

Corporate Governance Report

Projektengagemang Sweden AB (Publ) (PE), is a Swedish public limited company with registered offices in Stockholm, Sweden, whose B shares are listed in the Small Cap segment on the Nasdaq Stockholm stock exchange. Corporate governance as exercised by PE is based on the Swedish Companies Act, the Swedish Annual Accounts Act, stock market regulations and the Swedish Corporate Governance Code (the Code). This Corporate Governance Report relates to both the Parent Company Projektengagemang Sweden AB and the Group.

Corporate governance principles

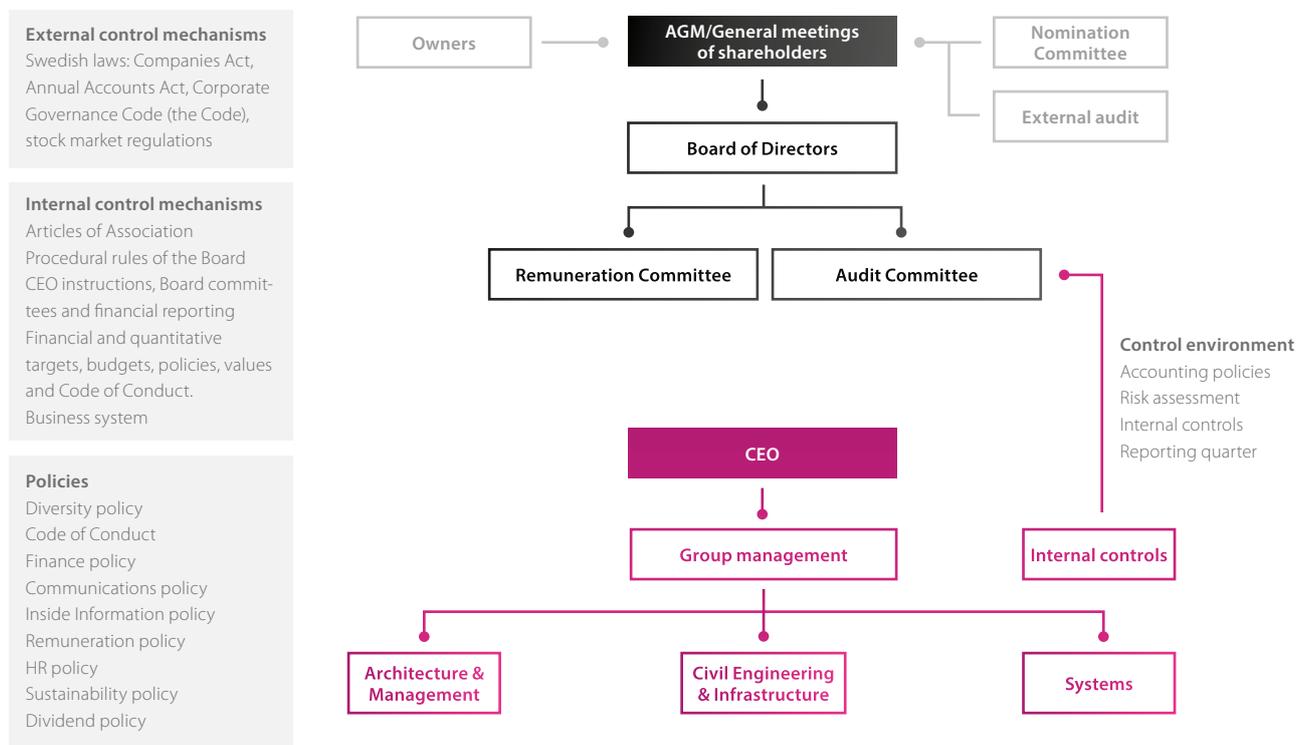
PE applies the regulations pursuant to legislation or other statutes, and the Code.

In 2019, PE applied the Code without deviations, with the exception of details relating to the composition of the Nomination Committee (see under Nomination Committee, page 40). There have been no breaches of the stock market's issuer rules or good practice on the equity market.

Business model and management of assignments

PE's vision is that we shall renew our society through innovative and sustainable solutions. This shall be achieved by generating added value for clients by supplying advanced consulting services and solutions within architecture, building, infrastructure, industry and project management via collaboration between the company's different disciplines. The work is conducted using a holistic approach and in close cooperation with clients.

