



Corporate Governance Report



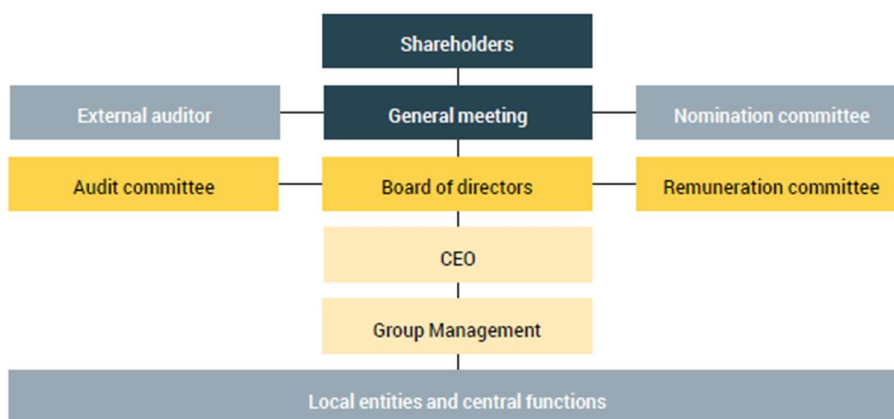
Corporate Governance Report

Karnov Group AB (publ) is a Swedish limited liability company domiciled in Stockholm, Sweden. Karnov Group AB (publ) was listed at Nasdaq Stockholm in April 2019 and has since applied The Swedish Corporate Governance Code (“the **Code**”). For 2020, the Company reports no deviations from the Code.

Corporate Governance within Karnov Group

The Corporate Governance within Karnov Group is mainly based upon Swedish legislation, e.g. the Swedish Companies Act, as well as the articles of association and internal rules, including policies and instructions. Companies whose shares are listed on a regulated market in Sweden shall also be compliant with the Code. The Code sets a higher standard for good corporate governance than the minimum standard of the Swedish

Companies Act and other rules. Companies are not required to comply with all rules in the Code. Alternative solutions which are deemed more suitable for the relevant company’s specific circumstances can be chosen, provided that any such deviations and the chosen alternative solutions are described, and the reasons therefore are explained.



General meetings

General

According to the Swedish Companies Act, the general meeting is the ultimate decision-making body of the Company. At the general meeting, the shareholders exercise their voting rights on key issues, such as the adoption of income statements and statements of financial position, appropriation of the Company’s results, discharge from liability of members of the Board of Directors and the CEO, election of members of the Board of Directors and auditors and remuneration to the Board of Directors and the auditors.

The annual general meeting must be held within six (6) months from the end of the financial year. In addition to the annual general meeting, extraordinary general meetings may be convened. According to the articles of association, general meetings are convened by publication of the notice convening the meeting in the Official Swedish Gazette (Sw. *Post- och Inrikes Tidningar*) and on the Company’s website. The Company shall also advertise in Dagens Industri that notice has been made.

Right to attend general meetings

Shareholders who wish to participate in a general meeting must be included in the shareholders’ register maintained by Euroclear Sweden AB (“Euroclear”) on the day falling five weekdays (Saturdays included) prior to the meeting, and notify Karnov Group of their participation no later than on the date stipulated in the notice convening the meeting. In addition to notifying the Company, shareholders whose shares are nominee registered through a bank or other nominee must request that their shares be temporarily registered in their own names in the shareholders’ register maintained by Euroclear in order to be entitled to participate in the general meeting. Shareholders should inform their nominees well in advance of the record date. Shareholders may attend general meetings in person or by proxy and may be accompanied by not more than two advisors.

Shareholder initiatives

Shareholders who wish to have a matter brought before the general meeting must submit a written request to the Board of Directors. The matter shall be addressed at the general meeting, provided that the request was received by the Board of Directors no later than one (1) week prior to the earliest date pursuant to

the Swedish Companies Act on which notice to attend the general meeting may be issued or after that date, but in due time for the matter to be included in the notice to attend the general meeting.

Nomination committee

Pursuant to the Code, Swedish companies whose shares are admitted to trading on a regulated market in Sweden are to have a nomination committee. The Annual General Meeting on May 5, 2020 resolved to adopt the below instruction for the nomination committee, which shall apply until further notice.

