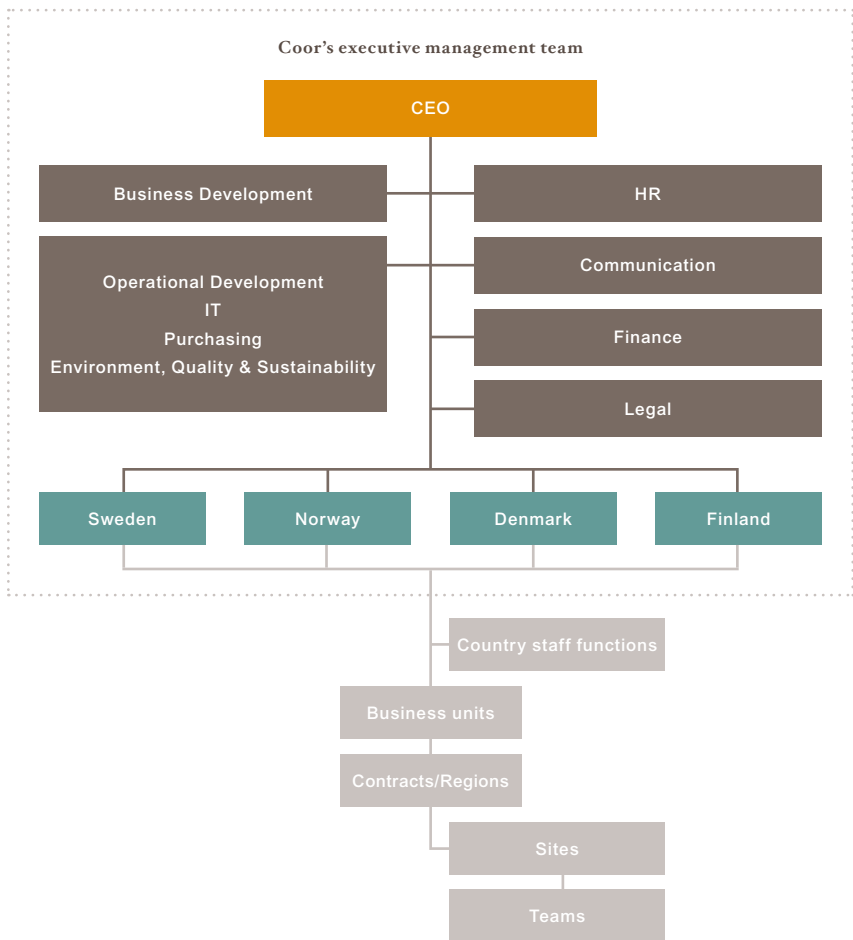
The risk assessment of financial reporting takes account of materiality, complexity and the risk of fraud in various income statement and balance sheet items as well as the risk of misstatements in underlying processes. Clear process descriptions have been prepared for each process in which identified risks are linked to control activities. The process descriptions are subject to a thorough review once a year and are updated when new risks arise or disappear. The risk assessment is used as a basis for the control activities that are used to manage the risks. Risk assessments are carried out jointly by process owners, representatives from each country and Coor's Group finance function.

3. Control activities

Based on the risks that have been identified in respect of financial reporting, control activities are designed to prevent and limit the identified risks and to help ensure correct and reliable financial reporting as well as process effectiveness.

In the various financial processes, Coor has identified a number of key controls which all large entities in the Group are required to apply. The key controls form part of the company's processes for accounting and financial reporting, and include reconciliation of balance sheet accounts, structured financial monitoring through standardised analytical controls at different levels of the organisation and automated integrated controls. All key controls are documented in a shared

COOR'S ORGANISATIONAL STRUCTURE



system, where the control activities are clearly described. The system enables clear traceability with controlled work flows for execution, approval and review of control activities.

In addition to the financial processes, IT is also included as a key area that has a significant impact on reliability in the financial processes. IT-related control activities include clear procedures for testing in connection with changes to key applications, regular monitoring of access rights to important systems as well as controls for ensuring correct transfers between pre-systems and accounting information systems.

