

Corporate Governance



Corporate governance report

Introduction

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 decision-makers 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

General

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.

2019 annual general meeting

The annual general meeting was held on 29 April 2019 at Grev Turegatan 30, Stockholm. 56% 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 and Anders Nilsson were present at the meeting. Auditor Ola Bjärhäll from PwC was also present.

Decisions by the shareholders at the annual general meeting included:

- payment of dividend of SEK 1.00 per share. Payment of dividend amounted to MSEK 13.3 in total.
- the board of directors shall consist of six members and no deputy members.
- re-election of Peter Larsson as chairman of the board.
- re-election of Anders Nilsson, Anders Fransson and Marlene Forsell
- election of Martin Henricson and Malin Ruijsenaars
- approval of board of directors fees until the next annual general meeting of SEK 200,000 to the chairman of the board and, SEK 125,000 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.
- 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 exten-

ding until the next annual general meeting in 2020 – 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 April 2019, 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.

The nomination committee shall also propose candidates for election of and remuneration to external auditors.

Nomination committee ahead of the 2020 annual general meeting

Name/representing	Percentage of voting rights, 31 December 2019
Thomas Bill, Monterro 1 AB	10.05 %
Emil Hjalmarsson, Grenspecialisten Förvaltning AB	8.68 %
Marianne Flink, Swedbank Robur Fonder	9.52 %
Adjunct member, Peter Larsson, chairman of the board	

Apart from Monterro 1 AB and Syringa Capital AB – who represent 10.05% and 10.14% of the shares respectively – there are no other shareholders who represent more than 10% of the voting rights on 31 December 2019.

As of 19 February 2020, does not own any shares in the company.

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 2019 financial year, the total fees paid to the company's auditors amounted to TSEK 1,255 whereof TSEK 287 related to 2018 and the public listing of the company's shares (TSEK 1,831 in 2018 whereof TSEK 873 related to the parent company). In 2019, TSEK 898 related to audit services (whereof TSEK 325 to the parent company). Of the total fees paid in 2018, TSEK 1,172 related to the public listing of Lime's shares on Nasdaq Stockholm and TSEK 474 related to audit services (whereof TSEK 51 related to the parent company).

The board of directors

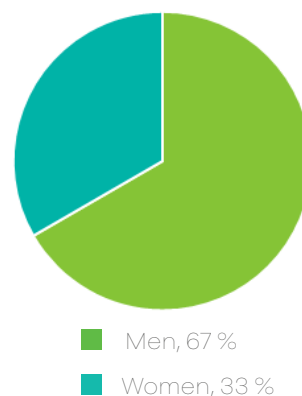
Composition of the board of directors

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 long-

term 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.

Attendance remuneration committee

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

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 concern-

ning the election of auditor, and

- The audit committee prepares matters for the board of directors, which has the right of decision.

In 2019, the audit committee consisted of Marlene Forsell and Anders Fransson.

Lime's CEO and CFO participate in the committee's meetings, by presenting to the committee and taking minutes from the meetings.

Attendance audit committee

Member	Attendance (out of 6)
Peter Larsson	1
Marlene Forsell	6
Maria Wasing	1
Anders Fransson	6
Anders Nilsson	1

Up until the annual general meeting on 29 April 2019, the audit committee was made up of all board members. Anders Fransson and Marlene Forsell make up the audit committee thereafter.

Remuneration to the board of directors

The 2019 annual general meeting resolved to pay compensation to the board of directors for the period until the next annual general meeting of SEK 200,000 to the chairman of the board and SEK 125,000 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 890,000 shall thus be paid as compensation to the board of directors for the period until the end of the 2020 annual general meeting. The amount is distributed among the board members as shown in the table below.

Name	Function	Board Fee (SEK)
Peter Larsson	Chairman	200 000
Malin Ruijsenaars	Board member	125 000
Martin Henricson	Board member	125 000
Anders Fransson	Board member/ audit committee	150 000
Anders Nilsson	Board member	125 000
Marlene Forsell	Board member/ chairman audit committee	165 000
Total		890 000

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. Peter Larsson was elected chairman of the board at the annual general meeting on April 29, 2019. The chairman does not participate in the operational management of the company.

