

# CORPORATE GOVERNANCE REPORT

**THE GOAL OF CORPORATE GOVERNANCE IS TO GUARANTEE** that the company is managed as efficiently as possible for the shareholders. This includes establishing an effective organizational structure, systems for internal control and risk management, and transparent internal and external reporting.

## SWEDISH CORPORATE GOVERNANCE CODE

Munters Group AB (Munters, or “the Company”) is a Swedish public company listed on Nasdaq Stockholm. Corporate governance is primarily regulated by the Swedish Companies Act and other Swedish legislation, Nasdaq Stockholm’s Nordic Main Market Rulebook for Issuers of Shares, and the Swedish Corporate Governance Code (“the Code”). This corporate governance report has been prepared in accordance with the Swedish Annual Accounts Act and the Code. Munters’ auditors have reviewed the report; a statement from the auditors can be found on page 71 in the Annual and Sustainability report.

## CORPORATE GOVERNANCE MODEL

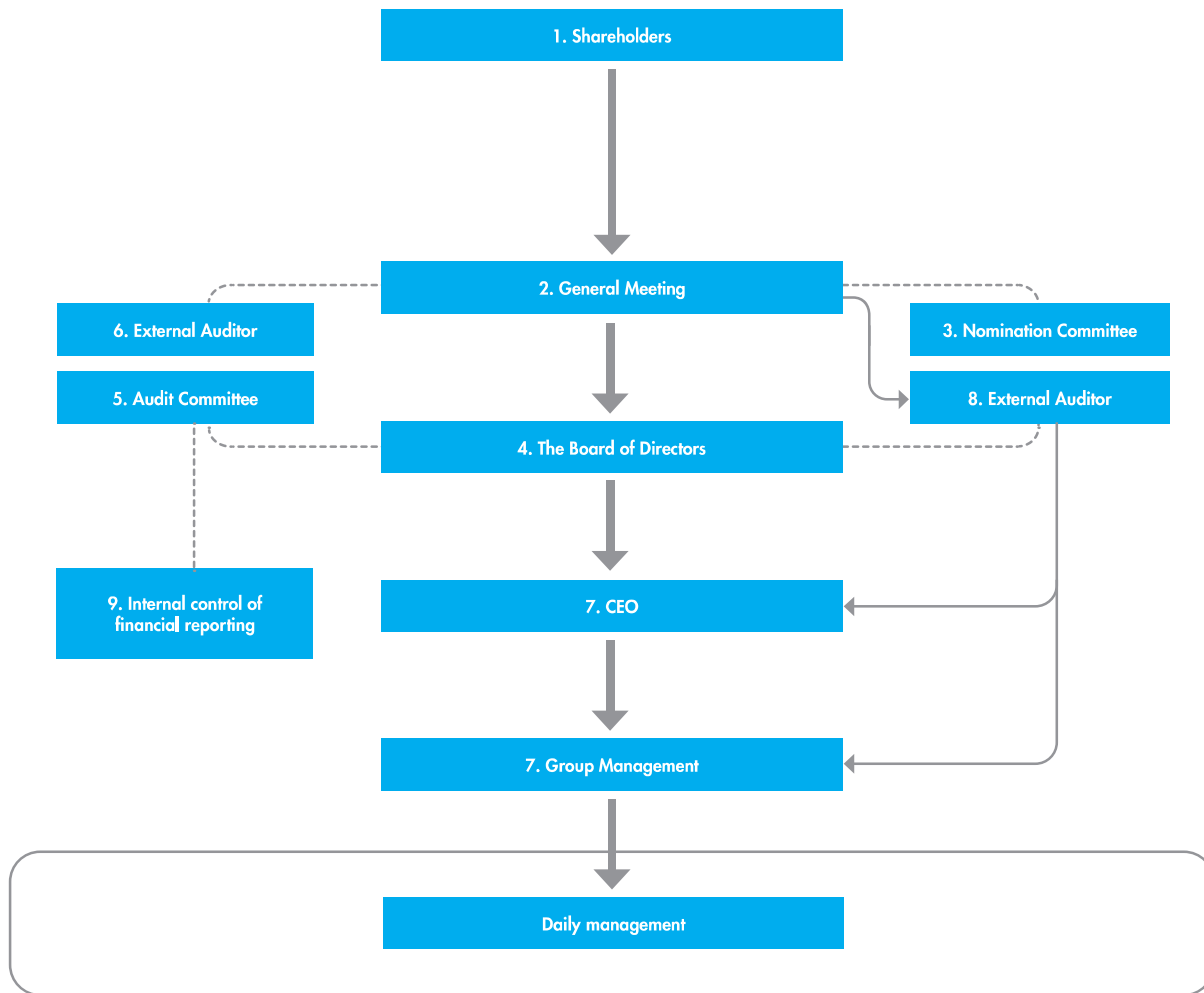
The shareholders exercise their voting rights at the general meetings of Munters Group AB, which is the parent company of the Munters Group, to decide on among other things the composition of Munters Group AB’s Board of Directors and the election of Auditors.