PE's corporate governance structure



The Group's decentralised organisation is underpinned by our individual employees, requiring a strong company-wide culture. PE's core values of Commitment, Entrepreneurship and Responsibility reflect our corporate culture and aim to promote good conduct and the motivation to guide the entire organisation towards a shared goal.

PE's work is largely carried out in the form of assignments. Each assignment is managed by a responsible project manager, who makes use of the group-wide management system in their day-to-day work.

PE is certified in accordance with SS-EN ISO 9001:2015 and SS-EN ISO 14001:2015. These management standards help the Group to comply with legislation, improve environmental aspects in assignments and identify potential risks.

The management system and its use are examined annually by independent quality auditors. The system is also subject to regular internal monitoring with reporting back to the Audit Committee.

The Group's management system includes guidelines, policies and procedures that focus on assignment outcomes, and the system is always available to the consultants. PE works with continual measures to improve the Group's working methods, promote sustainability and support its employees.

Our employees' professional development requirements are satisfied via continual training. The know-how and experience that employees gain via assignments is harnessed and developed for future use.

Control mechanisms

The external control mechanisms that comprise the framework of corporate governance within the Group include the Swedish Companies Act, Annual Accounts Act, stock market regulations, the Code and other relevant laws. Foreign subsidiaries apply the laws and regulations of the country in question, but also ensure compliance with the Group's governance and control guidelines.

The Board of Directors is ultimately responsible for the organisation and management of the Group's affairs.

Supervision is exercised by authorities and by organisations appointed by such authorities where appropriate for the Group's operations.

Internal control mechanisms include the Articles of Association, which are adopted by the AGM, the Board's procedural rules and CEO instruction, the Board's committees and financial reporting. In addition there are financial and quantitative targets, budgets, reports, policies, valuations and the Code of Conduct.

The Group's policies, for example the Code of Conduct, finance policy, communication policy, inside information policy, remuneration policy, sustainability and environmental policy, HR policy and dividend policy, shall be submitted to the Board annually for approval. The CEO makes decisions regarding the customer credit policy, health and safety policy, whistleblowing policy, security policy and quality policy. In addition there are several other significant policy documents that are decided on by the CEO or a person appointed by the CEO.

Corporate governance structure

PE's shareholders are ultimately responsible for making decisions about the Group's corporate governance by, at the AGM, appointing the company's Board, which in turn is responsible for ensuring that ongoing corporate governance throughout the year complies with legislation and other external and internal control mechanisms.

Annual General Meeting

PE's shareholders exercise their right to make decisions regarding the Group's affairs at the Annual General Meeting, or where applicable at extraordinary general meetings, constituting PE's highest decision-making body. The AGM makes decisions regarding the Articles of Association, elects the members of the Board and the Chairman, appoints auditors, adopts the income statement and balance sheet and decides on the appropriation of profits, discharge from liability and principles for appointing the Nomination Committee, etc.

At the AGM, every shareholder who is registered in the shareholder register at the record date and who has registered their right of participation is entitled to participate, either personally or via a representative with power of attorney, and to vote according to their holding without restriction in the right to vote.

Shareholders are entitled to have a matter addressed at the AGM after submitting a written request to the Board well in advance of the notice convening the AGM being issued.

All AGM documents, convening notices and other information ahead of the AGM and minutes are published in Swedish and English on PE's website, www.pe.se.

Shareholders

According to the shareholder register maintained by Euroclear Sweden, PE had 1,675 shareholders at 31 December 2019. Share capital amounted to SEK 2,728,409, with a total of 24,555,677 shares allocated among 5,398,524 A shares corresponding to 21.98 percent of the shares and 73.81 percent of the votes, and 19,157,153 B shares corresponding to 78.02 percent of the shares and 21.19 percent of the votes. A shares carry ten votes each and B shares carry one vote. All shares have the same proportion of the Group's profit and capital. Only B shares are listed on the stock market.

At 31 December 2019, Projektengagemang Holding AB had an ownership interest amounting to 21.48 percent of the total number of shares and 60.52 percent of the votes. In other respects, no shareholder has a direct or indirect shareholding that represents at least one tenth of the number of votes for all shares in PE.

Pages 87–88 include further details about the company's shares and shareholders. The information is also available on the company's website, www.pe.se.