Instruction for the nomination committee of Karnov

The Nomination Committee shall be composed of the representatives of the three largest shareholders (or group of shareholders) in terms of voting rights listed in the shareholders' register maintained by Euroclear Sweden AB as of the last business day of August, and the chairman of the Board of Directors, who will also convene the first meeting of the Nomination Committee.

Board members may be members of the Nomination Committee but may not constitute a majority thereof. If more than one Board member is a member of the Nomination Committee, no more than one of those members may be dependent of a major shareholder of the Company.

The member representing the largest shareholder in terms of voting rights shall be appointed chairman of the Nomination Committee. Members of the Board of Directors may not be the chairman of the Nomination Committee. If the member representing the largest shareholder in terms of voting rights is a Board member, the Nomination Committee shall appoint another member as chairman.

In the event that a member leaves the Nomination Committee prior to the work of the committee having been completed, a representative from the same shareholder (or group of shareholders) may replace the leaving member, if deemed necessary by the Nomination Committee. In the event that a shareholder (or group of shareholders) represented in the Nomination Committee has reduced its holding of shares in the Company, the representative from such shareholder (or group of shareholders) may resign and, if deemed appropriate by the Nomination Committee, a representative from the shareholder next in line in terms of size may be provided an opportunity to enter. If the shareholding in the Company is otherwise significantly changed before the Nomination Committee's work has been completed, a change in the composition of the Nomination Committee may take place, in such way that the Nomination Committee deems appropriate. Changes in the composition of the Nomination Committee shall be made public as soon as possible.

The composition of the Nomination Committee is to be announced no later than six months before the AGM.

The Nomination Committee is tasked with, ahead of the AGM, submitting proposals for a) chairman of the AGM, b) directors' fees and other compensation for committee work, c) election of directors, d) election of the chairman of the Board of Directors, e)

election of the auditor and auditor's fees, f) changes in the instructions for the Nomination Committee, if applicable, and g) other matters that according to the Swedish Corporate Governance Code, are to be handled by the Nomination committee.

In its evaluation of the Board of Directors' appraisal, and in its proposal, the Nomination Committee shall consider that the Board of Directors is to have a composition appropriate to the Company's operations, phase of development and other relevant circumstances. The Board members elected by the general meeting are collectively to exhibit diversity and breadth of qualifications, experience and background. The Nomination Committee is to strive for gender balance on the Board of Directors of the Company.

Remuneration shall not be paid to the members of the Nomination Committee. The Company is to pay any necessary expenses that the Nomination Committee may incur in its work.

The term of office for the Nomination Committee ends when the composition of the following Nomination Committee has been announced.

Nomination committee for the Annual General Meeting in 2021

- Michael Oliveros, Director of Global Equities, M&G Investments, U.K.;
- Thomas Ehlin, Corporate Governance, Fourth National Pension Fund, Sweden;
- Ulrik Grönvall, Corporate Governance, Swedbank Robur, Sweden; and
- Magnus Mandersson, Chairman of the Board of Directors, Karnov Group AB (publ).

The Board of Directors

Composition and independence

Members of the Board of Directors are normally appointed 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 general meeting shall appoint no less than three (3) and no more than ten (10) board members. Pursuant to the Code, the Chairman of the Board shall be appointed at the general meeting. No more than one board member elected by the general meeting may be a member of the executive management of the Company or a subsidiary of the Company. The majority of the board members elected by the general meeting are to be independent of the Company and its executive management. At least two (2) of the board members who are independent of the Company and its executive management shall also be independent in relation to the Company's major shareholders. See "Board of Directors, Senior Executives and Auditor" on page 29 for an account of the board members' independence in relation to the Company, its executive management and its major shareholders.

Responsibilities of the Board

The Board of Directors is the Company's second-highest decision-making body after the general meeting. The duties of the Board of Directors are primarily set forth in the Swedish Companies Act,

the Company's articles of association and the Code. In addition, the work of the Board of Directors is guided by the instructions from the general meeting as well as the rules of procedure of the Board of Directors. The rules of procedure of the Board of Directors govern the division of work within the Board of Directors. The Board of Directors also adopts instructions for the committees of the Board of Directors, an instruction for the CEO and an instruction for the financial reporting to the Board. The Board of Directors is responsible for the organisation and the management of the Company's matters, which, among other things, entails a responsibility for outlining overall, long-term strategies and objectives, budgets and business plans, establishing guidelines to ensure that the operations create value in the long term, reviewing and establishing the accounts, making decisions on issues regarding investments and sales, capital structure and distribution policy, developing and adopting material policies, ensuring that control systems exist for monitoring that policies and guidelines are followed, ensuring that there are systems for monitoring and controlling the operations and risks, significant changes in the organisation and operations, appointing the CEO and, in accordance with the guidelines adopted by the general meeting, setting remuneration and other terms of employment benefits for the CEO and other senior executives.