The work of the board of directors 2019

Since the annual general meeting on April 29, 2019, and until the adoption of this annual report, the board of directors has conducted 8 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 April, 2019. The review showed that the board's work was well-functioning.

Attendance board meetings

Member	Attendance (out of 8)
Peter Larsson	8
Marlene Forsell	6
Anders Fransson	8
Anders Nilsson	7
Martin Henricson	8
Malin Ruijsenaars	7

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 2019 financial year.

Total average number of senior executives, including the CEO, was 10 (10) in 2019.

January 1 - December 31, 2019 (TSEK)	Base salary	Variable remuneration	Pension costs	Other benefits	Total
CEO	1 833	197	465	66	2 561
Other senior executives	7 255	706	1 227	241	9 429
Group total	9 088	902	1 692	307	11 989

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 April 29, 2019, resolved on the following guidelines for remuneration to senior executives until the end of the 2020 annual general meeting. The board of directors' proposal of guidelines for remuneration to senior executives that is presented at the annual general meeting in June 2020, is to be found in the annual report and on the webpage.

General principles for remuneration and other terms

In these guidelines, senior executives refer to the CEO and the management of the company and the group. Information about the composition of the management can be found on investors.lime-technologies.com.

The purpose of these guidelines is to ensure the company can attract, inspire and retain senior executives with the competence and experience required to achieve the company's goals. The remuneration shall be on terms which are competitive and at the same time in line with shareholders' interests. Remuneration to senior executives consists of a fixed and, for some senior executives, variable remuneration and potential incentive programs. The company's senior executives are also entitled to pension benefits (according to ITP1), and the company makes pension provisions for its senior executives. These components are intended to ensure a balanced remuneration package, which reflects individual competence, responsibilities and performance, in both the short and long term, and the company's overall results.

Fixed remuneration

The senior executives' fixed remuneration shall be competitive and based on the individual senior executive's competence, responsibility and performance. A revision of the fixed remuneration shall be performed on an annual basis every calendar year.

Variable remuneration

Senior executives can receive variable remuneration in addition to the fixed remuneration.

The yearly variable remuneration shall be cash based and be based on predetermined and measurable performance criteria for each respective senior executive which aim to promote the company's long-term value creation. The performance criteria shall be determined and documented on a yearly basis.

The yearly variable remuneration shall be cash-based and be based on predetermined and measurable performance criteria for each respective senior executive which aim to promote the company's long-term value creation. The performance criteria shall be determined and documented on a yearly basis. The yearly variable remuneration varies depending on performance, from no variable remuneration to a remuneration equivalent to four month's salary (applies to all senior executives except one senior executive whose main role is individually generated sales subject to sales commission of up to 10 months' salary as set out in the contract of employment). Fixed remuneration refers to fixed cash salary earned during the year, excluding pensions, benefits and similar.

The company is entitled to recover variable remuneration, should the accounts contain material errors.

Incentive programs

The general meeting can resolve to implement long-term share and share price related incentive programs directed to, among others, senior executives. Such incentive programs shall be designed to promote common interests between the participants and the company's shareholders, and further to promote individual shareholdings in the company.

Other benefits

The company provides other benefits to senior executives. Such benefits may include health subsidies, mobile phones, company cars and travel allowances.

Termination and severance pay

The maximum notice period for senior executives during which salary is paid is nine months. No severance pay applies.

Deviations from the guidelines

The board of directors can decide to deviate from these guidelines, subject to specific reasons and in exceptional cases. The reasons for such deviations shall be presented at the next annual general meeting.

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 2019, 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 depreci-

ation 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 manage-

ment 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

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. 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).

Stockholm, 26 mars 2020

Peter Larsson	Malin Ruijsenaars
Anders Nilsson	Marlene Forsell
Anders Fransson	Martin Henricson

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 2019 on pages 30-41 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 26, 2020

Öhrlings PricewaterhouseCoopers AB

Ola Bjärehäll
Authorized public accountant
Auditor in charge