2019 Annual General Meeting

PE's 2019 AGM took place on 21 May 2019 at Helio Kungsholmen (Guldspaden meeting room), Rålambsvägen 17, Stockholm. Shareholders representing 79 percent of the votes and 57 percent of the capital took part in the AGM. All the Board members including the CEO, representatives of the Nomination Committee and the principal auditor attended. The minutes from and information about the 2019 AGM are available on PE's website in Swedish and English.

The AGM made decisions on the following matters:

- Discharged the Board members and the CEO from liability for the financial year ended 31 December 2019.
- Dividend of SEK 1.00 per share, totalling approximately SEK 24.5 million, and that the remaining portion of approx. SEK 478.6 million be carried forward.
- Re-election of Board members Lars Erik Blom, Britta Dalunde, Øystein Engebretsen, Per Göransson, Carina Malmgren Heander and Per-Arne Gustavsson. Appointment of Per-Arne Gustavsson as Chairman of the Board.
- Fees of SEK 350,000 be paid to the Chairman of the Board, and SEK 175,000 to each Board member, and fees for committee work and remuneration of the auditor.
- Re-appointment of auditing firm PricewaterhouseCoopers AB, with Camilla Samuelsson as principal auditor.
- Adoption of guidelines for remuneration of senior executives in accordance with Board's proposal.
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- Offer to CEO and other key personnel at PE to participate in 2019 Share Purchase Programme.
- The Board was authorised to resolve on the acquisition of a maximum of 331,180 B shares to make provision for the company's obligations in the 2019 Share Purchase Programme, and transfer a maximum of 79,180 B shares to enable cost hedging.
- Transfer of a maximum of 252,000 B shares to participants in the 2019 Share Purchase Programme.
- The Board of Directors was authorised to resolve on the new issue of B shares corresponding to max. 10 percent of the total number of B shares in connection with company acquisitions.

Nomination Committee

The 2018 AGM of PE resolved on instructions for the composition of the Nomination Committee and its duties, to apply until further notice until decided otherwise by the AGM. The Nomination Committee's instructions are available on PE's website (www.pe.se).

The Nomination Committee shall consist of four members. The members of the Nomination Committee must include one representative of each of the three largest shareholders in terms of votes who wish to elect such representative. One of the members shall be the Chairman of the Board, who also convenes the first meeting. If any of the three largest shareholders in terms of votes

refrain from their right to elect a member of the Nomination Committee, the next largest shareholder will be given the opportunity to elect a member. The mandate period of the Nomination Committee extends up until the date that a new Nomination Committee is appointed. Unless the members agree otherwise, the chair of the Nomination Committee must be the member that has been elected by the largest shareholder in terms of votes. If a member of the Nomination Committee leaves the committee before their work has been completed, the shareholder that elected such member is entitled to elect a new member of the committee. If the member leaving the Nomination Committee is the Chairman of the Board, a new member will not be elected.

The Nomination Committee will be constituted on the basis of shareholder statistics from Euroclear Sweden AB at 30 June every year. The names of the elected members of the Nomination Committee and the shareholders they represent will be published on the Group's website as soon as they have been elected, however no later than six months before the AGM.

If during the mandate period of the Nomination Committee one or more of the shareholders who elected members of the Nomination Committee are no longer among the three largest shareholders in terms of votes, members elected by such shareholders must make their positions on the committee available and the shareholder(s) who has/have joined the three largest shareholders in terms of votes will be entitled to elect their representatives. Unless there are specific reasons, no changes should be made to the composition of the Nomination Committee if only marginal changes have occurred to the number of votes, or if the change occurs less than three months prior to the AGM. However, shareholders who have joined the three largest shareholders as a result of more significant changes to the number of votes less than three months prior to the AGM will be entitled to elect a representative, who will be co-opted to the Nomination Committee. Shareholders who have elected a member of the Nomination Committee are entitled to dismiss said member and elect a new member to the Nomination Committee. Changes to the composition of the Nomination Committee must be disclosed as soon as they have occurred.

Ahead of the AGM, the Nomination Committee is tasked with presenting proposals regarding the AGM chairman, the number of Board members, election of Board members, election of a Chairman of the Board, Board fees including allocation between the Chairman and other members of the Board, and remuneration for committee work, audit fees, election of auditors and criteria for how a new Nomination Committee is to be elected. The Nomination Committee shall observe the requirements imposed on the Nomination Committee and appointments to the Board as detailed in the Code.

