

Corporate governance report

Corporate governance

Good corporate governance is concerned with ensuring that the company is managed as sustainably, responsibly and effectively as possible. The overall objective is to increase the value for the shareholders and thereby meet the shareholders' requirements on invested capital. Central external and internal governance instruments for the company are the Swedish Companies Act, the Swedish Corporate Governance Code, Nasdaq Stockholm's Rule Book for Issuers, the Articles of Association adopted by the Annual General Meeting, the Board's rules of procedure, instructions for the Board's committees and the instructions to the CEO with associated instructions for financial reporting and policies established by the Board. The Board of Directors of Christian Berner Tech Trade AB is responsible for the company's organisation and management. The CEO is responsible for ensuring that operating management takes place in accordance with the Board's guidelines.

Shareholders

The company is a Swedish public limited company and has been listed on Nasdaq Stockholm since 31 March 2017 as a part of the Small Cap segment. The code applies to all Swedish companies whose shares are listed on a regulated market in Sweden. The company complies with the code since listing on Nasdaq Stockholm and applies Nasdaq Stockholm's Rule Book for Issuers. In the corporate governance report, which will be prepared for the first time for the 2017 financial year, the company does not, however, need to explain deviations resulting from failure to comply with regulations whose application has not come into effect during the period covered by the corporate governance report. However, the company does not currently expect to report any deviation from the Code in the corporate governance report.

Share capital and shareholders

Christian Berner Tech Trade AB is a public company. It has total share capital of SEK 0.63 million distributed across a total of 18,759,398 shares, divided into 1,250,000 class A shares and 17,509,398 class B shares, all of which have a par value of SEK 0.03. All class A shares entitle the holder to ten (10) votes at the General Meeting and all class B shares entitle the holder to one (1) vote at the General Meeting.

The number of shareholders at 31 December 2017 was 1,469 (972). The ten largest shareholders (including Christian Berner Tech Trade's treasury shares) had a total shareholding of 85.1 (92.3) per cent of the total shares and 90.7 (95.2) per cent of the votes. See the table of the 10 largest shareholders on page 32.

Nomination Committee

The task of Christian Berner's Nomination Committee is to prepare proposals ahead of the upcoming Annual General Meeting with regard to the chair of the meeting, the Board fees, auditors' fees, Board of Directors, Chairman of the Board, auditors and Nomination Committee. The Nomination Committee shall consist of three members appointed one each by the three largest shareholders in terms of votes at the time of the Annual General Meeting. If a shareholder declines to appoint a member, the right to appoint the member shall pass to the next-largest shareholder

in terms of votes. If the member's association to the shareholder which nominated the member ceases, or if the member for any other reason leaves the Nomination Committee, the shareholder that nominated the member has the right to replace this member on the Nomination Committee. If a shareholder who has appointed a member to the Nomination Committee disposes of a significant portion of its shares in the company before the work of the Nomination Committee is concluded, the member appointed by this shareholder shall, if the Nomination Committee so decides, step down and be replaced by a new member appointed by the largest shareholder in terms of votes who is not already represented on the Nomination Committee. The Nomination Committee appoints a chair from among its members, who must not be the Chairman of the Board. The Nomination Committee ahead of the 2018 Annual General Meeting consists of Johan Lannebo (chair), Joachim Berner and Fabian Hielte.

Nomination Committee's work

The members confirmed that there are no conflicts of interest that affect their assignment. The Nomination Committee reviewed the results of the Board evaluation conducted in 2017. The Nomination Committee also received information from the Chairman of the Board regarding the work in the Board, the Audit Committee and the company's finance function. The Nomination Committee thereby received documentation to assess if the Board's composition is satisfactory and the need for competence and experience in the Board. The shareholders had the opportunity to submit proposals and opinions to the Nomination Committee prior to the 2018 Annual General Meeting. No remuneration has been paid by Christian Berner Tech Trade AB to the members of the Nomination Committee for their work.

The Nomination Committee's proposals for the 2018 Annual General Meeting are presented by the convening notice for the AGM and on the company's website, christianberner.com.