4. Information and communication

To ensure that all employees in the organisation are able to fulfil their responsibility for internal governance and control, it is essential that they be aware of, and have access to, important internal governance instruments. A key element of internal control is therefore to ensure that import-

ant governance documents are kept up to date and are accessible to all employees on the Group's intranet, and that changes and updates are clearly communicated.

To ensure that the executive management team and the Board of Directors receive important information from the employees, Coor has established formal as well as informal information channels. These include a whistleblower function through which employees can report suspected irregularities.

For communication with external parties, there is a communication and IR policy which sets out guidelines for this communication and ensures that the Group meets the requirements for regular disclosure of correct information in the form of annual reports, interim reports, press releases and notices on the company's website, www.coor.com.

5. Monitoring

Monitoring of internal control is a part of Coor's natural improvement activities and

is carried out to ensure that the Group's internal governance and control remain relevant and effective.

The Group's financial situation and financial strategies and objectives are discussed at every Board meeting. Between meetings, the Board also receives monthly reports on Coor's financial performance. The Board has tasked the Audit Committee with ensuring that the company's internal control system for financial reporting is monitored and evaluated. The Audit Committee is also charged with monitoring the quality of the Group's internal control system and ensuring that any issues and proposed measures identified in the external audit are addressed. Each year, the Group's external auditors review the Group's internal control system and report their observations in a report to management and the Audit Committee. The Audit Committee then reports to the Board at the following Board meeting.

The Audit Committee has tasked the Group finance function with developing and monitoring the company's internal control system for financial reporting. This is done proactively by continually analysing and updating the Group's internal control framework and by assessing the effectiveness of the internal control system. A key instrument for monitoring internal control is the self-assessment which is carried out twice a year in the Group. The purpose of the self-assessment is to ensure that all control activities have been carried out in a satisfactory manner, and to identify potential improvements in the framework. Internal control is monitored on a country and process basis. In addition to the self-assessment, the Group's finance function also reviews the Group's financial processes according to a rolling schedule. Detailed conclusions and proposed improvements are reported to each country and process owner. Improvement measures are

implemented in accordance with an agreed plan and followed up at the next evaluation.

A more detailed report on internal control is submitted to the Group's Audit Committee. The conclusions from the self-assessment and internal review are also presented to the Group's external auditors, who assess the extent to which they can rely on the results of the activities carried out in connection with their audit.

INTERNAL AUDITING

In accordance with the Swedish Corporate Governance Code, the Board of Directors has assessed the need for a separate internal audit function. In view of the size of the Group, the Board's current assessment is that there is no need to establish a separate internal audit function. The internal audit activities have been carried out as part of the Group's finance function. The need for an internal audit function is reviewed annually.

INTERNAL GOVERNANCE AND CONTROL AT COOR

Internal control is an integral part of Coor's day-to-day activities, and continuous efforts are made to improve internal control and minimise risks in financial processes. Through continuous monitoring, evaluation and updating of control activities, Coor creates an effective system of internal control. Internal control activities are conducted in the same way in all of Coor's main countries of operation.

FINANCIAL PROCESSES

- Financial close
- Tax
- Revenue and Receivables
- Purchase and Payables
- Payroll
- Investments
- IT/IT security

1. CONTROL ENVIRONMENT

- Governing policies, instructions and manuals.
- Defined and communicated lines of command, levels of authority and areas of responsibility.

2. RISK ASSESSMENT

- Review of income statement and balance sheet items with regard to materiality, complexity and the risk of fraud.
- Process descriptions connect risks in underlying processes with control activities.

3. CONTROL ACTIVITIES

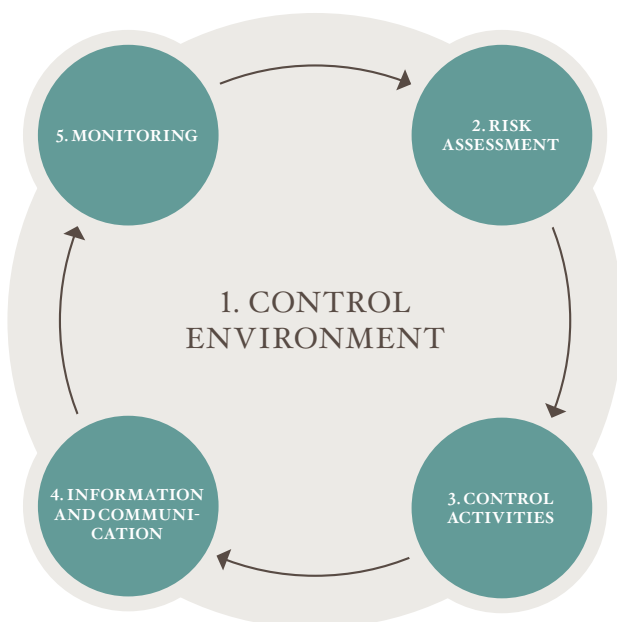
- Control matrix – overview of risks and control activities for all processes.
- Structure and classification – a common system with clear traceability for the execution and monitoring of control activities.

