

# Corporate Governance Statement

**CORPORATE GOVERNANCE.** Bilia AB (publ) is a Swedish public limited liability company listed on Nasdaq Stockholm, Mid Cap. The company applies the Swedish Corporate Governance Code and hereby submits its Corporate Governance Report for the year 2019.

The Group's corporate governance is, in addition to that set out in Swedish law, based on the Swedish Corporate Governance Code (the Code), Nasdaq Stockholm AB's Rules for Issuers and the Swedish Securities Council's rulings on what constitutes good practice on the Swedish stock market. This report summarises how the corporate governance is structured and how it has been managed and developed within the Group during the 2019 financial year. Bilia complies with the rules of the Code and has provided explanations below for instances where it has deviated from the Code's rules in 2019.

## Corporate governance at Bilia

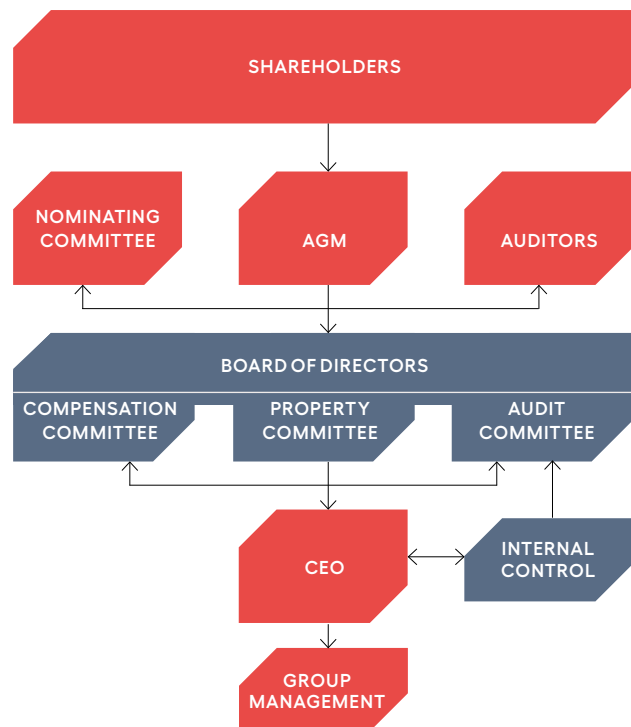
Good corporate governance is about ensuring on behalf of the shareholders that Bilia is managed in a sustainable and responsible way, and as efficiently as possible. Bilia strives for a clear division of responsibilities, for transparency towards the owners and the market and for efficient governance and control of the Group's operations to ensure that the Group fulfils its commitments towards shareholders, customers, employees, suppliers, credit providers and society. It also endeavours to ensure that the operations follow set goals, applicable legislation and other regulatory frameworks, both external and internal. External regulatory frameworks include, among others, the Swedish Companies Act, the Swedish Annual Accounts Act and other relevant laws, Nasdaq Stockholm's Rules for Issuers and the Code. Internal regulatory frameworks include the Articles of Association adopted at the Annual General Meeting, the rules of procedure for the Board of Directors and the instructions for the Managing Director, including instructions on financial reporting, and instructions for the Board Committees, policies and guidelines, and Bilia's Code of Conduct.

## Shareholders

At the end of 2019 Bilia had 38,670 shareholders. Bilia's largest shareholder is Mats Qviberg and family, whose holding amounted to 12.1 per cent on 31 December 2019. The next-largest shareholders at year-end were Investment AB Öresund, State Street Bank and Trust Co, W9 and Anna Engebretsen with family, whose holdings amounted to 8.7, 6.3 and 5.0 per cent respectively. The proportion of institutional ownership amounted to 9.4 per cent (11.5) and the proportion of foreign ownership was 33.0 per cent (28.8).

## General meeting of shareholders

Shareholders' influence is exercised at the Annual General Meeting (AGM) and, where applicable, at Extraordinary General Meetings, which are Bilia's highest decision-making bodies. All shareholders who are registered in the print-out of the share register at a certain point in time before the meeting and who have registered their participation in the meeting before the deadline set out in the notice are entitled to participate in



the meeting with full voting rights. Shareholders who are unable to attend in person may be represented through a proxy. Any shareholder who would like an issue to be dealt with at a general meeting of shareholders must submit a written proposal to the Board in sufficient time so that the proposal can be included in the notice to attend the meeting.

