

# **Corporate Governance 2020**

## Corporate Governance

# The Chairman's view

**During 2020, the performance of the economy was affected by the crisis resulting from the spread of Covid 19. The lasting effects of the pandemic and the political measures which were taken to counteract the spread of the disease are still difficult to foresee. Lime's assessment, however, is that in the long and medium term the change in behaviour due to the pandemic will increase the rate of digitalisation.**

With around 300 employees and 70,000 users, Lime is one of the Nordic Region's largest CRM suppliers. As digital technology is having a serious impact on all business activities, Lime is very well positioned to supply the solutions of the future in an increasingly connected world. A well-implemented CRM system increases competitiveness and resource efficiency. For that reason, we anticipate that demand for Lime's products will increase, and growth of 17 % during a year as tough as 2020 shows just how well Lime is equipped for the future.

During the year, Lime efficiently integrated the operations of the companies acquired in 2019 and 2020, and demonstrated its ability to grow both organically and through acquisition.

Lime's Board of Directors consists of members who complement one another well. All members of the Board hold or have held senior management positions, and this gives them excellent insight into and understanding of the challenges management faces. In addition, they have valuable experience from senior positions in areas such as the software industry, the stock market, corporate acquisitions and HR issues. At our annual strategic discussions – in which the full corporate Management Team participates – this mix generates an exciting and valuable dynamic.

The Board works actively to support the Management Team on strategic matters, ensuring that strategies are correctly formulated and followed up, and it also monitors risks.

The work of the Board follows a fixed annual cycle with scheduled meetings and with an allocation of tasks and responsibility set out in the formal work plan.

The work of the Board, beginning with the Board meeting following election on 29 June 2020, has been evaluated. The Chairman of the Board has compiled the feedback evaluation for the Board of Directors and the Nomination Committee. This evaluation is extremely important in ensuring that the work of the Board is effective, and also in providing guidance in achieving the optimal composition and competencies for the Board. This year's feedback showed that the Board is functioning exceptionally well.

During the past year, the entire Board of Directors constituted the Remuneration Committee. A separate Audit Committee was also appointed.

As in previous years, the future challenges facing the board are in assisting and acting as a sounding board for the Management Team in a number of strategically important focus areas. This involves ensuring Lime's long-term growth and competitiveness in a changing and growing market, through having the right focus in relation to product development, market expansion, customer orientation and the supply of expertise. To put it briefly, continuing to develop Lime in preparation for the future.

Martin Henricson, Chairman of the Board

# Corporate Governance

The Corporate Governance Report is submitted in accordance with the regulations set out in The Swedish Annual Accounts Act and The Swedish Corporate Governance Code (the “Code”).

The Code applies to all Swedish companies whose shares are listed on a regulated market. The Code defines a norm for good corporate governance on a higher level of ambition than the Swedish Companies Act and the minimum requirements of other regulations. The Code is based on the principle of “comply or explain”. This means that Lime is not required to apply every rule of the Code at all occasions but may choose alternative solutions deemed to better respond to particular circumstances, provided the company openly discloses all such deviations, describes the alternative solution and states the reason for the deviation.

The Corporate Governance Report has been reviewed by the company’s auditor in accordance with statutory auditing. Effective and clear corporate governance contributes to ensuring confidence from Lime’s stakeholder groups and also increases focus on business purpose and shareholder value in the company. With a high level of transparency, Lime’s board of directors and management aim to facilitate the individual shareholder’s understanding of the company’s decision paths, and to clarify where powers and responsibilities lie in the organization.

The board of directors and management aim for the company to comply with requirements set on the company by Nasdaq Stockholm, shareholders and other stakeholders. Further, the board of directors follows the general debate on the subject and recommendations issued by various bodies. Lime’s corporate governance is mainly based on Swedish law, primarily the Swedish Companies Act (Sw. *aktiebolagslagen*), Lime’s articles of association, and internal policies and instructions. Lime further complies with rules under the Code and the Nasdaq Stockholm rulebook for issuers.

Corporate governance within Lime is primarily exercised through the annual general meeting and the board of directors. In a wider perspective, it also includes management, its responsibilities and the control and reporting functions within the Group.

## Governance structure

Lime’s shareholders are the ultimate decisionmakers in respect of the Group’s governance. At the annual general meeting, the shareholders appoint the board of directors, the chairman of the board and the auditor, and resolve how to appoint the nomination committee.

The board of directors is responsible to the shareholders for the Group’s organization and management of the Group’s affairs.

The auditor reports on their review to the annual general meeting.



## Shareholders & general meeting

According to the Swedish Companies Act (Sw. *aktie-bolagslagen*), the general meeting is the company's ultimate decision-making body. At the general meeting, the shareholders exercise their voting rights on key issues, such as the adoption of income statements and balance sheets, appropriation of the company's results, discharge from liability of members of the board of directors and the CEO, election of members of the board of directors and the auditors and remuneration to the board of directors and the auditors. Members of the board of directors are appointed and dismissed in accordance with the Swedish Companies Act and the articles of association contain no special rules for this.

The annual general meeting must be held within six months from the end of the financial year. In addition to the annual general meeting, extraordinary general meetings may be convened. According to Lime's articles of association, general meetings are convened by publication of the convening notice in the Swedish National Gazette (Sw. *Post- och Inrikes Tidningar*) and on Lime's website. At the time of the notice, information regarding the notice shall be published in Dagens Industri.