General Meeting

According to the Swedish Companies Act (2005:551), the General Meeting is the highest decision-making body of the company. The Annual General Meeting must be held within six months of the end of the financial year. The Annual General Meeting of Christian Berner usually takes place in April in Mölnlycke. At the Annual General Meeting, the shareholders exercise their right to vote on key issues, such as the adoption of the income statement and balance sheet, the appropriation of the company's profit or loss, the approval of discharge from liability for the members of the Board of Directors and the CEO, the election of members of the Board of Directors and auditors, as well as the remuneration of the Board of Directors and auditors. In addition to the Annual General Meeting, Extraordinary General Meetings may be convened. According to the Articles of Association, notice of General Meetings shall be given through an announcement in "Post- och Inrikes Tidningar" (the Swedish Official Gazette) and by publishing the notice on the company's website. At the same time as giving notice, the company shall announce in "Göteborgs-Posten" and "Dagens Industri" that notice has been given. At the Annual General Meeting of 24 April 2017, resolutions were made on the

usual matters, including the appropriation of the company's profit, determination of the fees to be paid to the Board of Directors and the auditors, the number of Board members, the election of the Board of Directors, Chairman of the Board and auditors, as well as principles for the composition of the Nomination Committee. Minutes from the Annual General Meeting are available on Christian Berner Tech Trade's website christianberner.com. The 2018 Annual General Meeting will be held on 23 April 2018 in Mölnlycke.

Right to participate in the General Meeting

Shareholders who wish to participate in the discussions at the General Meeting must be entered in the share register maintained by Euroclear Sweden five weekdays before the meeting and must also register with the company their intention to participate in the General Meeting no later than the date indicated in the notice convening the meeting. This date cannot be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and must be no earlier than the fifth weekday before the General Meeting. Shareholders can attend general meetings in person or be represented by a proxy and may also be assisted by a maximum of two people.

It is usually possible for shareholders to register for the General Meeting in a number of ways, as specified in the notice convening the meeting. Shareholders are entitled to vote on behalf of all the shares held by the shareholder.

Auditors

In order to examine the company's annual report and accounts as well as the management of the Board of Directors and the Chief Executive Officer, a registered accounting firm is appointed as the auditor at the Annual General Meeting. At the 2017 Annual General Meeting, the registered accounting firm Öhrlings PricewaterhouseCoopers AB (Skånegatan 1, 411 40 Gothenburg) was elected as the auditor for the period until the next Annual General Meeting. Authorised Public Accountant Michael Bengtsson is the auditor in charge. The auditors have participated in the Board meeting to present PwC's audit process and to give the Board members an opportunity to ask questions without the presence of management. The auditors also participated in the Audit Committee meetings. The auditors' fees are as stated in Note 8.

Board of Directors

The Board of Directors is the highest decision-making body of the company after the General Meeting. Under the Swedish Companies Act, the Board of Directors is responsible for the company's management and organisation, which means that the Board of Directors is responsible, among other things, for:

- establishing targets and strategies,
- ensuring procedures and systems are in place for the follow-up and control of the company's operations and the risks associated therewith,
- ensuring that there is a satisfactory control of the company's compliance to laws and other rules that apply to the company's operations and its compliance to internal guidelines,
- continuously monitoring the company's results and financial position,
- ensuring that the annual report and interim reports are prepared on time,
- appointing the company's CEO and,
- ensuring that the company's communication is characterised by openness and is correct, relevant and reliable.

The Board members are usually elected by the Annual General Meeting for the period until the end of the next Annual General Meeting. According to the company's Articles of Association, the Board of Directors must consist of at least three members and at most seven members and no deputies. The Chairman of the Board is elected by the Annual General Meeting and has specific responsibility for the management of the work of the Board of Directors and for the work of the Board of Directors being well organised and carried out in an effective manner. The Board of Directors follows written rules of procedure, which are revised annually and adopted at the constituent Board meeting each year. The rules of procedure govern, among other things, the Board's work and functions and the division of work between the Board members and the Chief Executive Officer. At the constituent Board meeting, the Board of Directors also adopts instructions for the Chief Executive Officer, including financial reporting. According to the rules of procedure currently in force, after the constituent meeting following the Annual General Meeting, the Board of Directors must meet on at least four scheduled occasions during the financial year. In addition to these Board meetings, further Board meetings may be convened to discuss issues that cannot be deferred to an ordinary Board meeting. Aside from the Board meetings, the Chairman of the Board and the Chief Executive Officer maintain an ongoing dialogue with regard to the management of the company.