Work of the Board

The chairman of the Board of Directors is responsible for ensuring that the Board of Directors' work is carried out efficiently and that the Board of Directors fulfils its obligations. The Board of Directors meet according to an annual predetermined schedule. In addition to ordinary board meetings, board meetings may be convened where the chairman considers it to be necessary or a board member or the CEO so requests. During 2020, the Board held eight (8) board meetings, excluding meetings by correspondence (per capsulam). Prior to each ordinary Board meeting, Board members receive a written agenda, based on the Board's established rules of procedure, and a complete set of documents for information and decision-making. Recurring items include the Company's financial results, the market situation, investments and adoption of the financial statements. Reports from the audit and remuneration committees are also regularly addressed. CEO Flemming Breinholt presents items for discussion at the meetings and attends all board meetings together with CFO Dora Brink Clausen, except during the annual performance review of their work. Erik Berggren serves as Board secretary. Other senior executives participate as presenters on specific issues. The company's external auditor meets the Board at least once per year without management participation.

Evaluation of the Board

On an annual basis, the Board shall evaluate its formalities and way of working to ensure that the Board work is well functioning. The evaluation includes strategy and where the Board shall focus and identification of areas where the Board needs additional

competence. The evaluation also includes whether the Board composition is appropriate. The Nomination Committee is using the evaluation in its work.

The Chairman of the Board initiates and leads the evaluation of the Board. Evaluation tools include detailed questionnaires and discussions. Early in 2021, the Board members responded to a written questionnaire covering the Board work in general as well as the work of the respective committees. The results from the evaluations were presented to the Board and were thoroughly discussed. The Nomination Committee was informed of the results of the Board work evaluation.

Audit Committee

The Board of Directors has established an audit committee.

Pursuant to the Swedish Companies Act, the members of the audit committee may not be employees of the Company and at least one (1) member must have accounting or auditing qualification. The audit committee currently consists of four members: Lone Møller Olsen (Chairman of the Audit Committee), Ulf Bonnevier, Magnus Mandersson and Salla Vainio. The audit committee's main tasks are to:

- a) monitor the Company's financial reporting and provide recommendations and proposals to ensure the reliability of the reporting;
- b) in respect of the financial reporting, monitor the effectiveness of the Company's internal control, internal audit, and risk management;
- c) keep itself informed about the external audit of the annual report for the Company and the Group as well as regarding the conclusions of the Swedish Inspectorate of Auditors' quality controls;
- d) inform the Board of the result of the external audit and the way in which the external audit contributed to the reliability of the financial reporting, as well as the function filled by the audit committee;
- e) review and monitor the impartiality and independence of the external auditor and, in conjunction therewith, pay special attention to whether the external auditor provides the Company with services other than auditing services; and
- f) assist the nomination committee in conjunction with its preparation of proposals to the general meeting's resolution regarding election of external auditor.

During 2020, the Audit Committee held five (5) meetings at which minutes were taken. Discussions and decisions at all meetings of the Audit Committee have been reported to the Board of Directors.

Remuneration committee

The Board of Directors has established a remuneration committee. Pursuant to the Code, the Chairman of the Board may be the chairman of the remuneration committee, but the other members of the remuneration committee are to be independent of the Company and its executive management. The remuneration committee currently consists of three members: Magnus Mandersson (Chairman of the Remuneration

Committee), Ulf Bonnevier and Salla Vainio. All members of the remuneration committee are independent in relation to the Company and its executive management. The remuneration committee's main tasks are to:

- a) prepare the Board's decisions on issues concerning principles for remuneration, remunerations and other terms of employment for the executive management;
- b) monitor and evaluate programmes for variable remuneration, both ongoing and those that have ended during the year, for the executive management;
- c) monitor and evaluate the application of the guidelines for remuneration of the executive management that the annual

- general meeting is legally obliged to establish, as well as the current remuneration structures and levels in the Company;
- d) prepare and submit to the Board a report on the monitoring and evaluation to be carried out under the items (b) to (c) above; and
- e) if the Company implements an incentive program for the employees of the Company, ensure that the incentive program is annually evaluated.