The company's articles of association contain no restrictions on how many votes each shareholder can cast at a general meeting.

Amendments to the articles of association are decided in the manner that follows from the Swedish Companies Act and the articles of association contain no special rules for this.

### Right to participate in general meetings

Shareholders who wish to participate in a general meeting must be included in the shareholders' register maintained by Euroclear Sweden AB on the date occurring five business days prior to the meeting and notify Lime of their intention to participate not later than the date indicated in the notice convening the meeting.

Typically, it is possible for a shareholder to register for the general meeting in several different ways, as indicated in the notice of the meeting. To participate in the general meeting, shareholders who have nominee-registered their shares must, in addition to registering their intention to participate, register the shares in their own name so that the person concerned is registered as a shareholder in the register kept by Euroclear Sweden AB five weekdays before the general meeting.

Shareholders who are not personally present at the general meeting may exercise their right to attend the meeting by proxy. Shareholders who are personally present at the general meeting, or proxies for absentee shareholders, may bring no more than two assistants.

### Shareholder initiatives

Shareholders who wish to have a matter discussed at a general meeting must submit a written request in that regard to Lime's board of directors. Matters shall be discussed at the general meeting if the request has been received by the board of directors at least seven weekdays prior to the time when the convening notice according to the Swedish Companies Act may be submitted at the earliest, or thereafter but within such time that the matter can be included in the convening notice to the general meeting.

## 2020 annual general meeting

The annual general meeting was held on 29 June 2020 at Kungsbrogatan 1, Stockholm. Lime recommended the shareholders to, if possible, use the opportunity to vote electronically. 54% of the shares and voting rights were represented at the meeting. The chairman of the board, Peter Larsson, and board members Marlene Forsell, Anders Fransson, Malin Ruijsenaars, Marti Henricson and Anders Nilsson were present at the meeting. Auditor Ola Bjärhäll from PwC was also present, digitally.

Decisions by the shareholders at the annual general meeting included:

- payment of dividend of SEK 1.50 per share. Payment of dividend amounted to MSEK 19.9 in total.
- the board of directors shall consist of five members and no deputy members.
- election of Martin Henricson as chairman of the board.
- re-election of Peter Larsson, Anders Fransson, Malin Ruijsenaars and Marlene Forsell
- approval of board of directors fees until the next annual general meeting of SEK 300,000 to the chairman of the board and, SEK 175,000 to each of the other board members. It was also resolved that, in the event the board implements an audit committee, compensation of SEK 40,000 be paid to the chairman of the audit committee and SEK 25,000 to each of the other audit committee members.
- election of Öhrlings PricewaterhouseCoopers AB (PwC) as auditors, with Ola Bjärhäll as the auditor in charge.

- authorisation of the board of directors to decide – at one or more occasions during the period extending until the next annual general meeting in 2021 – with or without deviation from the shareholders' preferential rights and with or without provisions regarding payment in kind or by set-off – to issue new shares in the company. The number of shares issued under the authorisation is restricted to ten percent (10%) of the total number of shares outstanding on the occasion of the decision of authorisation. If deviating from shareholders' preferential rights, then the issue under this authorisation must be made on market terms.

## Nomination committee

The annual general meeting resolves how the nomination committee will be appointed. The nomination committee's task is to prepare and propose a chairman and other members of the board of directors, including remuneration to the chairman and other members. The nomination committee's task is furthermore to evaluate the work of the board, primarily based on the report provided by the chairman to the nomination committee. The nomination committee applies Lime's diversity policy in its proposal for election of board members.

On 29 June 2020, the annual general meeting of Lime Technologies AB (publ) adopted the following instructions for the nomination committee.

The chairman of the board shall contact the three largest shareholders, in terms of voting rights, listed in the shareholders' register maintained by Euroclear Sweden AB as of the last business day in August the year prior to the annual general meeting will be held. The three largest shareholders shall each be offered an opportunity to appoint a member who together will constitute the nomination committee for the term that extends until such time that a new nomination committee has been appointed. Should any of these shareholders decline to exercise their right to appoint a member, the right will be extended to the next largest shareholder. The nomination committee may adjunct the chairman of the board to the nomination committee.

The chairman of the nomination committee shall be the member representing the largest shareholder in terms of voting rights, unless the members unanimously agree on another chairman. However, the chairman of the nomination committee may not be a director of the board.

The majority of the members of the nomination committee shall be independent in relation to the company and its management. Neither the CEO nor

any other member of the company's management may be a member of the nomination committee. At least one of the members of the nomination committee must be independent in relation to the company's largest shareholder in terms of voting rights, or group of shareholders who cooperates in terms of the company's management. The board of directors must not represent a majority of the members of the nomination committee. If more than one member of the board of directors is a member of the nomination committee, only one of them may be dependent in relation to the company's largest shareholder.

The members of the nomination committee shall receive no fee. If necessary, the company shall cover reasonable costs for the retention of external consultants to enable the nomination committee to perform its duties.

The composition of the nomination committee shall be announced by separate press release as soon as the nomination committee has been appointed and no later than six months before the annual general meeting. The information shall also be available on the company's website, where it shall also be explained how shareholders may submit proposals to the nomination committee.