The Nomination Committee is entitled to receive reasonable remuneration for expenses incurred regarding evaluation and recruitment. Other than that, the members of the Nomination Committee do not receive any remuneration from PE for their work.

Composition of the Nomination Committee

The members of the Nomination Committee ahead of the AGM in May 2020 were announced on PE's website and published in

a press release dated 19 November 2019, and are: Per Göransson, Interim Chairman of the Board of PE, Projektengagemang Holding AB (chair of the Nomination Committee), Tim Floderus, Investment AB Öresund, Peter Larsson, K-Konsult Management AB, and Per Granath, Zirkona AB/Fagra Finans AB. Together the Nomination Committee represents approximately 69.5 percent of the votes for all shares in PE.

Deviation from the Code

The composition of the Nomination Committee deviates from rule 2.4, paragraph 1, second sentence of the Code in that Per Göransson, who chairs the Nomination Committee, is also a Board member and currently also Interim Chairman of the Board. The reason for the deviation is that it is logical in light of the ownership structure of Projektengagemang, in which Per Göransson is one of the two founders of the company and a partner of the largest shareholder in terms of votes, and that according to the adopted Nomination Committee instructions the chair of the committee shall be the person who is appointed by the largest shareholder.

Nomination Committee's remit and work ahead of the 2020 AGM

Prior to the 2020 AGM, the Nomination Committee is tasked with presenting proposals regarding the AGM chairman, the number of Board members, election of Board members, election of a Chairman of the Board, Board fees including allocation between the Chairman and other members of the Board, and remuneration for committee work, audit fees, election of auditors and where applicable changes to the criteria for how a new Nomination Committee is to be elected.

The Nomination Committee has held four minuted meetings prior to the 2020 AGM and in addition has maintained regular contact. The Nomination Committee's proposal is presented in connection with the convening notice for the AGM and on PE's website (www.pe.se). To coincide with this, the Nomination Committee also publishes a report of its work and a supporting statement regarding its proposal to the Board, along with details of the Board members being proposed for re-election and as new members.

Diversity policy

The Nomination Committee applies rule 4.1 of the Code as its diversity policy when assessing the appropriate composition of the Board, taking account of the Group's operations, stage of development and conditions in general, which means that the assessment must be characterised by versatility and breadth with regard to skills, experience and background, endeavouring to achieve an even gender balance.

The Nomination Committee has discussed the requirements under rule 4.1 of the Code, and considers that, with respect to PE's current circumstances, the Board will have an appropriate composition as a result of the Nomination Committee's proposal ahead of the 2020 AGM, and has endeavoured to achieve both a diverse composition and an even gender balance.

Auditors

PE's auditors are elected at the AGM. The 2019 AGM elected PricewaterhouseCoopers AB, with authorised public accountant Camilla Samuelsson as principal auditor for the period up until the 2020 AGM.

Audit work

The auditors examine the annual financial statements and accounting of the Parent Company and Group, and the Board and CEO's management.

In order to provide for the Board's information requirements, in addition to reporting to the Audit Committee, the Group's auditors also report observations from their auditing of the consolidated financial statements to the Board every year, as well as their observations from examining the Group's internal controls. At least once a year, the auditor conducts a dialogue with the Board of Directors without the presence of the CEO or any other representative of Group management.

PE's auditors examine the financial information for at least one interim report and the year-end report. In addition, every year the auditors examine a selection of controls and processes and report any areas requiring improvement to Group management and the Audit Committee. In 2019, the auditors conducted a limited assurance review of the Group's interim report for the third quarter. In connection with the review of the Q3 report, the company's internal controls were also reviewed.

The auditors have attended four of the Audit Committee's six meetings and the 2019 AGM. The auditor takes part in the AGM in order to present the auditor's report.

Audit fees for 2019, (including the fee for consulting services) are detailed under Note 6, page 64 of the 2019 Annual Report.

Board of Directors

Composition of the Board and fees

PE's Board comprises six members elected by the AGM, and no deputies. The Chief Executive Officer is not usually a member of the Board, but is co-opted to all Board meetings. As of 17 September 2019, Board member Per-Arne Gustavsson is Interim Chief Executive Officer pending the appointment of a new President and CEO. Other employees of the Group participate as required to give presentations. The Group's Chief Financial Officer is secretary to the Board. Details of the composition of the Board in 2019 and remuneration of Board members for the full years 2019 and 2018 are provided under Note 7 on page 65. Further information about the Board members can be found on page 82.