During 2020, the Remunerations Committee held two (2) meetings at which minutes were taken. Discussions and decisions at all meetings of the Remunerations Committee have been reported to the Board of Directors.

Attendance in Board or Committee meetings

The following table presents each member of the Board of Directors' attendance in meetings in 2020.

	Board Meetings	Audit Committee	Remuneration Committee
Magnus Mandersson	8/8	5/5	2/2
Ulf Bonnevier	8/8	5/5	2/2
Lone Møller Olsen	8/8	5/5	-
Mark Redwood	8/8	-	-
Salla Vainio (was elected in connection with AGM on 5 May 2020)	5/8	1/5 ¹⁾	-

¹⁾Salla Vainio was elected to the Audit Committee in November 2020.

Remuneration to the Board of Directors

The Annual General Meeting on 5 May 2020 resolved on the following remuneration to the members of the Board of Directors until the Annual General Meeting 2021.

(TSEK)	Board fee	Audit Committee fee	Remuneration Committee fee	Total 2020
Magnus Mandersson	575	50	100	725
Ulf Bonnevier	315	50	35	400
Lone Møller Olsen	315	150	-	465
Mark Redwood	315	-	-	315
Salla Vainio	315	50	35	400
Total	1,835	300	170	2,305

The CEO and other senior executives

Responsibilities and work of the senior executives

The CEO is subordinated to the Board of Directors and is responsible for the day-to-day management and operations of the Company in accordance with the instructions from the Board of Directors. The division of work between the Board of Directors and the CEO is set out in the rules of procedure for the Board of Directors and the instructions for the CEO. The CEO is responsible

for providing the Board of Directors with information and the necessary documentation for decision making. The CEO leads the work of the senior executives and makes decisions after consulting its members. Further, the CEO reports at meetings of the Board of Directors and assures that members of the Board of Directors regularly receive the information required to follow the Company's and the Group's financial position, results, liquidity and development. The CEO and the other senior executives are

presented in “Board of Directors, Senior Executives and Auditor” on page 31 in this Annual Report.

Evaluation of the CEO

On an annual basis, the Board shall evaluate the CEO to ensure that the Company is being operated in the best way possible. The evaluation focuses on whether the CEO has accomplished the stated objectives, how the co-operation with the Board of Directors has worked and the general development of the Company. No Senior Executive is present when the Board is evaluating the leadership of the Company.

The Board has conducted an evaluation in 2020. The results from the evaluations were presented to the CEO and were thoroughly discussed. Further, Karnov also conducts internal engagement reports on half-year basis, where the employees have the possibility to evaluate both the CEO as well as the Senior Executives in elected areas.

Current employment terms for the CEO and the other senior executives

The CEO is entitled to an annual fixed salary of TSEK 2,985 and pension benefits in accordance with Karnov’s prevailing pension policy. Provided that certain financial targets set by the Board of Directors are met, the CEO may also receive a bonus. The target bonus is an amount corresponding to 50 percent of the annual fixed salary. Pursuant to the current guidelines for remuneration to the senior executives, the bonus shall not exceed 100 percent of the fixed annual salary. For the CEO, a notice period of 12 months applies in case of termination by Karnov and 6 months in case of termination by the CEO. For the other senior executives, the notice period is up to nine (9) months in case of termination by Karnov and up to four (4) months in case of termination by the senior executive.

Guidelines for remuneration to the senior executives

The Annual General Meeting on 5 May 2020 resolved on guidelines for executive remuneration. The guidelines encompass salary and other remuneration for the Company’s CEO and other senior executives. The guidelines also encompass remuneration to Board members insofar as they receive remuneration in addition to Board fees for services relating to a position covered by these guidelines. The guidelines shall apply to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines at the AGM 2020. These guidelines do not apply to any remuneration resolved by general meeting.

The guidelines promotion of the Company’s business strategy, long-term interests and sustainability

A prerequisite for the successful implementation of the Company’s business strategy and safeguarding of its long-term interests, including its sustainability, is that the Company is able to recruit and retain qualified personnel. To this end, it is necessary that the Company offers competitive remuneration. These guidelines enable the Company to offer the executive management a competitive total remuneration. For information

about the Company’s business model and strategy, see the Company’s website (www.karnovgroup.com/).