A member of the nomination committee shall step down if the shareholder by whom they were appointed is no longer one of the three largest shareholders, after which a new shareholder in size order shall be offered the opportunity to appoint a member. Such an offer only needs to be extended to the next three shareholders in order of size. In the absence of special reasons, however, no changes shall be made to the composition of the nomination committee if only minor changes in voting numbers have occurred or if the changes occur later than three months before the annual general meeting. In the event a member resigns from the nomination committee before its work is completed, such shareholder who appointed the member shall be entitled to appoint a new member to the nomination committee, provided the shareholder is still one of the three largest shareholders in terms of voting rights who are represented in the nomination committee.

The nomination committee is entitled, if it is deemed appropriate, to adjunct a member who is appointed by a shareholder who, after the constitution of the nomination committee, has become one of the company's three largest shareholders and who is not already represented on the nomination committee. Such an adjunct member does not take part in decisions made by the nomination committee.

## Nomination committee ahead of the 2021 annual general meeting

Name/representing	Percentage of voting rights, 31 December 2020
Thomas Bill, Syringa Capital AB	10,14%
Emil Hjalmarsson, AB Grenspecialisten	10,00%
Marianne Flink, Swedbank Robur Fonder	9,56%
Adjungerad, Martin Henricson, styrelsens ordförande	

Apart from AB Grenspecialisten and Syringa Capital AB – who represent 10.00% and 10.14% of the shares respectively – there are no other shareholders who represent more than 10% of the voting rights on 31 December 2020.

## External auditor

The auditor reviews Lime’s annual report and accounts, as well as the management by the board of directors and the CEO. Since Lime is parent company in a Group, Lime’s auditor shall also review the consolidated accounts and the Group companies’ interrelationships. The auditor submits an audit report and a Group audit report to the annual general meeting following each financial year.

Öhrlings PricewaterhouseCoopers AB is Lime’s auditor, with Ola Bjärehäll as auditor in charge. The company’s auditor is presented in more detail under section “Board of directors, senior executives & auditor” in the annual report published on Lime’s website.

During the 2020 financial year, the total fees paid to the company’s auditors amounted to TSEK 991 whereof TSEK 322 related to the parent company (TSEK 1,255 in 2019 whereof TSEK 395 related to the parent company). In 2020, TSEK 971 related to audit services (whereof TSEK 322 to the parent company).

## The board of directors

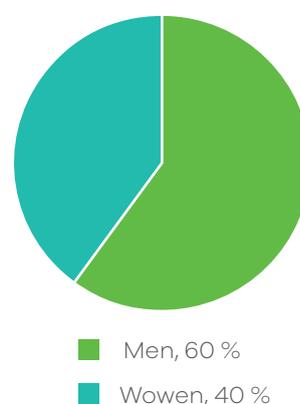
### Composition of the board of directors

Members of the board of directors are normally appointed by the annual general meeting for the term until the next annual general meeting. According to Lime’s articles of association, the members of the board of directors shall not be fewer than three and not more than eight members with no deputy members. According to the Code, the chairman of the board of directors shall be elected at the annual general meeting.

Not more than one of the members of the board of directors – insofar as elected by the general meeting – shall be a member of Lime’s management or its subsidiaries’ management. The majority of the board

of directors – insofar as elected by the general meeting – shall be independent of Lime and its management. At least two of the members of the board of directors who are independent in relation to Lime and its management shall also be independent in relation to Lime’s major shareholders. For more information about the members of Lime’s board of directors, and a description of their independence in relation to the company and its management, as well as in relation to Lime’s largest shareholders, see section “Board of directors, senior executives and auditor” in the annual report published on Lime’s website.

### Gender distribution, board of directors



### Work and responsibilities of the board of directors

Lime’s board of directors is the second-highest decision-making body, after the general meeting. The Swedish Companies Act prescribes that the board of directors be responsible for Lime’s organization and the management of Lime’s business. The board of directors shall continuously assess Lime’s and the Group’s financial position. The board of directors shall ensure that Lime’s organization is structured such as the accounting, asset management and Lime’s financial conditions are otherwise controlled in a secure manner.

Under the Code, the board of directors is responsible for, among other things, setting the company’s targets and strategies, appointing, evaluating and, if necessary, removing the CEO, defining appropriate guidelines to govern the company’s conduct in society, with the aim of ensuring the company’s longterm capability for value creation, ensuring there are appropriate systems in place for follow-up and control of the company’s operations and for the risks to which the company and its operations are associated, ensuring there are satisfactory controls in place of the company’s compliance with laws and other regulations applicable to the company’s operation, as well as the company’s compliance with internal guidelines, and ensuring that the company’s

disclosure of information is characterized by transparency and is accurate, relevant, and reliable. Should responsibilities be delegated to one or more of the board's members or to others, the board of directors shall, in compliance with the Swedish Companies Act, act responsibly and continuously ensure that the delegation is maintained. The chairman of the board shall ensure that the work of the board of directors is effective and that the board of directors complies with its obligations.

The work of the board of directors is regulated by written rules of procedures. The rules of procedure include regulations of the functions and distribution of work and responsibilities between the board members and the CEO, as well as between the board of directors and the various committees and certain procedural issues relating to the convening of board meetings. The board of directors convenes according to an annual determined schedule. In addition to these meetings, the board meetings can be convened if the chairman of the board considers it necessary or if a member of the board of directors or the CEO so requests. In accordance with the Swedish Companies Act, the board of directors has adopted an instruction for the CEO, including instructions for both internal reporting to the board of directors and the company's external reporting to the market.