Name	Position	Member since	Independent in relation to			
			The company and company management	Major shareholders	Audit Committee	Remuneration Committee
Joachim Berner	Chairman of the Board	2013	Yes	No	—	
Anders Birgersson	Board member	2009	Yes	Yes	—	
Malin Domstad	Board member	2015	Yes	Yes		
Lars Gatenbeck	Board member	2014	Yes	Yes	—	
Charlotta Utterström	Board member	2011	Yes	Yes		
Kerstin Gillsbro	Board member	2016	Yes	Yes		

* Function performed by the Board of Directors as a whole.

The company's Board of Directors currently comprises six ordinary members elected by the Annual General Meeting and two employee representatives as well as two deputy employee representatives. The Board of Directors consists of three women and three men. The company's Chief Executive Officer is not a member of the Board of Directors. In accordance with the Code, all Board members are independent in relation to the company and the company's management. All Board members, with the exception of the Chairman of the Board Joachim Berner, are also independent in relation to the company's major shareholders.

Board work

The overall task of the Board of Directors is to set the company's overall goals and strategy. The issues for the Board of Directors' work primarily concerns strategy work, follow-up and control of the company's operations and risks, value creation and control of the company's compliance with external and internal rules. The Board of Directors' follow-up of the company's compliance with internal and external rules is based partly on the reported results of the company's self-assessment process and partly on the risk-based mapping the company does annually (see table below). During the year, the Board of Directors held seven Board meetings.

Internal control

Self-assessment process

According to the policy, an assessment of internal control and its effectiveness must be performed annually by the finance department. The Group's Chief Financial Officer is responsible for presenting the results of this assessment to the Audit Committee and the Board of Directors. Christian Berner has Group-wide monitoring, where subsidiaries, business areas and functions must monitor the effectiveness of the controls and report back to the finance department.

Risk mapping

To ensure a good overview of the risks that the operation is exposed to, the company works in a structured manner to identify, analyse, value and handle risks in accordance with the process established prior to the listing on Nasdaq Stockholm. Within the scope of Christian Berner Tech Trade AB's risk management process, a number of risk areas have been identified. These are analysed and evaluated regularly by Group management. The company's CFO leads this work together with the company's controller. Significant risks and uncertainties are presented below together with the steps that can be taken to handle the risk.

Risks and uncertainties

RISKS	MANAGEMENT
<p>Economic developments and market trends</p> <p>Christian Berner's business is dependant on the customers' purchases and investments and is affected by economic fluctuations.</p>	<p>The effect of the economic fluctuations is reduced by the company being active in many different industries and geographic areas. The two different business areas also have an equalising effect.</p>
<p>Structural changes at the customer</p> <p>Globalisation and rapid technological development are driving structural changes in the customer chain, which may result in a fall in demand for Christian Berner's services, for example through mergers and relocation.</p>	<p>As a strategic partner and adviser of manufacturers and customers, Christian Berner is able to organise, structure and streamline the decision-making process. This leads to increased efficiency for both the company's customers and suppliers. By offering technical solutions that lower costs and reduce environmental impact, the company creates added value for its customers.</p>
<p>Competitive situation</p> <p>Change and consolidation among companies in the technology trading industry affects the level of competition. There is a risk that suppliers will go directly to the customer or to a competitor.</p>	<p>Christian Berner has long-term relationships with leading suppliers. Christian Berner is an attractive business partner, which helps the company maintain its leading position. Its stable, long-term relationships with leading suppliers in various niches enable Christian Berner to provide its customers with high-quality, technologically advanced products.</p>
<p>Ability to recruit and retain staff</p> <p>Christian Berner is dependent upon its employees, who in many cases are highly trained. Being able to recruit and retain qualified staff is important in order to secure the level of expertise at the company.</p>	<p>Christian Berner works actively with continuing professional development and employee satisfaction at the company. Employee surveys are conducted annually.</p>
<p>Acquisitions and Goodwill</p> <p>Costs in connection with acquisitions may be higher than calculated and positive effects on income may take longer than anticipated. Goodwill impairment is also a risk, as is integration risk.</p>	<p>Christian Berner has documented previous experience of successful acquisitions and carries out thorough preliminary work.</p>
<p>Financial risks</p> <p>For a description of the financial risks of the Group and the parent company,</p>	<p>see Note 3.</p>
<p>Suppliers</p> <p>As an intermediary between the supplier and the customer, Christian Berner is dependent on the suppliers fulfilling their obligations.</p>	<p>Christian Berner has long-term relationships with leading suppliers, where quality is of the utmost importance.</p>