A Long-term share-related incentive plan in form of a share saving program has been implemented in the Company. The plan has been resolved by a general meeting and is therefore excluded from these guidelines. The long-term share-related incentive plan resolved on the AGM 2020 is excluded for the same reason. Unlike the program resolved by the extraordinary general meeting 2019, the proposed plan is directed only to two additional senior executives. The proposed plan follows otherwise similar principles as the long-term incentive program resolved by the extraordinary general meeting 2019. The plans include among others the CEO and other senior executives in the group. For more information regarding these incentive plans, including the criteria which the outcome depends on, please see <https://www.karnovgroup.com/en/incentive-program/>.

Types of remuneration

Remuneration and other terms and conditions of employment shall be adequate to enable the Company and the group to retain and recruit skilled senior executives at a reasonable cost. The remuneration to senior executives may consist of fixed remuneration, variable remuneration, pension, other benefits and severance payment and it shall be based on principles of performance, competitiveness and fairness. The general meeting can also, irrespective of these guidelines, resolve on, among other things, share-related or share price-related remuneration.

Fixed remuneration

Each senior executive shall be offered a fixed remuneration in line with market conditions and based on the senior executive’s responsibility, expertise and performance.

Variable remuneration

Variable remuneration may comprise annual variable cash salary and long-term variable pay in the form of cash. Variable remuneration shall be subject to the fulfilment of defined and measurable targets. 60 per cent of the variable remuneration is based on financial performance decided by the Board of Directors based on the Company’s financial targets, 20 per cent of the variable remuneration is based on non-financial performance activities decided by Board of Directors to achieve the financial targets and 20 per cent of the variable remuneration is based on individual targets contributing to the overall targets of the Company. This creates incentives to promote the Company’s business strategy, long-term interests and sustainability.

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. The variable cash remuneration for the CEO may amount to not more than 100 percent of the total fixed annual salary and the variable cash remuneration for the other senior executives may amount to not more than 75 percent of the total fixed annual salary. Variable cash remuneration shall not qualify for pension benefits unless otherwise provided by mandatory collective agreement provisions.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The remuneration committee is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other executives, the CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the Company.

In special cases, agreements may be reached on remuneration of a non-recurring nature, provided such remuneration does not exceed an amount corresponding to the individual's total fixed annual salary and maximum variable cash salary, and is not paid more than once per year and per individual.

Pension

Agreements regarding pensions shall, where applicable, be premium based and designed in accordance with the level and practice applicable in the country in which the senior executive is employed. The CEO shall receive pension premiums of 10 percent of the total fixed annual salary. Other senior executives shall receive pension premiums of no more than 35 percent of the total fixed annual salary.

Other benefits

Other benefits, such as a Company car, preventive care, health care and health insurance, may be paid in accordance with customary market terms. The other benefits shall amount to not more than 10 percent of total fixed annual salary.

Termination of employment

Fixed remuneration during notice periods and severance payment, including payments for any restrictions on competition, shall in aggregate not exceed an amount equivalent to the fixed remuneration for 12 months for the CEO and no more than 12 months for other senior executives. No severance pay shall be paid in the case of termination by the employee.

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the Company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

The decision-making process to determine, review and implement the guidelines

The Board of Directors has established a remuneration committee. The committee's tasks include preparing the Board of Directors' decision to propose guidelines for executive remuneration. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the AGM. The guidelines shall be in force until new guidelines are adopted by the general meeting. The remuneration committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the Company. The members of the remuneration committee are independent of the Company and its executive management. The CEO and other members of the executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. As set out above, the remuneration committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

Remuneration to senior executives

The following table presents the remuneration paid to the senior executives in 2020. For further information, please refer to note

7 and the Remuneration Report 2020, available on <https://www.karnovgroup.com/en/general-meeting-2021/>.

(TSEK)	Ordinary compensation	Other benefits	Pension benefits	Total
CEO	2,985	1,609	298	4,892
Other senior executives	12,025	3,822	1,790	17,637
Total	15,010	5,431	2,088	22,529