Evaluation of the work of the Board of Directors

Once a year, the Board of Directors carries out an evaluation in which members are given the opportunity to offer their views on working methods, Board material, their own and other members' contributions to the work of the Board, with the aim of developing Board work and providing the Nomination Committee with a relevant basis for decisions ahead of the AGM. An internal evaluation was conducted in 2019 through an anonymous questionnaire to Board members, and the results of the

evaluation have been reported by the Chairman of the Board, with subsequent discussion within the Board. The result of the evaluation has been reported to the Nomination Committee.

Independence

According to the Code, a majority of the Board members elected by the AGM must be independent in relation to the company and company management, and at least two of these members must also be independent in relation to the company's major shareholders.

PE's Board is deemed to satisfy the Code's requirements as regards independence, as four of the Board members elected by the AGM are deemed to be independent in relation to the company and company management as well as in relation to the company's major shareholders. All members elected by the AGM apart from Per Göransson and Per-Arne Gustavsson have been independent in relation to both the company and company management and in relation to the company's major shareholders in 2019.

Work and responsibilities of the Board of Directors

The Board of Directors monitors the work of the CEO and is responsible for ensuring that organisation, management and guidelines for the Group's funds are fit for purpose. The Board is also responsible for ensuring that the Group is organised in a way that allows for appropriate internal auditing, and that suitable systems are in place for following up operations and associated risks, and for compliance with laws, rules and internal guidelines. Furthermore, the Board is responsible for developing and following up the Group's strategies, plans and targets, decisions about acquisitions and divestment of businesses, major investments, additions to and replacement of members of the management team and ongoing monitoring of performance throughout the year. The Board adopts the budget and end-of-year accounts.

The work of the Board follows the specific procedural rules that have been established relating to the division of tasks between the Board and CEO, between the Board's various committees and within the Board, and instructions regarding financial reporting. These procedures include a special set of instructions

for the CEO. The Board's procedural rules also stipulate that the company's auditor shall take part in one Board meeting.

The constitutive Board meeting is held immediately following the AGM, or immediately following an extraordinary general meeting at which a new Board is elected. PE held its constitutive Board meeting on 19 May 2019, at which members of the Board committees were elected and the above-mentioned procedural rules were adopted.

In addition to the constitutive Board meeting, the Board meets on four ordinary occasions a year and whenever the Chairman deems appropriate, or after one of the Board members or CEO has made a request thereof. [Seventeen] Board meetings were held in 2019. The work of the Board follows a pre-established plan featuring certain regular decision points during the financial year.

Every month, the Board receives a report on the Group's earnings and liquidity performance. Treatment of other matters is determined by the nature of each individual issue. During the year, the Board's work has mainly comprised management and operations in the Group, and decisions relating to acquisitions and financing.

Finance policy issues

The Board has ultimate responsibility for the Group's financial activities. The Board is responsible for approving the Group's finance policy, which is updated annually. The Board makes decisions regarding overall mandates and limits for restricting the Group's financial risk assumption, in accordance with the finance policy, and on all long-term financing. The Board has delegated operational responsibility in line with the division of responsibilities stated in the adopted finance policy.

Board's checks on financial reporting

The Board of Directors monitors the quality of financial reporting via monitoring instructions and the CEO instruction. Together with the CFO, the CEO is tasked with examining and quality assuring all external financial reporting, including year-end reports, interim reports, annual reports, press releases with financial content and presentation material for interaction with the media, shareholders and financial institutions.

The composition of the Board of Directors

Elected by the AGM ¹	Elected, year	Born	Independence of shareholders	Independent in relation to the company and management	Attendance at Board meetings	Attendance Audit Committee	Attendance Remuneration Committee
Chairman							
Gunnar Grönkvist	Jan–May 2015	1943	Yes	Yes	5/6	3/3	4/4
Per-Arne Gustavsson	May–Sep 2018	1952	No	No	15/15	1/1	1/1
Per Göransson	Sep–Dec 2006	1953	No	No	15/15	2/2	1/1
Members of the Board							
Carina Malmgren Heander	2017	1959	Yes	Yes	15/15		6/6
Britta Dalunde	2016	1958	Yes	Yes	15/15	6/6	
Lars Erik Blom	2016	1960	Yes	Yes	15/15	6/6	
Öystein Engeretsen	2016	1980	No	Yes	15/15		6/6

¹ Details of the education, other roles and shareholdings in the company etc. of current Board members can be found on page 82 of the Annual Report. Remuneration of Board members is detailed under Note 7.