Evaluation of the Board of Directors

The Board of Directors is evaluated every year with the aim of both developing the Board work and creating a basis for the Nomination Committee's evaluation of the Board's composition. The evaluation of the Board in 2017 took place by the members completing a questionnaire that was then compiled into a report to the Board. From the Board's evaluation, it was apparent that the Board work went well and that opinions from earlier evaluations were taken into account, but there is room for certain other improvements, including in the areas of a supply of talent and digitalisation strategy. The evaluation also showed that the composition of the group's expertise and experience is well composed.

Board fees

The Nomination Committee presents proposals for resolutions at the General Meeting concerning Board fees. Board fees are not paid for positions on the boards of subsidiaries. Board members who are employed within the Group do not receive any separate remuneration for Board work. The Board fees for the 2017 financial year are presented in Note 7. At the 2017 Annual General Meeting, it was resolved, according to the Nomination Committee's proposal, that a fee of SEK 300,000 would be paid to the Chairman of the Board for the coming year and a fee of SEK 130,000 per Board member would be paid to other Board members who are not employed in the Group. Remuneration will be paid for the work of Board members on the Audit Committee established by the Board of Directors in the amount of SEK 60,000 for the Chairman of the Audit Committee and SEK 30,000 for the other two members of the Audit Committee. Information on the Board fees for 2017 is in 2017 in Note 7 for the Group. The Nomination Committee's proposal on Board fees to the 2018 Annual General Meeting are presented by the convening notice for the Board Meeting.

Audit Committee

The company has an Audit Committee consisting of three members: Joachim Berner, Anders Birgersson and Chairman of the Committee Lars Gatenbeck. The Audit Committee must, without this affecting the general responsibilities and duties of the Board of Directors, among other things, monitor the company's financial reporting, monitor the effectiveness of the company's internal controls, self-assessment process and risk management, keep itself informed about the auditing of the annual accounts and consolidated financial statements, review and monitor the impartiality and independence of the auditor and in doing so pay particular attention to whether the auditor provides the company with services other than auditing services, and support the Nomination Committee in preparing proposals for the Annual General Meeting's election of auditors. All members of the Audit Committee are independent in relation to the company and the company's management. Anders Birgersson and Lars Gatenbeck are also independent in relation to the company's major shareholders. During the year, the Audit Committee held four meetings.

Remuneration Committee

The Board of Directors of Christian Berner has decided not to establish a separate remuneration committee. The Board of Directors as a whole

deals with issues such as those concerning principles for remuneration and other terms of employment for the company's Chief Executive Officer and senior executives. The Board of Directors must also monitor and evaluate the application of guidelines for the remuneration of senior executives that by law are to be decided by the Annual General Meeting.

CEO and management group

The Chief Executive Officer is Bo Söderqvist. The Chief Executive Officer reports to the Board of Directors and is responsible for the company's routine administration and day-to-day operations. The division of work between the Board of Directors and the Chief Executive Officer is specified in the rules of procedure for the Board of Directors and the instructions for the Chief Executive Officer. The Chief Executive Officer may make the decisions required for the development of the business, within the parameters of the Swedish Companies Act and the business plan, budget and instructions for the Chief Executive Officer stipulated by the Board of Directors, as well as other guidelines and instructions which the Board of Directors may issue. The Chief Executive Officer must take the necessary steps to ensure that the company's accounts are fully compliant with the law and that asset management is conducted in a satisfactory manner. The Board of Christian Berner has drawn up instructions for the Chief Executive Officer, which must be adopted annually at the Board meeting immediately following each Annual General Meeting. According to the instructions for financial reporting, the Chief Executive Officer is ultimately responsible for financial reporting at the company and must consequently ensure that the Board of Directors receives adequate information in order to enable the Board to continuously monitor the company's financial position. The Chief Executive Officer must keep the Board of Directors continuously informed about the development of the company's operations, the net revenue trend, the company's profit and financial position, liquidity and credit position, important business events and any other event, circumstance or situation that may be deemed of significance to the company's shareholders. Together with CEO Bo Söderqvist, Christian Berner Tech Trade's Group management is comprised of the CFO and the presidents of the subsidiaries in Denmark, Finland and Norway. The Group management meets regularly and addresses issues that, among other matters, concern corporate governance, reporting and strategy. In addition, Group management assists the CEO in carrying out decisions by the Board of Directors.

