

Corporate Governance Report 2018

Corporate governance means that the Board uses processes and steering documents to both support and check that Christian Berner Tech Trade AB is run as sustainably, responsibly and efficiently as possible, and that the governance becomes a tool in the development of the Group. Through clearly set structures and regulations, we ensure that our guidelines on how we conduct business are well-defined. When the corporate governance is clear, the employees' focus can be freed up to continuously develop and improve our business towards set goals.

Shareholders

Christian Berner Tech Trade AB is a Swedish public limited company listed on Nasdaq Stockholm since 31 March 2017 as a part of the Small Cap segment. The company follows the Code at Nasdaq Stockholm and applies Nasdaq Stockholm's regulations for issuers and has no deviation to report. The code applies to all Swedish companies whose shares are listed on a regulated market in Sweden.

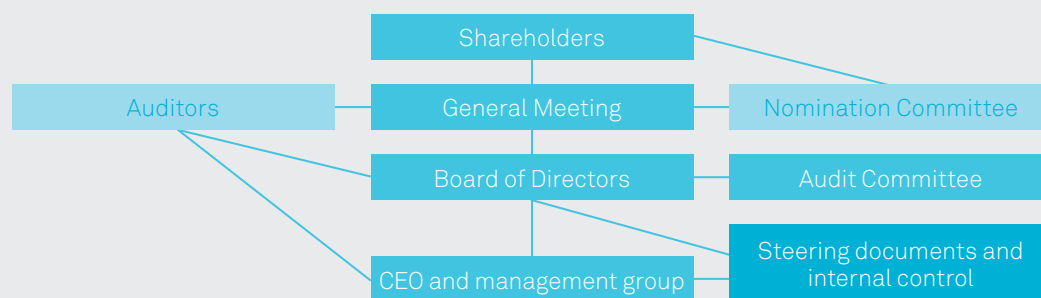
Share capital

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 2018 was 1,491 (1,469). The ten largest shareholders (including Christian Berner Tech Trade's treasury shares) had a total shareholding of 84.0 (85.1) per cent of the total shares and 89.5 (90.7) per cent of the votes. See the table of the 10 largest shareholders on page 42.

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



External steering documents

Among the external steering instruments that make up the framework for corporate governance in Christian Berner Tech Trade AB are the following:

- Swedish Companies Act
- Swedish Annual Accounts Act
- Nasdaq Stockholm rulebook
- Swedish Corporate Governance Code
- Applicable EU regulations

Internal steering documents

The binding internal steering instruments include:

- Articles of Association
- Formal work plan of the Board of Directors
- Instructions for the Audit Committee, the CEO and financial reporting to the Board
- Values

- Code of Conduct
- Finance policy
- Communication policy
- Other steering documents, policy documents, guidelines and instructions
- ISO 9001 and ISO 14001

In addition to these, there are processes for risk management, internal control and sustainability.

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 2019 Annual General Meeting consists of Johan Lannebo (chair), Joachim Berner and Charlotte Hybinette.

Nomination Committee's work

The members confirmed that there are no conflicts of interest that affect their assignment. The Nomination Committee held individual interviews and reviewed the results of the Board evaluation conducted in 2018. 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 2019 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 Tech Trade AB 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 23 April 2018, 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 2019 Annual General Meeting will be held on 24 April 2019 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 2018 Annual General Meeting, the registered accounting firm Öhrlings PricewaterhouseCoopers AB (Skånegatan 1, 411 40 Gothenburg) was elected as the auditor 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 for the Group.

Board of Directors

The Board of Directors is the highest decision-making body of the company after the Annual General Meeting. According to the Swedish Companies Act, the Board is responsible for the company's management and organisation.

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 company's Board of Directors currently comprises six ordinary members 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.

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.

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

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.

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. During the year, the Board of Directors held seven Board meetings and attendance was 95 per cent.

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 was done in 2018 through interviews of each individual Board member. From the Board's evaluation, it was apparent that the Board work went well and that opinions from earlier evaluations were taken into account. 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. At the 2018 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 2018 is in 2017 in Note 7 for the Group. The Nomination Committee's proposal on remuneration prior to the 2019 Annual General Meeting are presented by the convening notice for the Annual General Meeting.

Audit Committee

The company has an Audit Committee consisting of three members: Joachim Berner, Bertil Persson and committee chair 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. According to the whistle-blower policy, the Audit Committee also handles corruption and bribery, as well as alleged violations of the Competition Act. Complaints or matters of a similar nature are reported to the chair of the committee. All members of the Audit Committee are independent in relation to the company and the company's management. Bertil Persson and Lars Gatenbeck are also independent in relation to the company's major shareholders. During the year the committee held four meetings with 100 per cent attendance.

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 for the Group 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 Tech Trade AB 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, the President of Christian Berner AB, the President of Zander & Ingeström AB, the President of A/S Christian Berner, the President of Christian Berner OY and the President of Christian Berner AS. 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.

Group-wide areas of responsibility

The Group is responsible for and operates a number of areas that consist of the country segments with Group-wide expertise and tasks. As help, they have a number of employees in the parent company, as well as borrowed help from the Group's subsidiaries and external consultants.