Long-term incentive programs to senior executives and other employees

The Extraordinary General Meeting on April 10, 2019 decided to resolve to implement a long-term incentive program in the form of a share saving program. The purpose of the incentive program is to encourage a broad ownership amongst the Company's employees, facilitate recruitment, maintain competent employees, increase the alignment of interest between the employees and the Company's shareholders and increase motivation to reach or exceed the Company's financial targets. A total of 151 permanent employees in Karnov are participating in the share saving program. The participants are divided into five different categories depending on position. Participants who retain the Savings Shares during the program's vesting period of at least three years and also remain employed by Karnov throughout the whole vesting period will at the end of the period be eligible for free additional ordinary shares ("Performance Shares"). For participants in category 1–4, the allotment of Performance Shares is subject to the satisfaction of certain performance criteria related to the total shareholder return, organic growth and organic adjusted EBITA growth, as defined in the extraordinary general meeting's resolution, during 2019–2021. Full allotment of Performance Shares would mean that the total number of shares under the program amount to no more than 425 347 ordinary shares, corresponding to approximately 0.4 percent of the total number of shares outstanding in the Company.

Internal control

General

Karnov has established an internal control system aimed at achieving an efficient organisation that meets the targets set by the Board of Directors. This system includes work to ensure that Karnov's operations are conducted correctly and efficiently, that laws and regulations are complied with and that financial reporting is accurate and reliable and in accordance with applicable laws and regulations. Karnov has chosen to structure internal control work in accordance with the so-called COSO framework, which includes the following elements: control environment, risk assessment, control activities, information and communication as well as monitoring and follow-up.

Control environment

Karnov's control environment is based on the distribution of work among the Board of Directors, the committees, the CEO and the CFO and the corporate values on which the Board of Directors and the Group management communicate and base their work. In order to maintain and develop a well-functioning control environment, to comply with applicable laws and regulations, and to ensure compliance within the entire Group with Karnov's desired business practices, the Board of Directors, as the ultimately responsible body, has established a number of basic documents relevant to risk management and the internal control which consists of operational control documents, policies, procedures and instructions. Among these documents are the rules of procedure for the Board of Directors, the instructions for the committees of the Board of Directors, the instructions for the CEO, the instructions for financial reporting, the code of conduct, the communication policy and the insider policy.

Policies, routine descriptions and instructions are distributed to all relevant employees of Karnov through Karnov's intranet. Karnov's employees are obliged to comply with the code of conduct, the communication policy and insider policy, and employees regularly perform relevant tests to ensure they are aware of the content of relevant policies, routine descriptions and instructions.

Risk assessment

Karnov has established a risk assessment procedure, meaning Karnov conducts annual risk analysis and risk assessments, which are followed-up and reported quarterly. Based on this procedure, risks are identified and categorised according to the following four areas:

- Strategic risks
- Operational risks
- Compliance risks
- Financial risks

Karnov's objective with the risk analysis is to identify the most significant risks that may prevent Karnov from achieving its targets or realising its strategy. The objective is further to evaluate these risks based on the probability that they will arise in the future and to what extent the risks may affect Karnov's targets if they were to occur. Individual risks are assigned a so-

called risk owner. The risk owner has a mandate and responsibility to ensure actions and controls are established and implemented. The risk owner is also responsible for monitoring, follow-up and reporting of changes in Karnov's risk exposure to identified risks. Identified risks are reported quarterly by the CFO to the audit committee and the Board of Directors. The Board of Directors evaluates Karnov's risk management system, including risk assessments, and shall annually submit a description in which the most important elements of Karnov's internal control and risk management are examined in detail. The purpose of this procedure is to ensure that significant risks are managed and that controls that counteract identified risks are implemented.

Control activities

Karnov has established a risk management process that includes a number of key controls of matters that must be in place and function in the risk management processes. The control requirement is an important tool that enables the Board of Directors to lead and to evaluate information from Group management and to take responsibility for identified risks. Karnov focuses on documenting and evaluating the major risks related to financial reporting to ensure that Karnov's reporting is accurate and reliable.

In 2020, Karnov has implemented a third party GRC (Governance, Risk and Compliance) tool to manage and control, in an efficient and automated way, self-assessments on a quarterly basis.

Information and communication

The Board of Directors of Karnov has adopted an insider policy and a communication policy governing Karnov's management and communication of inside information and other information. The insider policy is intended to reduce the risks of insider dealing and other unlawful behaviour and to facilitate Karnov's compliance with applicable rules regarding the handling of inside information. In addition, Karnov has established procedures for the handling of information and restriction of the dissemination of information. The communication policy describes Karnov's overall focus on communication matters. Karnov's communication shall be characterised by long-term perspective and trust, reliability as well as proactivity, speed and transparency. The communication shall be accurate, relevant and comprehensive in accordance with Nasdaq Stockholm's rule book for issuers.