The Board's Audit Committee assists in making sure that financial reporting is of high quality, that it is approved by the Board and communicated. The Board receives monthly financial reports and the company and Group's financial situation is addressed at each Board meeting. The Board also discusses interim reports and annual reports.

In order to provide for the Board's information requirements, in addition to reporting to the Audit Committee, the Group's auditors also report observations from their audit and their assessment of the Group's internal controls to the Board every year.

The Board committees

The Board has full insight into, and responsibility for all issues on which the Board is tasked with making decisions. However, during the year work has been conducted via two of the Board's appointed committees: the Audit Committee and the Remuneration Committee.

Audit Committee

The committee is made up of three representatives of the Board and is tasked with:

- prior to Board decisions, preparing the Board's work by providing quality assurance of the consolidated financial statements
- monitoring and submitting recommendations and proposals to ensure the reliability of reporting with regard to effectiveness of the Group's internal controls and risk management
- assessing the independence of the auditor
- checking other assignments for the audit firm (NAS, Non Audit Services)
- assisting the Nomination Committee during the tender process for the audit and preparing for election of, and fees for auditors
- keeping informed about the extent and focus of the audit assignment
- preparing questions about the audit
- evaluating the audit process
- establishing guidelines for the procurement of permitted services to be carried out by the Group's auditors in addition to the audit
- if appropriate, approving such services according to the guidelines
- monitoring and considering the application of current accounting policies and the introduction of new accounting policies and of other legal accounting requirements, generally accepted accounting principles or otherwise.

The Group's principal auditor and representatives of the audit firm are co-opted to the majority of the meetings. Senior executives are co-opted where applicable. Since the 2019 AGM, the committee has been made up of members Britta Dalunde, Lars-Erik Blom and Per-Arne Gustavsson up until 17/09/2019, and Per Göransson as of 17/09/2019. The committee is chaired by Britta Dalunde. The majority of the committee's members

are independent in relation to both the company and company management, as well as in relation to the company's major shareholders. Only Per-Arne Gustavsson and Per Göransson are not independent in relation to both the company and company management, as well as major shareholders.

The Audit Committee held six meetings in 2019 and the Board of Directors regularly receives copies of the minutes. During the year, the committee's work has mainly covered valuation issues, risk management, impairment testing requirements, monitoring of consolidation, reorganisation of the Finance function, internal follow-up of earnings and key performance indicators and follow-up and checks on the Group's financial reporting. An account of the various matters dealt with by the committee is submitted to the next Board meeting.

The auditors have attended four of the Audit Committee's six meetings.

Remuneration Committee

The committee consists of three representatives from the Board of Directors. The committee is primarily tasked with preparing the Board's decisions on matters such as remuneration principles, remuneration and other employment terms and conditions for company management and other senior executives. Furthermore, the Remuneration Committee shall monitor and evaluate variable remuneration programmes for company management that are ongoing or that have been concluded during the year; monitor and evaluate the application of the guidelines for remuneration of senior executives that the AGM is required to resolve on by law and regarding remuneration structures and remuneration levels in the Group.

Remuneration of the CEO and remuneration principles for company management are decided on by the Board of Directors. Remuneration of other senior executives is decided on by the Remuneration Committee within the framework established by the Board and AGM.

In 2019, the Remuneration Committee has consisted of Carina Malmgren Heander (chair), Per-Arne Gustavsson up until 17/09/2019 and Per Göransson as of 17/09/2019, and Öystein Engbretsen. The committee held three meetings in 2019.

CEO/President

According to the rules stated in the Swedish Companies Act and other legislation, the CEO is responsible for day-to-day management in compliance with the Board's guidelines and instructions, and for taking the necessary action to ensure the Group's accounting is managed in a satisfactory manner. Furthermore, the CEO must ensure that the Board of Directors receives the information required in order to adequately monitor the Group's financial situation, position and performance and in general fulfil its reporting obligation with respect to economic conditions.

The Group's CEO leads operations within the framework established by the Board in the special CEO instruction. The instruction covers matters such as the CEO's responsibility for day-to-day operations and issues that always require a decision by the Board or that require the Board to be informed, as well as the CEO's responsibility for financial reporting to the Board.