### Diversity

Lime has a policy in place that governs the principles for diversity among its board of directors.

Lime's board of directors shall, as a whole, have appropriate comprehensive competence and experience in relation to Lime's business operations, and be able to identify and understand the risks the company is exposed to. The aim is for the board to consist of members of varying ages, with balanced gender composition and from varied geographical origins, as well as from varied educational and professional backgrounds, which together lead to independent and critical scrutiny from the board.

### Remuneration committee

The board of directors has decided it shall manage matters in their entirety, which, according to the Code, otherwise would have been the responsibility of a separate remuneration committee. This means the board of directors shall:

- make decisions on issues concerning remuneration principles, remuneration and other terms of employment for the executive management,
- monitor and evaluate, both ongoing and during the year finalized, programs for variable remuneration

- monitor and evaluate the application of the guidelines for remuneration to senior executives, which, according to law, the annual general meeting is required to adopt, as well as applicable remuneration structures and remuneration levels in the company, and
- the remuneration committee prepares matters for the board of directors, which has the right of decision.

### Audit committee

The board of directors has decided to constitute a separate audit committee. The audit committee shall:

- monitor the company's financial reporting and provide recommendations and proposals for ensuring the reliability of the reporting,
- with respect to the financial reporting, monitor the efficiency in the company's internal controls, internal audit and risk management,
- keep itself informed of the audit of the annual report and consolidated financial statements and the conclusions of the Audit Council's (Sw. *Revisionsinspektionen*) quality control,
- keep itself informed regarding the results of the audit and the manner in which the audit contributed to the reliability of the financial reporting and the function played by the committee,
- review and monitor the auditor's impartiality and independence and thereupon to note in particular whether the auditor provides the company with services other than audit services,
- assist in the preparation of proposals regarding the resolutions from the general meeting concerning the election of auditor, and

The audit committee prepares matters for the board of directors, which has the right of decision. In 2020, the audit committee consisted of Marlene Forsell and Anders Fransson.

Lime's CEO and CFO participate in the committee's meetings.

### Remuneration to the board of directors

The 2020 annual general meeting resolved to pay compensation to the board of directors for the period until the next annual general meeting of SEK 300,000 to the chairman of the board and SEK 175,000 to each of the other board members. It was also resolved that, in the event the board implements an audit committee, compensation of SEK 40,000 be paid to the chairman of the audit committee and SEK 25,000 to each of the other audit commitment members.

A total of SEK 1,065,000 shall thus be paid as compensation to the board of directors for the period until the end of the 2021 annual general meeting. The amount is distributed among the board members as shown in the table below.

Name	Function	Board Fee (SEK)
Martin Henricson	Chairman	300,000
Malin Ruijsenaars	Board member	175,000
Peter Larsson	Board member	175,000
Anders Fransson	Board member/ audit committee	200,000
	Board member/ chairman audit committee	
Marlene Forsell		215,000
<b>Total</b>		<b>1,065,000</b>

### The chairman of the board

The board's rule of procedure states, among other things, that the chairman of the board shall ensure the work of the board is performed in an efficient manner and that the board of directors fulfils its obligations. This involves organizing and leading the work of the board of directors and creating the best possible conditions for its work. In addition, the chairman of the board shall ensure the members of the board of directors continuously update and deepen their knowledge about the company and that new members receive appropriate induction and education. The chairman shall be available as an advisor and discussion partner to the CEO, but also evaluate the CEO's work and report the evaluation to the board of directors. Further, it is the chairman of the board's responsibility to ensure the board of directors' work is evaluated annually and to provide such evaluation to the nomination committee. Martin Henricson was elected chairman of the board at the annual general meeting on June 29, 2020. The chairman does not participate in the operational management of the company.

### The work of the board of directors 2020

Since the annual general meeting on June 29, 2020, and until the adoption of this annual report, the board of directors has conducted 11 minuted meetings. At the board meetings, Lime's CEO and COO participates and reports on business matters and Lime's CFO participate and takes the minutes of the meeting. At the meetings, the board of directors addressed standard business issues that, as stated in the board's rule of procedure, were presented at each board meeting. These include the business environment, budget, interim reports and annual

accounts. Otherwise, work was focused on further development of the previously developed market and acquisition strategies. In addition to the scheduled meetings, the board's work is made up of ongoing financial reviews, strategic product development, recommendations regarding remuneration levels, acquisition matters, and issues relating to accounting and auditing.

The board's work has been reviewed in a systematic way since the constituent board meeting on 29 June, 2020. The review showed that the board's work was well-functioning.

### Attendance board meetings

Member	Attendance (out of 11)
Peter Larsson	11
Marlene Forsell	11
Anders Fransson	11
Martin Henricson	11
Malin Ruijsenaars	11

Since the annual general meeting on June 29, 2020, and until the adoption of this annual report, the audit committee has conducted 4 minuted meetings. Between the adoption of the annual report for 2019 and the annual general meeting June 29, 2020, the committee conducted 1 minuted meeting.