4. INFORMATION AND COMMUNICATION

- Updated and clearly communicated policies, instructions and manuals.
- Whistleblower function.
- Communication with external stakeholders through press releases, financial reports and other publications.

5. MONITORING

- Self-assessment twice a year – the company assesses how well it is living up to the requirements of the internal control framework.
- The Group's review of key controls in all processes according to a rolling schedule.
- Reporting of conclusions and suggested actions to process owners, management and the Audit Committee.



AUDITOR'S OPINION ON THE CORPORATE GOVERNANCE REPORT

To the shareholders' meeting of Coor Service
Management Holding AB, corp. ID no. 556742-0806

Engagement and division of responsibility

Responsibility for the Corporate Governance Report for 2019 on pages 94–102 and for ensuring that it has been prepared in compliance with the Swedish Annual Accounts Act rests with the Board of Directors.

Scope and focus of review

Our review has been conducted in accordance with Statement RevU 16 The Auditor's Review of the Corporate Governance Report issued by FAR, the professional institute for accountants in Sweden. Our review of the

Corporate Governance Report has a different focus and significantly narrower scope than a full audit conducted in accordance with the International Standards on Auditing and generally accepted auditing standards in Sweden. We believe this review gives us a sufficient basis for our opinion.

Opinion

A corporate governance report has been prepared. Disclosures pursuant to Ch. 6 § 6 second para. items 2–6 of the Annual Accounts Act and Ch. 7 § 31 second para. of the same Act are consistent with the annual report and consolidated financial statements and comply with the Annual Accounts Act.

Stockholm, 19 March 2020

Öhrlings PricewaterhouseCoopers AB

NIKLAS RENSTRÖM
Authorised Public Accountant

BOARD OF DIRECTORS



MATS GRANRYD

*Director since 2016.
Chairman of the Board since 2017.
Chairman of the Project Committee
and Remuneration Committee.*

BORN: 1962

EDUCATION: M.Sc. in Engineering, KTH Royal Institute of Technology in Stockholm.

WORK EXPERIENCE: President and CEO of Tele2 Group, Managing Director of Ericsson India, UK, Northern Europe & Central Asia and North Africa, Head of Supply & Logistics in the Ericsson Group. Consultant at Arrigo and Andersen Consulting.

OTHER CURRENT DIRECTORSHIPS: Director General of GSMA. Director of Swedbank.

SHARE OWNERSHIP: 20,000 shares.



ANDERS EHRLING

*Director since 2017.
Member of the Project Committee
and Audit Committee.*

BORN: 1959

EDUCATION: M.Sc. in Economics and Business, Stockholm School of Economics.

WORK EXPERIENCE: 23 years at SAS, the final five years as CEO of SAS Sweden, President and CEO of Scandic Hotels AB, President and CEO of Braathens Aviation AB.

OTHER CURRENT DIRECTORSHIPS: Chairman of Helsa Vårdutveckling Sverige AB and Keolis Sverige AB; Director of Systembolaget, Parks&Resorts Scandinavia AB and Dream Troopers AB

SHARE OWNERSHIP: 7,000.



MATS JÖNSSON

*Director since 2000.
Member of the Project Committee.*

BORN: 1957

EDUCATION: M.Sc. in Engineering, KTH Royal Institute of Technology in Stockholm.

WORK EXPERIENCE: President and CEO of Coor Service Management. Various positions at Skanska, including President and CEO of Skanska Services.