In consultation with the Chairman, the CEO prepares the requisite information and decision-making documentation ahead of Board meetings, presents items and provides explanations for proposals for decisions.

The Board continually evaluates the work of the CEO.

It was announced on 17 September that CEO Per Hedebäck had submitted his resignation and informed the Board of his intention to leave the company to take on another assignment. PE's Chairman Per-Arne Gustavsson was appointed by the Board of Directors as Interim President and CEO effective as of the same date. As a result, on 17 September Board member Per Göransson was appointed as Interim Chairman pending the appointment of a new President and CEO.

Group management

The CEO directs the work of Group management and reaches decisions in consultation with the other members of management. In 2019, Group management comprised the CEO and six other individuals: Deputy CEO/CFO, the Head of Strategy and three heads of division, the HR Director and Business Area Director for Infrastructure. Information about the CEO and Group management can be found on page 83 of the 2019 Annual Report. Group management conducts regular operational reviews under the leadership of the CEO.

Internal controls, risk management, internal audit and follow-up

According to the Companies Act and the Code, the Board is responsible for internal controls. The Annual Accounts Act states that a company's corporate governance report must contain details of the most important elements of the company's internal control and risk management systems relating to its financial reporting.

The Board has designed clear decision and procedural rules and instructions for its own, the Remuneration Committee, Audit Committee and the CEO's work, in order to achieve effective management of operating risks and internal controls.

Responsibility for maintaining an effective control environment and ongoing work with internal controls and risk management rests with the CEO and Group management, who report to the Board according to established procedures. Managers at various levels of the company also have this responsibility within their respective business areas, and report in turn to Group management.

Risk assessment

The aim of PE's risk management is to safeguard the Group's long-term earnings performance and for the Group to achieve its targets. Ultimate responsibility for risk management rests with the company's Board and senior management.

PE continually updates the risk analysis regarding the assessment of risks that may lead to financial reporting errors. During risk reviews, PE identifies areas where there is an enhanced risk of error.

The results of the general risk analysis have been compiled in a risk summary, which details the Group's exposure to risks. A review of risk management and internal controls within the Group is addressed on a quarterly basis by the Audit Committee.

Control activities

Monthly reports for all companies within the Group are prepared, together with consolidated monthly reports. Based on these reports, the CEO, CFO and financial controllers hold monthly follow-up meetings with operational managers and key individuals in the operational business. Special analysis is carried out on order levels, utilisation rates, cost monitoring, risk lists and cash flow.

The Board also monitors, via the Audit Committee, the reliability of financial reporting and evaluates recommendations for improvements, and addresses issues regarding the risks that have been identified. The Audit Committee submits regular verbal reports to the Board, as well as proposals on issues requiring a decision from the Board. The control environment is created through shared values, corporate culture, rules and policies, communication and follow-up, as well as by the way in which the business is organised. The main task of staff functions and their employees is to implement, improve and maintain the Group's control procedures, and to carry out internal checks focusing on business critical issues.

The Group's business system forms the foundation for everything that the company does. The aim of the business system is to streamline and systematise daily operations in order to carry out assignments in the most efficient way possible. Each process has a process owner who is responsible for managing the process based on the policies that have been created and approved according to the hierarchy adopted by the Board of Directors.

Ongoing follow-up of risks and compliance with internal procedures is carried out on a monthly and quarterly basis. Observations are reported back to the Audit Committee every quarter.

In 2019, all process owners in the organisation conducted a thorough review of processes and risk mapping. In order to ensure effective internal control, follow-up of identified risks and compliance with internal procedures, regular monthly and quarterly follow-up is carried out and reported back to Group management. A quarterly report is also submitted to the Audit Committee.

Internal audit

PE has not yet found it necessary to arrange an internal audit.

The Board is of the opinion that owing to the size of the Group and the fact that the company has a simple and similar operational structure, there is no need for such a function in the business.

Financial controllers at Group and business area level continually follow up compliance with the governance and internal control systems created by the company.

Additional information at www.pe.se

- Articles of Association
- Information from previous AGMs (convening notices, minutes and resolutions)
- Information about the Nomination Committee
- Corporate governance reports for the 2015–2017 period are included in the annual report for the respective year
- The corporate governance reports for 2018–2019 are published as separate documents on the company's website