### Attendance audit committee meetings

Member	Attendance (out of 4)
Marlene Forsell	4
Anders Fransson	4

### Attendance remuneration committee

Member	Attendance (out of 1)
Peter Larsson	1
Marlene Forsell	1
Anders Fransson	1
Martin Henricson	1
Malin Ruijsenaars	1

## The CEO and other senior executives

### The senior executives' work and responsibilities

The CEO is tasked with the handling of the ongoing management and daily operations of the company in accordance with the guidelines and instructions from the board of directors. The division of work between the board of directors and the CEO is set out in the rules of procedure for the board of directors and the board's instructions to the CEO.

The CEO leads the work in the Group's management and makes decisions after consultation with its members. The CEO is also responsible for the presentation of reports and information at the board

meetings and must continuously keep the board of directors informed about matters necessary to evaluate the company's and the Group's financial position.

The CEO and other senior executives are presented in section "Board of directors, senior executives & auditor" in the annual report published on Lime's website. Remuneration to senior executives The table below shows the remuneration received from the company and its subsidiaries by the CEO and other senior executives during the 2020 financial year.

Total average number of senior executives, including the CEO, was 7 (10) in 2020.

January 1 - December 31, 2020 (TKR)	Base salary/fee	Variable pay	Pension cost	Other compensation	Total
CEO	1,804	300	463	70	2,637
Other senior executives	5,645	570	1,166	198	7,578
<b>Koncernen totalt</b>	<b>7,449</b>	<b>870</b>	<b>1,629</b>	<b>267</b>	<b>10,215</b>

### Incentive program to senior executives

An extra general meeting on 25 April 2014 resolved to introduce an incentive program, under which certain employees and key persons in the Group were offered to purchase stock options of the 2014/2019 series, and further, an extra general meeting on October 23, 2015, resolved to introduce an incentive program under which the Company's CFO – Magnus Hansson – was offered to purchase stock option of the 2015/2019 series. A total of 2,545 and 179 stock options were issued under series 2014/2019 and series 2015/2019 respectively. Each stock option of series 2014/2019 entitled the holder to subscribe to approximately 288 shares in the Company at a price of SEK 5.48 per share during 1-31 March 2019. Each stock option of series 2015/2019 entitled the holder to subscribe to approximately 288 shares in the Company at a price of SEK 21.09 per share during 1-31 March 2019. All stock options under both programs were exercised in March 2019 and 783,481 shares were thus issued.

### Terms of employment for the CEO and other senior executives

#### Remuneration and pensions

According to his employment contract, the CEO is entitled to a monthly compensation of SEK 150,000 and pension benefits according to the company's prevailing pension policy. However, pension benefits

shall never exceed an amount for which the company can make tax deductions. Provided that certain predefined targets are met, the CEO may also receive a company bonus of not more than four months' salary. The bonus is based on the performance of the Group, whereby 50 percent of the bonus is based on how well the company performs in relation to the net sales target and 50 percent is based on how well the company performs in relation to its profitability target. The CEO is also entitled to other normal employment benefits.

Other senior executives are entitled to a fixed base salary, company bonus and, if applicable, individual bonuses, pensions and other benefits, as well as other common terms of employment. The senior executive Johan Holmqvist (Head of Investor Relations), with final employment date on 6 December 2019, is however not entitled to a bonus, according to applicable temporary employment agreement (see further below).

#### Termination and severance pay

In case of termination of the CEO's employment contract, a notice period of nine months applies upon termination by the company and a notice period of six months in the case of termination by the CEO. The CEO is not entitled to severance pay in connection with termination of employment.

A mutual notice period of three months applies to other senior executives (or the period otherwise applicable under law or collective agreement) and they are not entitled to severance pay in connection with termination of their employment.

Senior executive Johan Holmqvist (Head of Investor Relations) was employed under a general temporary employment during the period August 31, 2018 - December 6, 2019, corresponding to a normal 50% part-time position (i.e. approximately 20 hours per week). The temporary employment was terminated on December 6, 2019.

### Guidelines for remuneration to senior executives

The annual general meeting on June 29, 2020, resolved on the following guidelines for remuneration to senior executives.

#### Senior executives

For the purposes of these guidelines, senior executives include the Chief Executive Officer and executives who report to the Chief Executive Officer and are members of the Group Management.

#### General remuneration principles

In short, the Company's business strategy is to be a comprehensive CRM expert that offers a powerful and flexible SaaS platform, which leads to a loyal customer base and a profitable business model, strong cash flow and profitable growth.

For more information, please refer to the Company's Annual Reports and the Company's website, <https://www.lime-technologies.se/>.

A prerequisite for implementing the Company's business strategy, safeguard its long-term interests, including sustainability, is that the Company can recruit and retain qualified employees. The Company should therefore offer conditions of employment, including remuneration, that enable attracting and retaining senior executives with the competence and experience required to achieve the Company's goals. The remuneration shall be based on terms that are competitive and in line with market terms.

When evaluating whether these guidelines and the limitations set out herein are reasonable, the Board of Directors (including the Remuneration Committee) has considered the total remuneration of all employees of the Company including the various components of their remuneration as well as the increase and growth rate over time.

#### Principles for fixed and variable remuneration

The remuneration covered by these guidelines may consist of fixed basic salary, variable cash salary, pension and other benefits. In addition the general meeting may decide on, inter alia, long-term incentive programs.