A Nomination Committee appointed in accordance with the instruction approved by Munters Group AB’s Annual General Meeting submits proposals to the General Meeting concerning the election of Board members and the Chairman of the Board as well as proposed resolutions concerning remuneration of the Board. The Nomination Committee also submits proposals to the General Meeting for the election of auditors and for resolutions on fees to the auditors.

The Board is ultimately responsible for the Munters Group’s organization and the management of its operations.

In addition, the Board appoints the President and CEO of Munters Group AB. The CEO is in charge of the Group’s daily management in accordance with the Board’s instructions.

Corporate governance structure



## COMPLIANCE

### External governance systems

The external governance systems that provide a framework for Muters' corporate governance consist primarily of the Swedish Companies Act, the Swedish Annual Accounts Act, the Nasdaq Stockholm Rulebook for Issuers and the Code, as well as other applicable regulations and relevant legislation.

### Internal governance systems

The Articles of Association adopted by the Annual General Meeting (AGM), the Muters Board Rules of Procedure adopted by the Board, the instructions for the CEO, and the instructions for the Compensation and Audit Committees constitute the key internal governance systems.

In addition, the Group has a number of policies and instructions with rules and principles for the Group's operations and employees. In 2020, the Muters Board of Directors passed resolutions on the following policies and instructions:

- Rules of Procedure for the Board of Directors
- Instructions for the CEO
- Instructions for the Compensation Committee
- Instructions for the Audit Committee
- Code of Conduct
- Steering documents
- Finance policy
- Sustainability policy
- Communication policy
- Insider policy
- Internal control policy

### Deviations from the Code

The Code applies to all Swedish companies whose shares are listed on a regulated market in Sweden. The Code provides a norm for good corporate governance at a higher level of ambition than the minimum requirements of the Swedish Companies Act and other rules.

The Code is built on the "comply or explain" principle. This means that the company does not have to observe every rule in the Code at all times, but can choose other solutions deemed to better address the circumstances in the individual case, provided that the company openly reports every such deviation, describes the solution chosen instead and indicates the reasons for this in the corporate governance report.

Muters has not deviated from any rules.

## MUTERS' ARTICLES OF ASSOCIATION

Muters' Articles of Association were adopted at an Extraordinary General Meeting on May 7, 2017 and contain no special provisions on the appointment and dismissal of Board members or on revisions to the Articles of Association. For the complete Articles of Association, refer to the Muters website.

### 1. Shareholders

Shares in Muters have been listed on Nasdaq Stockholm since May 19, 2017. At year-end, share capital amounted to SEK 5,533,734.51, distributed among 183,457,817 shares. All shares are of the same class and have equal rights in every respect. On December 31, 2020, Muters had 4,912 shareholders (compared with 5,988 on December 31, 2019). The largest shareholders were FAM (26.0 percent of the votes), Odin Fonder (8.5 percent of the votes), First Swedish National Pension Fund (8.4 of the votes) and Swedbank Robur fonder (8.3 percent of the votes).

Additional information on the share and shareholders can be found in the section on the Muters share and on the Muters website.