## The 2019 AGM

The 2019 AGM was held on 8 April at the IVA Conference Center in Stockholm. A total of 262 shareholders participated in the meeting, who jointly represented 42.2 per cent of the number of shares and votes in the company. The Chairman of the Board, Mats Qviberg, was elected chairman of the AGM. All of the Board members elected by the meeting were present except for Laila Freivalds. The minutes from the AGM can be found on Bilia's website, [www.bilia.com](http://www.bilia.com). The AGM passed resolutions on the following, among other matters:

- adoption of the Parent Company and consolidated income statements and balance sheets for the 2018 financial year in the Annual Report,
- dividend in accordance with the Board proposal of SEK 4.75 per share for the 2018 financial year,
- granting discharge from liability for the Board's members and the Managing Director for the 2018 financial year,
- re-election of all Board members, except for Laila Freivalds who



- declined re-election, and the new election of Eva Eriksson,
- re-election of Mats Qviberg and Jan Pettersson as Chairman of the Board and Deputy Chairman respectively,
- determining remuneration for the Board and auditors,
- establishing guidelines for remuneration for senior officers,
- election of KPMG AB as the company's auditor for the period up until the end of the 2020 financial year, and
- authorisation for the Board to decide on acquisitions or transfers of the company's own shares on one or more occasions during the period up until the next AGM, but the shares may not correspond to more than 10 per cent of the total number of shares in the company.

### Nominating Committee

The Nominating Committee is tasked with submitting proposals ahead of the AGM on resolutions regarding the election of the Chairman at the AGM, the election of the Chairman and other members of the Board, remuneration for the Board and for committee work, the election of auditors (where applicable), fees for auditors and changes in the procedure for appointing the Nominating Committee. In accordance with a resolution at Bilia's 2016 AGM, the Nominating Committee shall comprise Bilia's Chairman of the Board along with representatives of the two to four largest shareholders at the turn of the month before the Committee is appointed. Prior to 2019, the Nomination Committee consisted of the following persons, appointed in September 2018, Tim Floderus (Chairman of the Nomination Committee), representative of Investment AB Öresund, Mats Qviberg, representative of the Qviberg family and as Chairman of the Board of Bilia AB, Lisen Oliw, representative of Anna Engebretsen and Åsa Nisell, representative of Swedbank Robur Fonder.

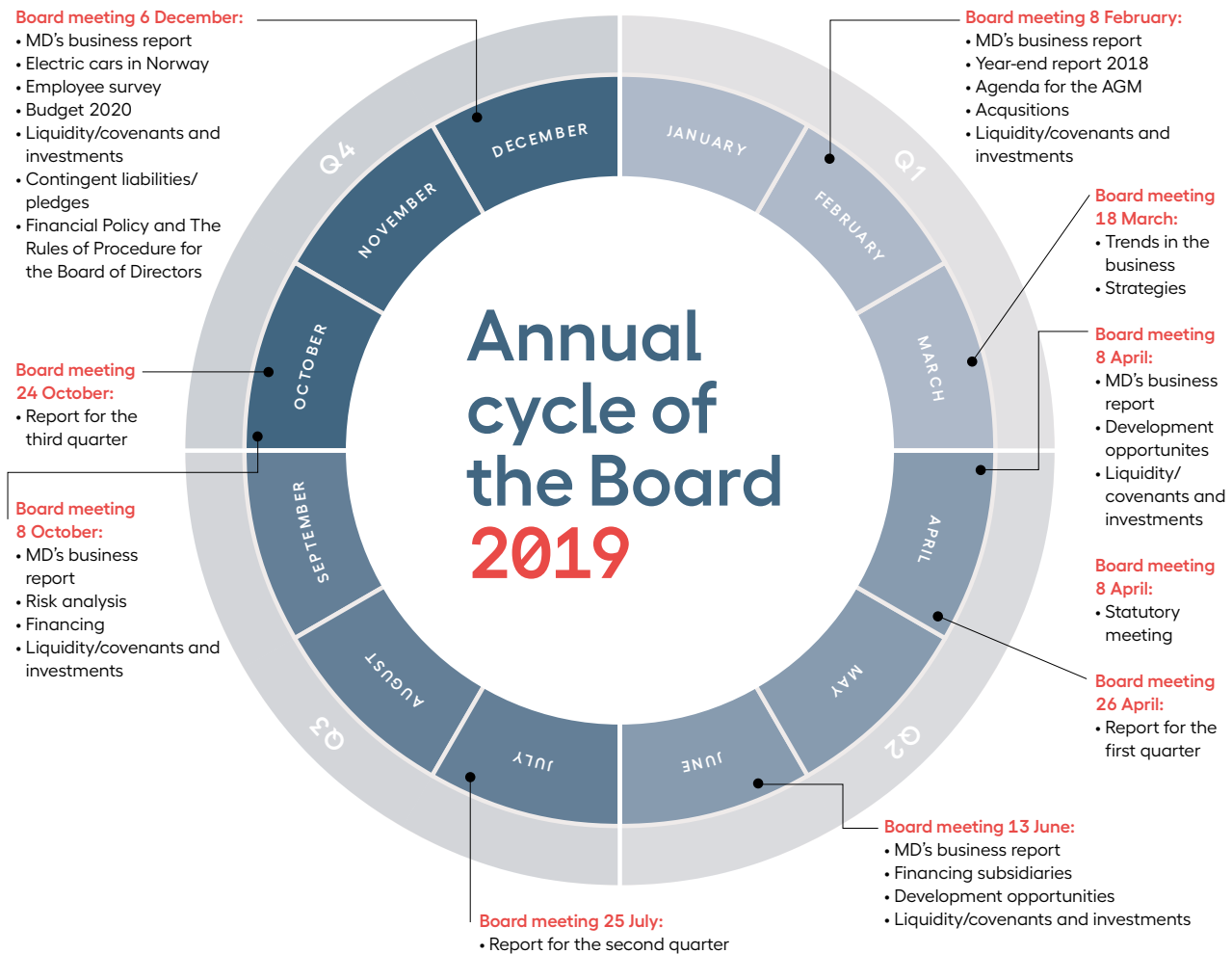
Every year the Nominating Committee evaluates the Board and its work. The Committee then prepares a proposal for a new Board and proposals for remuneration for the Board, proposals that are submitted in connection with the notice to attend the