#### Principles for fixed base salary

Each senior executive shall receive a fixed base salary. The fixed base salary shall be in line with market terms, be competitive and shall take into account the scope and responsibility associated with the position, as well as the skills, experience and performance of each senior executive.

Fixed base salary may not amount to more than eighty-five (85) per cent of the total remuneration, assuming that full variable cash salary, pension benefits and other benefits are paid (if there is no variable cash salary, pension benefits or other benefits, the fixed basic salary will constitute the entire remuneration).

#### Principles for variable remuneration

Variable remuneration shall be based on how well the Company meets its financial targets for organic growth and EBITDA. The variable remuneration shall reflect the key drivers for pursuing the Company's strategy, long-term interests and sustainable business practices. To which extent the criteria for awarding variable remuneration have been satisfied shall be determined when the relevant measurement period of the performance criteria has ended. The performance criteria shall be determined and documented on a yearly basis.

For each senior executive (except for senior executives whose main responsibility is own sales), variable remuneration may amount to a maximum of twenty-five (25) per cent of total remuneration if full variable remuneration, pension benefits and other benefits are paid. For senior executives whose main responsibility is own sales, the total remuneration may amount to a maximum of eighty (80) per cent of the total remuneration if full variable remuneration, pension benefits and other benefits are paid.

The Company has the right to recover variable remuneration if it turns out that the Company's accounts contain material errors.

#### Pension

Senior executives shall have pension terms and pension levels that are in line with market terms. The pension benefits shall be premium based. Variable remuneration shall only constitute a basis for pension benefits if it follows from provisions in the applicable

collective bargaining agreement. Unless applicable collective bargaining agreements state otherwise, pension benefits may amount to a maximum of thirty (30) per cent of the fixed salary for each senior executive and, if full variable remuneration, pension benefits and other benefits are paid, a maximum of twenty (20) per cent of the total remuneration.

#### Other benefits

The Company offers other benefits to senior executives such as company car and health insurance. The benefits shall be in line with market terms and the costs of such benefits may, for each senior executive, amount to a maximum of eight (8) per cent of the fixed basic salary and, if full variable remuneration, pension benefits and other benefits are paid, a maximum of five (5) per cent of the total remuneration.

#### Termination notice and severance pay

Employment agreements entered into between the Company and senior executives shall, as a principal rule, apply until further notice. If the Company terminates the employment of a senior executive, the notice period may not exceed twelve (12) months. Severance pay shall only be paid upon termination by the Company and shall not exceed the amount of the agreed fixed basic salary during the notice period. The notice period shall not exceed six (6) months and no severance shall be payable upon the senior executive's own termination of his or her employment.

#### Decision-making process

The Board of Directors has appointed a Remuneration Committee to prepare the Board's proposal for guidelines. Based on the recommendation of the Remuneration Committee, the Board shall, when the need arises for significant changes to the guidelines, at least every four years, prepare guideline proposals to be presented at the Annual General Meeting. The guidelines shall apply to each commitment of remuneration to senior executives, and to any change in such commitment, that is decided after the Annual General Meeting at which the guidelines were adopted. The guidelines thus have no effect on previously binding contractual obligations. Other General Meetings than the Annual General Meetings may amend the guidelines.

The Remuneration Committee shall also monitor and evaluate the application of these guidelines, ongoing and completed programs for variable remuneration to senior executives and the Company's remuneration structures and remuneration levels.

Within the scope and on the basis of these guidelines, the Board of Directors shall, based on the remuneration committee's preparation and recommendations, annually decide on the specific revised remuneration

terms for each individual senior executive and also make other decisions on remuneration to senior executives that may be required. The Chief Executive Officer and the other senior executives do not participate in the Board of Directors' handling of and resolutions regarding remuneration-related matters if they are affected by such matters.

#### Deviation from these guidelines

The Board of Directors may temporarily resolve to deviate from these guidelines, in whole or in part, if in a specific case there is special cause for such deviation and if the deviation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. As stated above, it is part of the Remuneration Committee's tasks to prepare the Board's decision on remuneration matters. This includes decisions on deviations from the guidelines. Deviations shall be reported and justified annually in the remuneration report.

## The board of directors' report on internal control

### General

Lime has established an internal control system aimed at achieving an efficient organization that achieves the targets set by the board of directors. The internal control of financial reporting is an integrated part of the corporate governance. This system includes work to ensure Lime's operations are conducted correctly and efficiently, that laws and regulations are complied with and that financial reporting is accurate and reliable and in accordance with applicable laws and regulations. Lime has chosen to structure internal control work in accordance with the so-called COSO framework, which includes the following elements: control environment, risk assessment, control activities, information and communication as well as monitoring and follow-up.

The control activities carried out shall cover the key risks identified within the Group. Powers and responsibilities are defined in instructions for power of authority, manuals, policies and routines, for example Lime's accounting and reporting instruction, finance and credit policy, communications policy, IT security policy and HR policy. These guidelines constitute, together with laws and other external regulations, the so-called control environment.

In order to provide the board of directors with a basis for determining the level of internal governance and control, Lime continued its review of existing internal controls in 2020, in accordance with established guidelines. The work results in an evaluation and verification of the governing documents and guidelines that form the basis of the Group's operational control.