### Share buy-back

For the purpose of guaranteeing delivery of shares to participants in the long-term incentive program resolved at the 2020 AGM, the Board of Directors was authorized by the AGM to decide on the acquisition of at most 685,000 own shares for the period up to the next AGM. The Board of Directors decided to utilize the buy-back authorization on July 16, 2020, and shares were repurchased between July 20, 2020 and July 30, 2020. In total, 685,000 shares were repurchased at an average share price of SEK 63.25.

The total number of own shares Muters holds is 2,537,000, corresponding to approximately 1.4 percent of the share capital

### 2. General Meeting

The right of the shareholders to decide on matters concerning Muters is exercised at the General Meeting (GM).

Shareholders who are recorded in the share register on the record date and have registered for the GM within the time indicated in the notice to attend have the right to participate in the GM, either in person or by proxy.

Decisions at the GM are normally taken by simple majority. On certain issues, however, the Swedish Companies Act prescribes a qualified majority of votes, and in specific cases a certain portion of shareholders must be present for a quorum.

The AGM must be held within six months of the end of the financial year. Muters' AGMs are held in Stockholm, Sweden, every calendar year before the end of June.

Under the Articles of Association, notices convening General Meetings are issued by announcement in Post- och Inrikes Tidningar (the Swedish Official Gazette) as well as on the Muters website. An announcement that a notice convening a GM has been issued shall be made in Svenska Dagbladet.

Apart from the AGM, an Extraordinary General Meeting can be held if the Board considers it necessary, or if Muters' auditor or owners of at least 10 percent of total shares in the company request one.

All shareholders who are directly recorded in the share register maintained by Euroclear Sweden six weekdays prior to the AGM and who have notified the company of their intention to participate in the AGM not later than the date indicated in the notice of the AGM are entitled to attend the AGM and vote for the number of shares they hold. 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 register maintained by Euroclear Sweden AB to be entitled to participate in the AGM. Re-registration may be temporary and requested from the nominee, as per the nominee's instructions, well in advance. Temporary re-registration by the nominee not later than the four weekdays before the AGM will be accepted.

Shareholders who wish to have an issue brought before the General Meeting must submit a request in writing to the Board of Directors. The request

must normally be received by the Board of Directors seven weeks before the General Meeting at the latest.

### 2020 Annual General Meeting

The AGM on May 7, 2020 at Kista Science Tower in Stockholm was attended by 96 shareholders representing 73.5 percent of the share capital. The company's Chairman of the Board attended the meeting and other Board members were available by telephone. The company's auditor-in-charge reported by telephone on the audit work as well as the Auditor's Report and the Auditor's Report for the Group.

### The issues resolved by the AGM included the following:

- That no dividend be distributed for the financial year 2019
- Re-election of Board members Magnus Lindquist, Helen Fasth Gillstedt, Per Hallius, Lena Olving, Kristian Sildeby and Juan Vargues and election of Håkan Buskhe and Anna Westerberg as new Board members
- Re-election of Magnus Lindquist as Chairman of the Board
- Fees to the Board of Directors
- Compensation guidelines for senior executives
- Long-term incentive program for Group Management and certain other key employees, including the issuance of employee stock options and hedging arrangements in respect of the program
- Authorization of the Board of Directors, until the next AGM, to resolve to issue, on one or more occasions, new shares and/or convertible bonds and/or warrants up to a total of 18,359,780 shares that can be issued, that convertible bonds that can be converted to, and that can be subscribed for by exercising warrants.

### 2021 Annual General Meeting

The 2021 Annual General Meeting will be held on May 19, 2021. For further information, refer to page 128 of the Annual and Sustainability Report and the Munters website.

### 3. Nomination Committee

#### Nomination Committee activities

The Nomination Committee is charged with preparing and submitting proposals on behalf of the shareholders for election of the Chairman of the AGM and election of a Chairman of the Board and other Board members, election of auditors, decisions on fees to auditors and to the Board (divided between the Chairman and the other members, as well as remuneration for committee work) and, where necessary, changes to the appointment of the Nomination Committee. In addition, the Nomination Committee assesses the independence of Board members in relation to the company and its major shareholders. The company's Audit Committee assists the Nomination Committee with the proposal for the election of auditors; the Nomination Committee's proposals to the General Meeting for auditors' elections shall contain the recommendation of the Audit Committee.