upcoming AGM. Ahead of the 2019 AGM, the Nominating Committee proposed the re-election of all Board members, except for Laila Freivalds who declined re-election, and the new election of Eva Eriksson. The Nominating Committee's motivating statement ahead of the 2019 AGM states that it applied rule 4.1 of the Code about diversity policy when drawing up its proposal for the Board. The aim of the policy is to ensure that the Board has a composition appropriate to the company's operations, phase of development and general circumstances that is characterised by diversity and breadth with regard to expertise, experience and background, in addition to which an even gender distribution should be striven for. The 2019 AGM decided to appoint Board members in accordance with the Nominating Committee's proposals, which means that ten members were elected, comprising three women and seven men. Bilia's Nomination Committee, prior to the 2020 Annual General Meeting, consists of Tim Floderus (Chairman of the Nomination Committee), representative of Investment AB Öresund, Mats Qviberg, representative of the Qviberg family and as Chairman of the Board of Bilia AB, Hans Ek, representative of SEB Investment Management, and Evert Carlsson, representative of Swedbank Robur Fonder.

Shareholders who wish to submit proposals for Bilia's Nominating Committee in 2020 can contact the Committee by e-mail at [nominering@bilia.se](mailto:nominering@bilia.se).

### Auditors

Bilia's auditors are elected by the AGM. The auditor inspects the annual accounts, accounting records and consolidated accounts as well as the Board of Director and Managing Director's administration in accordance with good auditing practice. After each financial year, the auditor submits an auditor's report for the Parent Company and an auditor's report for the Group to the AGM. At the 2019 AGM, the registered public accounting firm KPMG AB was re-elected as the company's accountant with authorised accountant Johan Kratz as the auditor in charge. The current



mandate period runs up to the 2020 AGM. The auditors report the findings of their inspection to the Audit Committee and the Board. In addition to regular accounting tasks, KPMG AB assists with advisory and investigatory assignments. Such assignments are submitted in accordance with the rules decided by the Audit Committee for approving the nature and scope of the services as well as remuneration. The assignments conducted are not deemed to cause a conflict of interest. See note 9 "Fees and cost reimbursement for auditors" for information on remuneration for auditors.