OTHER CURRENT DIRECTORSHIPS: Chairman of Tengbomgruppen AB and Lekolar AB. Director of NCC AB and Assemblin Holding AB.

SHARE OWNERSHIP: 329,155 shares.



MONICA LINDSTEDT

*Director since 2015.
Member of the Remuneration
Committee.*

BORN: 1953

EDUCATION: M.Sc. and Ph.D. in Business Administration, Stockholm School of Economics.

WORK EXPERIENCE: CEO and founder of Hemfrid i Sverige AB and co-founder of Tidnings AB Metro. CEO of local newspaper Folket i Eskilstuna, Bonniers Fackpressförlag, Eductus AB and Previa AB.

OTHER CURRENT DIRECTORSHIPS: Chairman of Hemfrid i Sverige AB. Director of Apotea AB, Studieförbundet Näringsliv och Samhälle, Sveriges Television AB and the German-Swedish Chamber of Commerce.

SHARE OWNERSHIP: 10,000 shares.

EMPLOYEE REPRESENTATIVES



GLENNEVANS

Director since 2013.

BORN: 1959

Employee representative.



LINUS JOHANSSON

Director since 2018.

BORN: 1989

Employee representative.



RIKARD MILDE

Director since 2019.

BORN: 1967

Employee representative.

**KRISTINA SCHAUMAN**

*Director since 2015.
Chairman of the Audit Committee
and member of the Remuneration
Committee.*

BORN: 1965

EDUCATION: M.Sc. in Economics and Business, Stockholm School of Economics.

WORK EXPERIENCE: Founder, consulting firm Calea AB. CFO of Apoteket AB, Carnegie Group and OMX AB. Group Treasurer, OMX AB. Vice President, Corporate Finance and Group Treasurer at Investor AB.

OTHER CURRENT DIRECTORSHIPS: CEO and Director of Calea AB, Director of BEWiSynbra Group AB, BillerudKorsnäs AB, ÅF Pöyry AB, Orexo AB, Nordic Entertainment Group AB and Diaverum AB.

SHARE OWNERSHIP: 15,000 shares.

**HEIDI SKAARET**

*Director since 2016.
Member of the Audit Committee.*

BORN: 1961

EDUCATION: MBA, University of Washington, USA.

WORK EXPERIENCE: President of Lindorff AS and EVP Lindorff Group AB, CEO of IKANO Bank Norway, Bank Executive DNB ASA.

OTHER CURRENT DIRECTORSHIPS: Chief Operating Officer Storebrand ASA. Chairman of Storebrand Bank ASA, Storebrand Forsikring AS and Storebrand Finansiell Rådgivning AS.

SHARE OWNERSHIP: 0

**MIKAEL STÖHR**

Director, President and CEO since 2013.

BORN: 1970

EDUCATION: LL.M., Lund University.

WORK EXPERIENCE: President and CEO, Green Cargo AB and Axindustries AB. Vice President, Axel Johnson International AB. Trade Commissioner, Swedish Trade Council in Russia. Consultant, McKinsey & Company. Associate, Mannheimer Swartling Advokatbyrå.

OTHER CURRENT DIRECTORSHIPS: Director of Ambea AB.

SHARE OWNERSHIP: 78,947 shares and 90,000 call options.

EXECUTIVE MANAGEMENT TEAM



MIKAEL STÖHR

President and CEO since 2013.

See "Board of Directors" for further information on Mikael Stöhr.



ANDERS ASPLUND

HR Director since 2000.

BORN: 1955

EDUCATION: Bachelor of Social Services, Stockholm University.

WORK EXPERIENCE: HR Director, ASG and Ohlsson&Skarne. Head of Management Planning Development, Skanska AB.

SHARE OWNERSHIP: 38,598 shares and 27,500 call options.



KLAS ELMBERG

CFO and IR Director since 2019.

BORN: 1974

EDUCATION: M.Sc. in International Business and Trade, Gothenburg School of Business, Economics and Law.

WORK EXPERIENCE: Several roles at Coor, including Vice President and CFO of Coor Sweden, President of Coor Norway and Head of Business Unit at Coor Sweden. Management Consultant, Accenture. Controller, Saab Automobile.

SHARE OWNERSHIP: 20,268 shares and 27,500 call options.