Prior to submitting its proposal to the Board, the Nomination Committee may review the evaluation of the Board's activities and members, and otherwise seek information on the Board's activities through interviews with the company's CEO and some or all Board members.

Shareholders who wish to submit proposals to the Nomination Committee may do so by e-mail: valberedningen@munters.se or by post: Munters Group AB, Nomination Committee, Box 1188, SE-164 26 Kista, Sweden.

#### Composition of the Nomination Committee

Under the Nomination Committee

instructions adopted by the 2017 AGM and in force until further notice, the Nomination Committee shall be composed of representatives from the four largest shareholders by votes as listed in the share register maintained by Euroclear Sweden AB as of August 31 of each year. According to this instruction, the Chairman of the Nomination Committee shall appoint the member representing the largest shareholder by votes. The Nomination Committee also includes the Chairman of the Board, who convenes the Nomination Committee's first meeting.

The composition of the Nomination Committee shall normally be announced no later than six months before that meeting. No remuneration shall be paid to the members of the Nomination Committee. Changes in the composition of the Nomination Committee shall be made public immediately.

#### Nomination Committee prior to the 2021 AGM

The composition of the Nomination Committee was published through a press release and on the Munters website on October 1, 2020. The Nomination Committee for the 2021 AGM consists of:

- Magnus Fernström (FAM AB)
- Jonathan Schönback (Odin Fonder)
- Mats Larsson (First Swedish National Pension Fund)
- Jan Dworsky (Swedbank Robur Fonder)
- Magnus Lindquist (Chairman of the Board of Munters).

The Nomination Committee appointed Magnus Fernström as Chairman of the Nomination Committee in accordance with the Nomination Committee's instruction. From the time it was constituted up until the submission of the Annual Report, the Nomination Committee has held five meetings.

### Nomination committee prior to the 2021 AGM

| Name               | Appointed by          | Holdings/votes at December 31, 2020 |
|--------------------|-----------------------|-------------------------------------|
| Magnus Fernström   | FAM AB                | 26,0 %                              |
| Jonathan Schönback | Odin fonden           | 8,5 %                               |
| Mats Larsson       | Första AP-fonden      | 8,4 %                               |
| Jan Dworsky        | Swedbank Robur Fonder | 8,3 %                               |
| Magnus Lindquist   | Chairman, Munters     | -                                   |

#### 4. The Board of Directors

##### Board activities

The duties of the Board of Directors are primarily set forth in the Swedish Companies Act and the Code. In addition, Board activities are guided by formal rules of procedure adopted each year by the Board. The rules of procedure govern the division of work and responsibility between the members of the Board, its committees, the Chairman and the CEO. The instructions for the CEO also contain instructions for financial reporting. The tasks of the Board include adopting strategies, business plans and targets; issuing interim reports and year-end financial statements; managing risks; and setting policies and guidelines. The Board shall also monitor economic developments, ensure the quality of financial reporting and the internal controls, and evaluate the Group's operations based on the objectives and guidelines set by the Board. Moreover, the Board is responsible for appointing the CEO. Finally, the Board of Directors decides on major investments and organizational and operational changes.

##### Composition of the Board of Directors

Under the company's Articles of Association, Munters' Board of

Directors shall consist of at least three and no more than ten members elected by the AGM. At the 2020 AGM, six Board members were re-elected and two new members were elected. Under Swedish law, the trade unions have the right to representation on the Board; in 2020 they were represented by two members and two deputies. A presentation of the Board members can be found in the section "Board of Directors."

The CEO and CFO of Munters are present at Board meetings. Attorney Johan Lekholm serves as the Board's secretary. Other officers participate in Board meetings to present specific issues.