## Board of Directors

The Board of Directors' main duty is to be responsible for the company's organisation and the management of the company's business. The Board has to consider the interests of all shareholders in carrying out its duties. The Board is also responsible for ensuring that this Corporate Governance Report is prepared. The Articles of Association stipulate that the Board shall comprise at least seven and at most ten members. The Board members are elected annually at the AGM for the period up until the end of the next AGM. Employees are entitled to appoint two representatives and two deputies to the Board. In 2019, Bilia's Board comprised ten members elected by the AGM. The MD and the CFO participate in the Board meetings, the later also as a secretary. Furthermore, other senior officers take part as required.

The Board of Directors' work is mainly governed by the Swedish Companies' Act, the Code and the Board's rules of procedure.

Staffing of committees and the rules of procedure are adopted annually at the Board meeting following election. The current Articles of Association state that the Board should have at least five ordinary meetings between each AGM, including the Board meeting following election. The Articles of Association also set out the division of work and responsibilities between the Board of Directors, Chairman of the Board, the Board Committees and the MD.

Mats Qviberg was re-elected Chairman of the Board at the 2019 AGM. The Chairman of the Board is responsible for managing and assigning the Board's work and for ensuring that this is done in an efficient, well-organised way. This entails, for example, ensuring that the Board fulfills its obligations, monitoring the operation's development and making sure that the Board always has the information it requires so that it can carry out its work while maintaining quality standards in accordance with the applicable rules and regulations. The Chairman of the Board does not take part in the operational management of the company.

The Code states that a majority of the members of the Board elected at the AGM must be independent of the company and its management, and at least two of these members must also be independent of the company's major shareholders. The Nominating Committee has judged that the Board composition of Bilia meets the requirements on independence set out in the Code. Individual Board members' shareholdings, their independence in relation to the company, the executive management and the company's major shareholders as well as other assignments in other companies are shown in the tables and in the presentation of Board members on pages 40–41.

## The work of the Board in 2019

The Board of Directors held its Board meeting following election on 8 April 2019 and ten Board meetings were held during the year. The Board dealt with standing items at its regular meetings that follow from the Board's rules of procedure, such as business situation, budget, annual accounts and interim reports. In addition, the Board dealt with overarching issues relating to corporate acquisitions and other investments, disposals, long-term strategies, financial issues, quality issues, compliance, internal control and risk management, along with organisation and structure. The work of the Board was conducted in accordance with the illustration on page 36.

## Board subcommittees

### Compensation Committee

In 2019, Bilia's Compensation Committee comprised the Board members Jack Forsgren (Chairman) and Gunnar Blomkvist, and until the AGM by Jon Risfelt when he was replaced and Eva Eriksson instead took a seat on the committee. Aside from Gunnar Blomkvist, who as a former CFO is not considered to be independent of the company and the executive management, the members of the Compensation Committee are independent in relation to the company and the executive management. The situation of Gunnar Blomkvist being appointed a member of the Compensation Committee even though he is not deemed to be independent of the company or the executive management is a deviation from the Code. The reason for the deviation is that as a former CFO of many years, Gunnar Blomkvist is well acquainted with the company's conditions and circumstances regarding issues concerning remuneration structures and competence supply, for example.

The Committee held four minuted meetings during 2019 and has ongoing informal contact. The members' attendance at committee meetings is reported in tables on pages 40–41. The Compensation Committee, which follows written instructions, is charged with drafting matters concerning remuneration principles as well as remuneration and other terms of employment for the Managing Director and other members of the Group Management. The Committee also prepares the Board's proposed guidelines on remuneration for senior officers, which the Board presents for a resolution at the general meeting of shareholders. In addition, the Committee shall

monitor and evaluate ongoing programmes and programmes completed during the year regarding variable remuneration for the Group Management and the application of the guidelines on remuneration for senior officers decided on at the AGM.

### Audit Committee

In 2019, Bilia's Audit Committee comprised the Board members Jon Risfelt (Chairman), Mats Holgersson and Gunnar Blomkvist. The Committee held four minuted meetings and had informal contact between the meetings as necessary in 2019. The members' attendance at committee meetings is reported in tables on pages 40–41. The company's auditors took part in all of the Audit Committee's meetings. The Committee and the auditors discussed and established the scope for the audit. The Audit Committee is a drafting body in contacts between the Board and the auditors, and continuously submits reports to the Board regarding its work. The Audit Committee follows written instructions and shall through its operations meet the requirements set out in the Swedish Companies Act and the EU's Audit Regulation. The Committee's duties include:

- monitoring the company's financial reporting, the efficiency of the company's internal control and risk management and ensure that the Group's nine-month report and annual accounts are reviewed by the Group's auditors,
- staying informed about the audit of the annual accounts and consolidated accounts and examining and monitoring the auditor's impartiality and independence,
- helping to draw up proposals for decisions made by the general meeting of shareholders about electing auditors and audit fees.