The Group works with internal control, where a dedicated controller works with the Group's internal control and reports to the Group's CFO, who reports to the Audit Committee. Within the area, work is being done to develop, improve and secure internal control with regard to financial reporting in the Group.

In the sustainability work, work is done in every Group company, but the coordination is done by the Group headed by the CFO. The area of risk management, where risks are evaluated, identified and priorities are consolidated, is a part of the CFO's responsibility and is coordinated by controllers at the Group level.

Diversity

Christian Berner shall actively work for gender equality and diversity. The company may not engage in any form of discrimination in its activities or recruitment processes. Prohibited bases of discrimination include, but are not limited to: age, disability, sexual orientation, gender, transgender identity or expression, religion or other belief or ethnicity.

Internal control at Christian Berner

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 guide and support the management and other employees in their work 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 policy and finance handbook.

Christian Berner Tech Trade has an extensively decentralised responsibility for driving and implementing the chosen business strategy. Operating activities are conducted in independent operating units where the responsibility for profit/loss, the balance sheet and cash flow also rests. Managers of the operating units and their employees make the business decisions, ensure they are handled correctly and make sure the risk taking is balanced. As support, the respective companies regularly follow up the outcome of their business units' operations, as Group management does for the respective company in established Business Review Meetings (BRM).

Control activities

To limit identified risks to each process, a self-evaluation of defined controls shall be done annually and reported to the Audit Committee and the Board. The CFO is responsible for this self-evaluation process.

The Group has a self-evaluation programme that the subsidiaries shall follow. Responsibility for them following it is decentralised.

An assessment of the level of internal control and the effectiveness of the controls must be performed annually and driven by the companies' finance manager. The Group's CFO is responsible for presenting the results to the Audit Committee and the Board of Directors. Christian Berner Tech Trade has Group-wide monitoring, where subsidiaries and

functions must monitor the effectiveness of the controls and report back to the Group controller. (Policy for internal governance and control).

Some key performance indicators are followed up monthly against the budget/forecast in the form of a documented account closing meeting between the Group companies' financial managers and Group controllers where the income statement and balance sheet are the most important points for the review.

2018 successes

In March 2018, Zander & Ingeström became a part of the Group. It was a major acquisition of a company with a history as old as the Christian Berner Group. Zander & Ingeström has added an increased offering to the customer segments the Group previously had and with its experience and expertise actively contributed in many dimensions to develop the Group as a whole together with the other companies and business areas. During the year, Zander & Ingeström delivered a very strong profit and had a good order intake, which indicates a continued successful journey together.

From a corporate governance perspective, a new board of directors for Zander & Ingeström was appointed and they had intensive and successful work to adapt processes and tools to comply with the policies and procedures for financial and operational reporting and governance.

During the year, we drafted a new Code of Conduct and added a policy and function for whistle-blowers. It is important for the Group that we together with partners work for sustainable development in an ethical, social and environmental manner. We must live up to the Code of Conduct in our daily work and the whistle-blower function helps us get reporting if deviations from the Code are made.

As of 1 September, a President was appointed to the Group's largest business-driving unit Christian Berner AB, a position that was previously combined with the CEO's. This change provides clearer corporate

Yearly cycle for internal control

Time	Responsible	Task
January–February	Group controller	<ul style="list-style-type: none"> Reviews and updates controls, policies and processes Updates the self-evaluation files Prepares instructions for financial managers on the year's controls and self-evaluations
February	Group management team	<ul style="list-style-type: none"> Risk workshop
February–May	Group management team	<ul style="list-style-type: none"> Risk analysis/evaluation and update of the risk map
March–October	Process owner	<ul style="list-style-type: none"> Reviews and updates his/her processes
May–October	Process owner/financial manager	<ul style="list-style-type: none"> Implements self-evaluation. (The legal company's financial manager leads and runs the work.)
November	Financial managers	<ul style="list-style-type: none"> Compiles the company's self-evaluation and reports to the Group controller
December	Group controller	<ul style="list-style-type: none"> Compiles the companies' self-evaluations and reports to the CFO
December	CFO	<ul style="list-style-type: none"> Reports risk and self-evaluation to the Group Board and the Audit Committee
Continuously	Board of Directors	<ul style="list-style-type: none"> Reviews and approves overall Group-wide policies
Continuously	Group management team	<ul style="list-style-type: none"> Reviews and approves Group-wide policies

governance and enables greater focus for CBAB and more resources to work with Group-wide issues for the CEO, which is a step towards greater value creation for Christian Berner Tech Trade AB.

2018 is the third year the Group has worked with self-evaluation of internal control and focus during the year was on connecting the self-evaluation work to the steering documents. The background is that there is a delegated responsibility to the subsidiaries to show how they follow Group-wide policies, and work is being done to capture this in the self-evaluation work. During the year, all subsidiaries were visited by the Group controller to follow up and evaluate the self-evaluations.

We are continuing to develop the Group at a high pace and to maintain the same pace in our development of corporate governance. We are confidently looking forward to the work of 2019 and the development steps that await.