**Control environment**

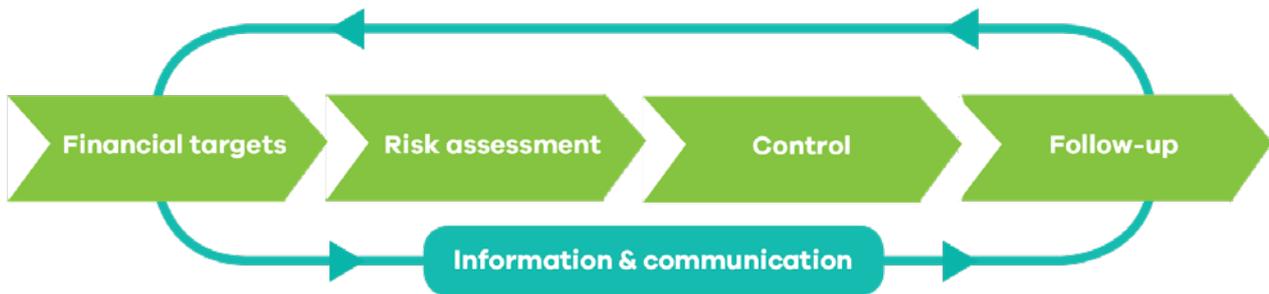
Lime’s control environment is based on the distribution of work among the board of directors, the committees and the CEO, and the corporate values on which the board of directors and the Group management communicate and base their work. The control environment is based on an organization with clear decision paths in which responsibilities and powers are defined in clear instructions, as well as a corporate culture with shared values and the individual’s awareness of their responsibilities in maintaining good internal control. The Group’s ambition is that its corporate values will permeate the organization.

In order to maintain and develop a well-functioning control environment, to comply with applicable laws and regulations, and to ensure compliance within the entire Group with the Group’s desired business practices, the board of directors, as the ultimately responsible body, has established a number of basic documents relevant to risk management and the internal control which consists of operational control documents, policies, procedures and instructions. Among

these documents are the board’s rules of procedure, instructions for the CEO, instructions for financial reporting, the Group’s code of conduct, communications policy, and insider policy.

Policies, routine descriptions and instructions are distributed to and signed by all relevant employees within Lime through Lime’s compliance portal. The Group’s employees are obliged to comply with Lime’s code of conduct and insider policy. The code of conduct describes expected behaviors in various situations. Lime’s employees regularly perform relevant tests to ensure they are aware of the content of relevant policies, routine descriptions and instructions.

The board of directors is responsible for the internal control of the financial reporting. The responsibility to maintain an effective control environment and the continuous internal control work is delegated to the CEO who, in turn, has delegated function specific responsibilities to managers on various levels within the Group.



**Risk assessment**

Lime has established a risk assessment procedure, meaning the company conducts annual risk analysis and risk assessment. Based on this procedure, risks are identified and categorized according to the following four areas:

- Strategic risks
- Operational risks
- Financial risks
- Compliance risks

Lime’s objective with the risk analysis is to identify the most significant risks that may prevent Lime from achieving its targets or realizing its strategy. The objective is further to evaluate these risks based on the probability that they will arise in the future and to what extent the risks may affect the company’s targets if they were to occur.

Each individual risk is assigned a so-called risk owner. The risk owner has a mandate and responsibility to ensure actions and controls are established and implemented. The risk owner is also responsible for monitoring, follow-up and reporting of changes in the Group’s risk exposure to identified risks.

Identified risks are reported by the Group management to the board of directors. The board of directors evaluates Lime’s risk management system, including risk assessments, in an annual risk report in which the ten most significant risks are examined in detail. The purpose of this procedure is to ensure that significant risks are managed and that controls that counteract identified risks are implemented.

The overall financial risks are identified as liquidity risk, currency risk, interest risk and customer credit risk. The risks are mainly managed by the accounting and finance functions, in accordance with the Group's finance policy. The risk assessment includes identifying the risks that may arise if the fundamental requirements for the financial reporting (completeness, accuracy, valuation and reporting) are not met within the Group. Focus is placed on risks in the financial reporting related to significant income statement and balance sheet items, which are relatively higher due to the complexity of the process or where the effects of possible errors are likely to be substantial, as the value of the transactions are significant. The outcome of the reviews may lead to actions such as improved control routines to further safeguard accurate financial reporting.

### Control activities

Lime has established a risk management process that includes a number of key controls pertaining to matters that must be in place and function in the risk management processes. The control requirement is an important tool that enables Lime's board of directors to lead and evaluate information from Group management and to take responsibility for identified risks.

Lime focuses on documenting and evaluating the major risks related to financial reporting to ensure that the Group's reporting is accurate and reliable. An example of such control is that Lime makes a yearly impairment test of intangible assets with the purpose of assessing returns and potential depreciation requirements.

The control activities limit identified risks and ensure correct and reliable financial reporting, as well as process efficiency. The control activities include both high level and detailed controls and they aim to prevent, detect, and correct errors and deviations. The central accounting and finance department is responsible for the consolidated accounts and statements, as well as for financial and administrative control systems. The department's responsibilities further include ensuring instructions that are critical for the financial reporting, are made known and available to relevant personnel. Within the accounting and control functions, reconciliations and checks of reported amounts are performed continuously, in addition to analysis of the income and balance sheet statements. The financial controller function conducts control activities on all levels within the company. The function analyses and follow-up on budget deviations, prepares forecasts,

follow-up on significant fluctuations across reporting periods and report their findings back into the company, which reduces the risks for errors in the financial reporting.