In 2019, the following issues were addressed: guaranteed residual values, the result of the adoption of IFRS 16, impairment testing of intangible assets, risk analysis for the Group's operations, newly acquired facilities and refinancing issues.

### Property Committee

At the Board meeting following the 2019 AGM, the Board set up a Property Committee which during the year comprised Eva Eriksson (Chairman) and Gunnar Blomkvist. The Committee held two minuted meetings and had informal contact between the meetings as necessary in 2019. The members' attendance at committee meetings is reported in tables on pages 40–41.







comprises managers of business areas and functions. In addition to the Managing Director, at the end of 2019 the Group Management consisted of Stefan Nordström (Deputy MD), Kristina Franzén (CFO) and Frode Hebnes (MD of Bilia Personbil AS, Norway). The Group Management held ten meetings in 2019. The meetings mainly focused on the Group's strategic and operational development as well as on budget follow-up and quality issues.

### Central functions

There are central functions within Bilia for co-ordinating finance, HR, IT, law, marketing and communica-

The Property Committee, which follows written instructions, is tasked with, among other things, preparing property-related decisions such as investments in new facilities and assisting with other property-related issues in the business or in connection with acquisitions

### Evaluating the work of the Board

The Board's work is evaluated annually using a model that covers the following main areas:

- Board of Directors (roles, planning, functions)
- Board meetings
- Board material, information and reports
- Members of the Board
- Chairman of the Board
- Managing Director

The evaluation is performed by having the members carry out an anonymous assessment of the work of the Board by rating a number of areas/aspects, after which the results are compiled. This year's evaluation painted a positive overall picture of the work of the Board. The Board also evaluates the work of the Committees each year and whether other members remain satisfied with how the Committees manage their respective areas of responsibility. The results of the evaluation have been presented to and discussed in the Board and reported to the Nominating Committee by the Chairman of the Board. The evaluation forms the basis for the Nominating Committee's various proposals regarding the Board.

### Group Management

Per Avander is the MD and CEO of Bilia and he leads Bilia's ongoing operations. The MD is responsible for implementing and ensuring implementation of the strategies, business plans and operational goals decided by the Board of Directors. The MD is also responsible for ensuring that the Board of Directors is given information and the necessary data to make decisions, for presenting reports at the Board meetings and for continuously informing the Board of Directors and Chairman of the Group and company's financial position and development.

The MD is assisted by the Group Management, which

comprises managers of business areas and functions. These functions are responsible for developing applicable Group-wide policies, priorities and action plans in their respective areas of responsibility and for driving, supporting and controlling development in the organisation on the basis of their respective expertise.

### The Board's report on internal control

This report is prepared in accordance with the Swedish Annual Accounts Act. It is limited to internal control and risk management relating to financial reporting and encompasses the entire Group. The Board bears ultimate responsibility for ensuring that Bilia's internal control works satisfactorily and that adequate financial reports are presented. Under the Swedish Companies Act, the Board is responsible for Bilia's organisation and management. The Board is responsible for ensuring that Bilia's accounting, fund management and financial situation in general includes satisfactory controls. This responsibility cannot be delegated, rather it always rests ultimately with the Board.

Bilia's control environment is based on communicating clear guidelines to all subsidiaries to ensure that the same rules and policies are applied in the Group's companies and business areas and that the subsidiaries have the necessary tools to report back to Bilia AB in an accurate and uniform manner. The management performs a risk analysis which, following discussions in the Audit Committee and Board, decides, along with other considerations, the focus areas of the internal control.

### Internal control work

As a complement to manager responsibility and other control procedures, Bilia has a function for risk management which includes internal control and internal audit work that reports to the company's CFO, who also approves the audit plan. The result of the audit is reported directly to Bilia's CFO and the Audit Committee. The audit plan is continuously evaluated and was last updated in September 2019.

Work to secure the internal control is an ongoing process that is subject to constant review, follow-up and improvement.

Bilia's Code of Conduct applies to all employees of the Group and the Board members. The Code of Conduct, which is available at [bilia.com](http://bilia.com), was issued in 2006 and revised in 2019.