Planning for 2019

- Adapting controls in processes so that they better fit into how each company in the Group actually works.
- Moving towards a more standardised internal control that is tested regularly and where deficiencies and efficiency gains are followed up by management.
- Holding a workshop with Group management in risk management.
- Further training for internal control shall be held.

Risks and risk management

Conducting business involves taking risks. Good risk management provides opportunities for a better business while risks that are not properly managed can be costly to the business.

Risk assessment

There is an established policy for risk management, "Policy for internal governance and control", which the company follows in its work. 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.

Risk spread

Christian Berner Tech Trade's earnings, financial position and strategic position are affected by both internal factors, which the Group itself has control over, and external factors where the possibility of influence is more limited.

The Group works to identify, evaluate, manage and follow up risks that affect the business. The objective is for the Group's goals to be achieved through deliberate and well-considered risk taking that follows the guidelines the Group has set. Christian Berner has activities directed at customers in many different market segments and niches within, above all, the Nordic countries. The wide-spread customer stock provides less exposure to risks of a decline in a specific industry, as there are several

legs to stand on. A part of the Group's business is based to a greater degree on sales in connection with large investments and projects, while other parts have a more on-going nature.

In an economic decline, the investment willingness decreases while the on-going business is less affected. Christian Berner has actively increased the share of sales of on-going products and services to reduce the risks of exposure to an investment-intensive business. We work with around 150 suppliers from around the world, with the majority in Europe. We always want to work closely with our suppliers and build up a relationship where we create value together. If a supplier for some reason is not of current interest to continue cooperation with, the Group has the possibility to find a new supplier for similar solutions and to maintain the customer relationship.

Sustainability risks

Christian Berner acts responsibly and active sustainability work is therefore important for the company. Christian Berner takes a holistic view, centred on good business ethics, the environment, human rights and the company's future. Christian Berner complies with the international conventions UN Global Compact, ILO and the OECD guidelines for multinational enterprises. The business comprises trading, distribution and a limited amount of processing. The Group's impact on the environment relates primarily to the transport of goods, business travel and waste management. The subsidiaries of Christian Berner operate activities that are subject to reporting obligations under the Swedish Environmental Code. None of the Group's companies are involved in any environmental disputes.

Crisis management

The Group's crisis management is decentralised, which means that insofar as possible, events should be solved locally, close to the origin of the event. If crises arise that can conceivably affect the Group, the CEO should be contacted immediately for a dialogue on the handling of resolution activities and how information should be formulated and coordinated. If the CEO cannot be reached, the CFO should be informed.

Surrounding world factors

The Board confirmed that a higher share of product development and productivity increase takes place in Asia, where the Group has not historically had a major presence. The company will actively work to monitor the Asian market to a greater extent to make sure not to fall behind competitors. An important decision is also that Christian Berner Tech Trade AB shall not exclusively be run as a holding company with completely independent for-profit companies, but that it is important to act as a corporate group with Group-wide goals and activities. With a shared agenda, processes and activities, the Group is given a strength to develop faster and a better opportunity to manage the risks and opportunities that are ahead of us.

Risks and uncertainties

RISKS	MANAGEMENT
Economic developments and market trends	
Christian Berner's business is dependent on the customers' purchases and investments and is affected by economic fluctuations.	The effect of the economic fluctuations is reduced by the company being active in many different industries and geographic areas. Through monthly meetings and quarterly Business Review Meetings, the company monitors the development and handles any changes.
Changes in the customer chain	
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. Rapid technical development can lead to customer demand for products and solutions shifting to new variants, which were not previously available.	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. Christian Berner is active in dialogues with both customers and suppliers regarding current needs and solutions, and potential development in the future.
Competitive situation	
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.	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.
Ability to recruit and retain staff	
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.	Christian Berner works actively with continuing professional development and employee satisfaction at the company. Employee surveys are done annually and in 2018 a salary survey was done on the largest subsidiary Christian Berner AB to ensure that it has competitive remuneration levels.
Acquisitions and Goodwill	
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.	Christian Berner makes a careful selection of potential acquisition candidates and actively seeks companies that are already profitable at a stable level. Christian Berner has previous experience of successful acquisitions and carries out thorough preliminary work.
Regulatory compliance	
Risk exists in representatives for the company, or partners, acting in a way that disregards laws and permits, or acts in a corrupt or fraudulent manner.	During the year, Christian Berner updated its Code of Conduct and requires all employees and all suppliers to comply with and sign this Code. During the year, a whistle-blower function and policy were also established that are further intended to provide an opportunity to capture any deviations from the Code and regulations and for the company to be able to act on them.
Financial risks	
For a description of the financial risks of the Group and the parent company, refer to Note 3.	See Note 3.
Suppliers	
As an intermediary between the supplier and the customer, Christian Berner is dependent on the suppliers fulfilling their obligations.	Christian Berner has long-term relationships with leading suppliers, where quality is of the utmost importance. We have continuously on-going dialogues with our suppliers to ensure that they are able to partake of what we learn regarding our customers' needs, and teach us what development our suppliers have. In 2018, a central Group responsibility for supply chain was established, which increased focus on Group-wide dialogue with suppliers.