ANNACARIN GRANDIN

President of Coor Sweden since 2016.

BORN: 1967

EDUCATION: M.Sc. in Business and Economics, Stockholm University/University of Gävle/Sandviken.

WORK EXPERIENCE: Several roles at Coor, including President of Coor Norway, Veolia (formerly Dalkia) and the Swedish Association of Local Authorities and Regions (SKL).

OTHER CURRENT DIRECTORSHIPS: Director of CRAMO.

SHARE OWNERSHIP: 34,704 shares and 27,500 call options.



MARCUS KARSTEN

President of Coor Finland since 2018.

BORN: 1966

EDUCATION: M.Sc. in Business Administration and Economics, Åbo Akademi University.

WORK EXPERIENCE: CEO Bravida Finland, CEO Lemminkäinen Talotekniikka, CEO Tekmanni Service, Head of Business Unit Siemens.

OTHER CURRENT DIRECTORSHIPS: Director of Oy Hedengren Ab and the Finnish Handball Association.

SHARE OWNERSHIP: 5,500 shares and 27,500 call options.



JENS EBBE RASMUSSEN

Senior Vice President, Business Development & Sales since 2009.

BORN: 1968

EDUCATION: M.Sc. in Business Administration and Economics, Lund University. Finance, École supérieure de commerce de Paris. Cadet, Land Warfare Centre, Skövde.

WORK EXPERIENCE: Management Consultant, McKinsey & Company. Fixed Income Department, Unibank Markets (Nordea). Consultant/External Advisor, Fruktbudet.

SHARE OWNERSHIP: 61,213 shares.



ERIK STRÜMPEL

Chief Legal Counsel since 2006.

BORN: 1970

EDUCATION: LL.M., Lund University. IFL Executive Education, Stockholm School of Economics.

WORK EXPERIENCE: Solicitor, Linklaters Law Firm. Judicial Clerk, Handen District Court.

SHARE OWNERSHIP: 8,250 shares and 27,500 call options.



NIKOLAI UTHEIM

President of Coor Norway since 2016.

BORN: 1975

EDUCATION: M.Sc. in Economics and Business with a major in Finance, Norwegian School of Management (BI) and Copenhagen Business School.

WORK EXPERIENCE: PwC (transaction-related work), Statoil Norge AS (Chief Controlling and Strategy Projects, Deputy CFO).

SHARE OWNERSHIP: 8,000 shares and 27,500 call options.



JØRGEN UTZON

President of Coor Denmark since 2001.

BORN: 1961

EDUCATION: M.Sc. in Business Administration, Copenhagen Business School. Executive Programme, International Institute for Management Development, Lausanne.

WORK EXPERIENCE: CEO, Strax Nordic, Logistics Manager and Service Director, Xerox Denmark. Various executive roles, Rockwool.

OTHER CURRENT DIRECTORSHIPS: Member of the Executive Committee of the Confederation of Danish Industry (DI), Chairman of the Danish Service Sector Employers' Association (SBA) and Director of DI Service (Confederation of Danish Industry). Director of Nordomatic AB and Nordomatic A/S.

SHARE OWNERSHIP: 50,000 shares.



RIKARD WANNERHOLT

Senior Vice President Operations since 2013.

BORN: 1962

EDUCATION: M.Sc. in Economics and Business, Lund University. Advanced Management Programme, Stockholm School of Economics. International Executive Programme, IESE Business School, Navarra, Barcelona.

WORK EXPERIENCE: CEO, Sun Microsystems Sweden. President and CEO, Addici. Executive Vice President, EDB Business Partner.

SHARE OWNERSHIP: 22,746 shares and 27,500 call options.



MAGDALENA ÖHRN

Communications Director since 2018.

BORN: 1966

EDUCATION: B.Sc. in Information Science, Uppsala University, and the Poppius School of Journalism.

WORK EXPERIENCE: Director of Communications, Ving, Head of Department, Account Manager and other roles at Prime PR, Project Manager, Rikta kommunikation, Public Relations Manager, TV3.

OTHER CURRENT DIRECTORSHIPS: Director of New Hope Reseindustrins Barnfond.

SHARE OWNERSHIP: 1,500 shares and 10,000 call options.