Investor Relations function

The purpose of Karnov's investor relations function is to build a long-term knowledge of and trust in Karnov's operations and value creation, whilst ensuring that Karnov complies with applicable regulations. Karnov's investor relations function handles regular contacts with shareholders, analysts, investors, financial journalists, Nasdaq Stockholm, the Swedish Financial Supervisory Authority and other capital market participants and coordinates general meetings, analyst meetings and capital market presentations. The Investor Relations Specialist is responsible for this function, reporting to the CFO.

Monitoring and follow-up

A self-assessment of internal control requirement effectiveness shall annually be performed and followed-up quarterly and facilitated by the CISO. The CISO must present the self-assessment report for the Group Information Security Board. The CFO is responsible for presenting the result to the audit committee and the Board of Directors. Karnov has a group-wide monitoring process by which the entities and functions shall follow up the effectiveness of controls and report back to the CISO.

External audit

The auditor shall review Karnov Group's financial report and accounting, as well as the management of the Board of Directors and the CEO. Since the Company is a parent company, the auditor shall also review the consolidated accounts and the Group companies' relations to each other. The audit of Karnov's financial reports and accounts as well as the management by the Board of Directors and the CEO is conducted in accordance with generally accepted auditing standards in Sweden. Following each financial year, the auditor shall submit an auditor report and a consolidated auditor report to the annual general meeting. Karnov's auditor is PwC. Aleksander Lyckow is the auditor in charge. For more information about the auditor, see "Board of Directors, senior executives and auditor—Auditor". In 2020, the total remuneration to Karnov's auditor was TSEK 2,856 (3,450), of which TSEK 2,066 (2,689) related to the Company. Of the total audit remuneration, TSEK 1,643 (995) is related to other audit services.

Board of Directors, Senior Executives and Auditor

Board of Directors

According to Karnov's articles of association, the Board of Directors shall consist of three to ten members. The Board of Directors currently consists of six members, appointed for the period until the close of the annual general meeting 2021. The section below presents the members of the Board of Directors, their position, the year of their initial election, whether or not they are considered to be independent in relation to the Company, its executive management and its major shareholders as well as their shareholding in Karnov.



Magnus Mandersson

*Chairman of the Board since 2018.
Chairman of the Remuneration Committee
and member of the Audit Committee.*

Born: 1959

Principal education: Bachelor of Science in Business Administration, Lund University.

Other current positions: Chairman of Tampnet AS. Board member of Albert Immo Holding S.à.r.l., PMM Advisors S.A. and Interogo Foundation (supervisory council, Beirut). Senior Independent Director of Helios Towers Africa Plc.

Previous positions: Chairman of Next Biometrics Group ASA, Doro AB and Red Bee Media Sweden AB. Board member of Lund University. Executive vice president of Telefonaktiebolaget LM Ericsson.

Own and closely associated holdings:
100,000 shares.

Independence pursuant to the Code:
Independent in relation to Karnov and its executive management as well as Karnov's major shareholders.



Lone Møller Olsen

*Board member since 2018.
Chairman of the Audit Committee.*

Born: 1958

Principal education: Master of Science in Economics and Business Administration, Copenhagen Business School. State authorized public accountant/Chartered accountant, Danish Ministry of Business Affairs.

Other current positions: Board member of Tryg A/S, Jetpak AB, KNI A/S, Investeringsforeningen Bankinvest, Kapitalforeningen Bankinvest Vælger, Kapitalforeningen Pensiondanmark EMD, Kapitalforeningen BI Private Equity, Kapitalforeningen Bankinvest Select, Investeringsforeningen Bankinvest Engros and Investeringsforeningen BI. Executive officer of LMO 5265 ApS.

Previous positions: Partner at Deloitte Denmark.

Own and closely associated holdings:
6,976 shares.

Independence pursuant to the Code:
Independent in relation to Karnov and its executive management as well as Karnov's major shareholders.



Salla Vainio

*Board member since 2020.
Member of the Audit Committee and the
Remuneration Committee.*

Born: 1969

Principal education: Master of Science in Economics, Helsinki School of Economics.

Other current positions: CEO of Marketing Clinic, Board member of QPR Software and Directors' Institute Finland.

Previous positions: CEO of Fondia, Chairman of the Board of Motiva and Board member of Motiva.