Remuneration of senior executives

The salaries of the Chief Executive Officer and senior executives are determined by the Board. The Annual General Meeting has not decided on any guidelines for the remuneration of senior executives. Further information is provided in Note 7.

Internal control of financial reporting

Internal control at Christian Berner comprises internal control and risk management with regard to both operations and financial reporting. The aim is to ensure that financial reporting at all times gives a true and fair view of the Group's financial position and to secure the company's financing and overall capital structure. Internal control also aims to manage identified risks and processes in operations.

Control environment

The Board of Directors has ultimate responsibility for internal control and governance in relation to financial reporting. The Board of Directors annually adopts specific documents that instruct and support the work of the management and other employees to ensure that reporting is complete and accurate and gives a true and fair view. The Board of Directors and the management also define decision-making paths, responsibility paths and powers. These documents mainly comprise the Board of Directors' rules of procedure, the Chief Executive Officer's instructions and the finance policy, authorisation instruction, delegation structure and finance handbook. According to the finance policy, Christian Berner has established minimum requirements for internal control, in order to ensure an adequate internal control environment. These requirements specify the minimum expected level of governance and control that must be in place in all the company's business processes. According to the policy, an assessment of the level of internal control and the effectiveness of the controls must be performed annually by the finance department. The Group's Chief Financial Officer is responsible for presenting the results of this assessment to the Audit Committee and the Board of Directors. Christian Berner has Group-wide monitoring, where subsidiaries, business areas and functions must monitor the effectiveness of the controls and report back to the finance department.

Risk assessment

Christian Berner evaluates the risks in the business both on an ongoing basis and annually and these are managed by the Board of Directors and the management through follow-up contact and discussions. The Audit Committee, which works according to specially adopted rules of procedure, is responsible for securing the processes for risk assessment and risk management with regard to financial reporting.

Control activities

Christian Berner's monitoring and control of the objectives of the company are carried out on an ongoing basis by the management. Monitoring by the Board of Directors takes place primarily via the Audit Committee and the external auditors review selected elements of the internal control and report to the Audit Committee. The financial reports of subsidiaries are monitored on an ongoing basis at Group level. There is also a reporting structure from the subsidiaries to the CEO on an ongoing basis and monthly Group management meetings are also held.

Information and communication

Information and communication are a significant and important part of the implementation of internal control at Christian Berner. An information policy has been adopted that covers the provision of information, both the disclosure of insider information and other information, crisis management, rumours, etc. The company's financial calendar contains a schedule of when the annual reports and quarterly reports are to be published. The CEO is responsible for and ensures that information is disclosed and communicated to the relevant persons and parties.

Monitoring

Christian Berner's Board of Directors and management have an ongoing dialogue, through which the financial situation and the established strategies are monitored. These issues are also discussed at every Board meeting and the Board members receive information monthly about financial reporting and operational reports.

Financial reporting and monitoring

In accordance with the relevant legislation and stock exchange rules, as well as other regulations in force at any given time, the company strives to regularly provide accurate, reliable and up-to-date financial information. Financial information is published regularly in the form of interim reports and year-end reports, annual reports and press releases containing news and significant events that may affect the share price. The company's Chief Financial Officer is responsible for reporting risks in accordance with the company's finance policy. When deemed appropriate and in connection with quarterly reports, the CFO shall prepare a simple financial report for the Board of Directors containing details of the structure of investments and the portfolio, futures contracts agreed and information that is otherwise considered to be of interest and significance from a risk management perspective. The CEO and CFO shall together provide financial reports in written and oral form at Board meetings and monthly, or on request during the month, provide clear written information and reports on significant events and financial outcome. Financial reporting must include, among other things, the consolidated income statement, balance sheet, changes in equity, statement of cash flows, key performance indicators and liquidity. It must also contain an analysis of deviations from the Board's established budget/forecast and a comparison with the outcome for the corresponding period in the previous year.