The reasoned statement of the Nomination Committee for the 2020 AGM indicates that the Nomination Committee applied Rule 4.1 of the Code as its diversity policy in drawing up its proposal for the Board of Directors. The goal of the policy is for the Board, given the company's operations, stage of development, and conditions in general, to have a suitable composition marked by diversity and breadth as regards the competence, experience, and background of the members elected by the GM, and to promote gender parity. The 2020

AGM resolved to elect Board members in accordance with the proposal of the Nomination Committee. The Nomination Committee's aim is to achieve greater diversity on the Board of Directors, primarily through the goal of improving gender equality. In the process to find new Board members, the Nomination Committee therefore sought to identify female candidates who meet the established qualifications. After weighing the desired competencies, one female and one male candidate were identified. Eight members were elected at the 2020 AGM: three women and five men.

##### Changes to the composition of the Board in 2020

Johan Ek and Andreas Näsvik stepped down as members of the Board of Directors at the 2020 AGM, in connection with which Håkan Buskhe and Anna Westerberg were elected as new Board members.

##### Independence of the Board

The company meets the requirements in the Code as a majority of the members elected by the AGM are independent of the company and company management, and that at least two of them are independent of the major

#### Composition of the Board of Directors

| Name                           | Elected in | Fee, SEK <sup>1)</sup> | Committee fees                      | Independence     | Attendance     |                 |                        |
|--------------------------------|------------|------------------------|-------------------------------------|------------------|----------------|-----------------|------------------------|
|                                |            |                        |                                     |                  | Board meetings | Audit Committee | Compensation Committee |
| Magnus Lindquist, Chairman     | 2018       | 1 050 000              | 100 000 <sup>2)</sup>               | Yes              | 16/16          | –               | 12/12                  |
| Helen Fasth Gillstedt          | 2017       | 400 000                | 150 000 <sup>3)</sup>               | Yes              | 16/16          | 5/5             | –                      |
| Per Hallius                    | 2013       | 400 000                | –                                   | Yes              | 16/16          | –               | –                      |
| Anna Westerberg <sup>5)</sup>  | 2020       | 400 000                | –                                   | Yes              | 10/10          | –               | –                      |
| Lena Olving                    | 2017       | 400 000                | 100 000 <sup>3)</sup>               | Yes              | 16/16          | 5/5             | –                      |
| Kristian Sildeby <sup>6)</sup> | 2017       | 400 000                | 150 000 <sup>2)</sup> <sup>3)</sup> | No <sup>4)</sup> | 16/16          | 2/3             | 12/12                  |
| Juan Vargues <sup>7)</sup>     | 2019       | 400 000                | 50 000 <sup>2)</sup>                | Yes              | 16/16          | –               | 5/5                    |
| Håkan Buskhe <sup>5)</sup>     | 2020       | 400 000                | –                                   | No <sup>4)</sup> | 10/10          | –               | –                      |
| Pia Nordqvist <sup>8)</sup>    | 2004       | –                      | –                                   | –                | 16/16          | –               | –                      |
| Simon Henriksson <sup>8)</sup> | 2017       | –                      | –                                   | –                | 16/16          | –               | –                      |
| Tor Jansson <sup>9)</sup>      | 2019       | –                      | –                                   | –                | 12/16          | –               | –                      |
| Robert Wahlgren <sup>9)</sup>  | 2009       | –                      | –                                   | –                | 15/16          | –               | –                      |

<sup>1)</sup> Compensation for work from the 2020 AGM to the 2021 AGM.

<sup>2)</sup> Compensation Committee fee.

<sup>3)</sup> Audit Committee fee.

<sup>4)</sup> Independent in relation to the company and Group Management, but not to the company's major shareholders.

<sup>5)</sup> Anna Westerberg and Håkan Buskhe were elected to the Board of Directors at the AGM on May 7, 2020.

<sup>6)</sup> Kristian Sildeby was elected to the Audit Committee at the AGM on May 7, 2020.

<sup>7)</sup> Juan Vargues was elected to the Compensation Committee at the AGM on May 7, 2020.

<sup>8)</sup> Employee representative.

<sup>9)</sup> Employee representative, deputy.

shareholders. The independence of the Board members at the time of publication of this report is shown in the table, "Composition of the Board of Directors."