Own and closely associated holdings:
-

Independence pursuant to the Code:
Independent in relation to Karnov and its executive management as well as Karnov's major shareholders.

**Ulf Bonnevier**

Board member since 2018.

Member of the Audit Committee and the Remuneration Committee.

Born: 1964

Principal education: Bachelor of Science in Business and Accounting, Uppsala University. Leadership training (IFL), Stockholm School of Economics.

Other current positions: CFO of Tampnet AS.

Previous positions: CFO and Executive Vice President of Humana AB. Country Director of Ipsos. CFO Western Europe of Synovate. CEO of Wolters Kluwer Scandinavia.

Own and closely associated holdings: 12,000 shares

Independence pursuant to the Code: Independent in relation to Karnov and its executive management as well as Karnov's major shareholders.

**Mark Redwood**

Board member since 2011.

Born: 1960

Principal education: Bachelor of Arts (Econ) Hons First class degree in Economics and Accounting, University of Manchester.

Other current positions: Chairman of Delio Ltd and Spektrix Ltd.

Previous positions: Chairman of Achilles Holdco Ltd, SSP Topco Ltd and BGPH Holdings Ltd. Board member of CR7 Services Ltd, Barracuda FX Ltd, CashFlows Europe Ltd, Reuters Ltd, Reuters Transaction Services Ltd and Tradeweb Markets LLC.

Own and closely associated holdings: 2,068,064 shares.

Independence pursuant to the Code: Independent in relation to Karnov and its executive management as well as Karnov's major shareholders.

Senior Executives

The group management currently consists of eight persons. The section below presents the senior executives, their position, the year each person became a senior executive and their shareholdings in Karnov Group.



Flemming Breinholt
Group CEO since 2014.

Own and closely associated holdings:
2,368,049 shares.



Dora Brink Clausen
Group CFO since 2014.

Own and closely associated holdings:
1,184,078 shares.



Alexandra Åquist
CEO of Norstedts Juridik since 2020.

Own and closely associated holdings:
4,651 shares.



Niels Munk Hansen
CEO of Karnov Group Denmark since 2020.

Own and closely associated holdings:
4,651 shares.



Jesper Kingo Christensen
Group Chief Technology Officer since 2018.

Own and closely associated holdings:
4,650 shares.



Anne Nørvang Hansen
Group Content Strategy since 2012.

Own and closely associated holdings:
576,396 shares.



Charlotte Arup
Group CHRO since 2017.

Own and closely associated holdings:
4,651 shares.



Magnus Svernlöv
Executive Manager for the Stand-alone companies since 2019.

Own and closely associated holdings:
120,821 shares.

Additional information regarding the Board members and Senior Executives

All Board members and senior executives can be reached at Karnov's address: Warfvinges väg 39, SE 112 51 Stockholm, Sweden. There are no family ties between any of the Board members and/or the senior executives. There are no conflicts of interest or potential conflicts of interest between the Board members' and Senior Executives' duties to Karnov and their private interests or other duties. However, some Board members and senior executives hold shares in Karnov. There are no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any Board member or Senior Executive was elected or appointed to his or her current position. During the past five years, none of the Board members or Senior Executives have

- (i) been convicted for fraudulent offences,
- (ii) been involved in or represented a company which has been declared bankrupt or filed for compulsory liquidation or been subject to receivership,

- (iii) been the subject of official public incrimination or sanctions (or accused of such actions) by statutory regulatory authorities (including designated professional bodies) or
- (iv) been disqualified by a court from acting as a member of the administrative, management or supervisory body of a company or from acting in the management or conduct the affairs of a company.

Auditor

The annual general meeting on 5 May 2020 re-elected PricewaterhouseCoopers AB, corporate registration number 556067-4276, as auditor for the period until the close of the annual general meeting 2021. Aleksander Lyckow has been the auditor in charge since 2015. Aleksander Lyckow is an authorised public accountant and member of FAR (the Institute for the Accountancy Profession in Sweden). PwC's address is c/o PricewaterhouseCoopers AB, SE-113 97 Stockholm, Sweden.

Auditor's Report on the Corporate Governance Statement

This is a literal translation of the Swedish original report

To the annual meeting of the shareholders in Karnov Group AB (publ.), corp. id. No. 559016-9016.

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the financial year 2020-01-01 - 2020-12-31 on pages 20-32 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, 30 March 2021

PricewaterhouseCoopers AB
Aleksander Lyckow
Authorized Public Accountant