High IT security is a necessity for good internal control of financial reporting. Therefore, there are rules and guidelines in place to ensure accessibility, accuracy, confidentiality, and traceability of the information in the business system. In order to prevent both accidental and intentional incorrect registration, access to the business system is limited based on authority, responsibility and job position based on Segregation of Duties.

As a step forward in the work to quality assure the financial reporting, the board of directors has established an audit committee. Issues examined by the committee include critical accounting matters and monitoring of the effectiveness of the internal control and risk management related to financial reporting.

### Information and communication

Internal communication to employees is carried out through newsletters and formal policies and instructions are communicated to management and employees through a compliance portal, through which it is possible to monitor that all employees receive and acknowledge the policies and instructions relevant to their particular role within Lime. Such policies include, inter alia, the policies established by Lime for the purpose of informing employees and other persons within Lime of the laws and regulations applicable to the company's distribution of information and the specific requirements imposed on persons active in a listed company regarding, for example, insider information. In view of this, Lime has also established procedures for effective management and restriction of distribution of information not yet available to the public. The board of directors has delegated to the CEO the overall responsibility for dealing with matters relating to insider information and the board of directors has appointed Lime's CFO as the person responsible for the handling of insider lists.

Lime's IR function is led and supervised by Lime's Head of Communications and IR and Lime's CFO. The main responsibilities of the IR function are to support the CEO and senior executives in relation to the capital markets. The IR function also works with the CEO in preparing Lime's financial reports, general meetings, capital market presentations and other regular reporting of IR- activities.

The board of directors has established a communication policy that specifies what is to be communicated, by whom and in what way the information shall be disclosed in order to ensure the external information is accurate and complete. In addition, there are instructions in place on how financial information shall be communicated between management and other employees. A precondition for accurate disclosure of information is further to have solid procedures for information security. Lime's routines and system for disclosure of information aim to provide the market with relevant, reliable, accurate and up-to-date information about the Group's development and financial position. Lime has a communication policy in place that meets the requirements of a listed company.

Financial information provided are:

- Interim reports and the year-end report published as press releases.
- Annual report.
- Press releases that Lime are obliged to publish in accordance with applicable law or Nasdaq Stockholm's regulations
- Presentations and telephone conferences for financial analysts, investors and media in connection with the publication of annual and interim reports, as well as the publication of other important information.
- Meetings with financial analysts and investors. All reports, presentations and press releases are published simultaneously on the Group's website: [investors.lime-technologies.com](https://investors.lime-technologies.com)

### Monitoring and follow-up

A self-assessment of the effectiveness of key controls is carried out annually and a risk report is prepared summarizing the completed self-assessments and explains any deviations that need to be addressed. The risk report is presented to the board of directors every year. The follow-up covers both formal and informal routines applied by managers and process owners as well as those performing the internal controls. The routines include follow-up of outcomes against budget and plans, analyses and key ratios. Controls that fail are actioned, meaning measures are taken and implemented to tackle the deviations.

The board of directors receives reports on the Group's revenue, earnings and financial position each month.

Lime's interim reports, other financial reports and the annual report are always considered by the board of directors prior to being published.

Furthermore, Lime's policies are subject to annual review by the board of directors. The financial reporting is analyzed in detail by the finance department and management on a monthly basis.

Furthermore, the forecasting process is an essential part of the internal control. Sales are forecasted per segment and income stream by responsible sales organization. The sales forecasts are consolidated and validated when the forecast is prepared for the entire organization. Complete forecasts are prepared monthly. In addition to the complete forecast, a budget is prepared that forms the basis for the board's approval in the fourth quarter of the financial year.

In addition to forecasts and budgets, Group management also work with comprehensive strategic plans.

The audit committee monitors the financial reporting and receives the audit report, which includes observations and recommendations, from the company auditor. The effectiveness of the internal control activities is regularly monitored at different levels within the Group and findings are reported back to the board of directors. The Board of directors have continuously monitored the effects the covid-19 pandemic have had on Lime. Based on the scope of the operations and existing control activities, the board of directors has decided there is currently no need to establish a special audit function (internal audit function).

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### Stockholm, 25 mars 2021

Martin Henricson	Malin Ruijsenaars
Marlene Forsell	Peter Larsson
Anders Fransson	

## The auditors' examination of the corporate governance report



### **The auditors' examination of the corporate governance report**

To the general meeting of the shareholders of Lime Technologies AB (publ), corporate identity number 556953-2616

#### **Engagement and responsibility**

The Board of Directors is responsible for the Corporate Governance Report for the year 2020 on pages 37-57 of the printed version of this document having been prepared in accordance with the Annual Accounts Act.

#### **The scope of the audit**

Our examination of the corporate governance report is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance report. This means that our examination of the corporate governance report 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.

#### **Opinions**

A corporate governance report has been prepared. Disclosures in accordance with Chapter 6, Section 6, the second paragraph, points 2-6 of the Annual Accounts Act and Chapter 7, Section 31, the second paragraph of the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, March 25, 2021

Öhrlings PricewaterhouseCoopers AB

Ola Bjärehäll  
Authorized public accountant  
Auditor in charge