### **Responsibilities of the Chairman of the Board**

The Chairman of the Board of Directors leads and oversees the work on the Board, ensuring that its activities are conducted efficiently. The Chairman also ensures that the Swedish Companies Act and other applicable laws and regulations are observed, that the Board receives the necessary training, and that it improves its knowledge of Munters. The Chairman monitors operations in close dialogue with the CEO, conveys opinions from shareholders to the other Board members, and serves as spokesperson for the Board. The Chairman of the Board is responsible for other Board members receiving sufficient information to perform their work effectively, and

for ensuring that the Board's decisions are implemented. The Chairman of the Board is also responsible for the Board annually evaluating its work.

### **Board fees**

The 2020 AGM resolved that fees of SEK 1,050,000 would be paid to the Chairman and SEK 400,000 each to the other members elected at the meeting. It was further resolved that fees of SEK 150,000 would be paid to the chair of the Audit Committee, with SEK 100,000 to each of the other members of the committee; and SEK 100,000 to the chair of the Compensation Committee, with SEK 50,000 to each of the other members of the committee.

### **Evaluation of Board activities**

An evaluation is conducted each year to ensure the quality of the Board's work and to identify any need for additional competence or experience. The Chairman of the Board is

responsible for conducting the evaluation and reporting it to the Nomination Committee. Upon request of the Nomination Committee, the Board members shall participate in interviews with the Nomination Committee to facilitate the evaluation.

An evaluation of the Board's work was conducted in 2020 by having an external consultant interview all Board members. The results of the interviews and the Board evaluation have been reported to the Board and the Nomination Committee.

### **Board Committees**

The Board of Directors has two committees: The Audit Committee and the Compensation Committee. Reports to the Board on issues addressed at committee meetings are submitted in writing or given orally. The work of each committee is performed in accordance with the instruction of the Board. Minutes of committee meetings are provided to all Board members.

## **2020 Board meetings**

In 2020, the Board of Directors held 16 meetings.

Following is an overview of the most important issues addressed at these meetings.

|  |  |   |   |  |  |
|--|--|---|---|--|--|
| <p><b>January</b></p> <ul style="list-style-type: none"> <li>Approval of proposed strategic plan for the Group.</li> </ul>   | <p><b>March</b></p> <ul style="list-style-type: none"> <li>Review of Munters' work to reduce risks in connection with Covid-19.</li> <li>Approval to launch the TTOE project.</li> </ul> | <p><b>May</b></p> <ul style="list-style-type: none"> <li>Approval of revised policies proposed by management.</li> <li>Re-election of Compensation and Audit Committee members and election of new members.</li> <li>Decision to adopt the rules of procedure for the Board of Directors and the rules of procedure for the Compensation and Audit Committees.</li> </ul> | <p><b>July</b></p> <ul style="list-style-type: none"> <li>Approval and release of the Q2 report.</li> <li>Decision to repurchase shares by virtue of the authorization from the 2020 AGM to safeguard commitments under the incentive program.</li> </ul> | <p><b>September</b></p> <ul style="list-style-type: none"> <li>Review of ongoing strategy work.</li> </ul>     | <p><b>November</b></p> <ul style="list-style-type: none"> <li>Approval of proposed strategy plan.</li> </ul> |
| <p><b>February</b></p> <ul style="list-style-type: none"> <li>Decision on dividend proposal for the financial year 2019.</li> <li>Approval and release of the year-end report (Q4).</li> </ul> | <p><b>April</b></p> <ul style="list-style-type: none"> <li>Approval of the annual report for 2019.</li> <li>Approval and release of the Q1 report.</li> </ul>                            | <p><b>June</b></p> <ul style="list-style-type: none"> <li>Review of ongoing strategy work.</li> </ul>   | <p><b>August</b></p>  | <p><b>October</b></p> <ul style="list-style-type: none"> <li>Approval and release of the Q3 report.</li> </ul> | <p><b>December</b></p> <ul style="list-style-type: none"> <li>Review of cybersecurity and risks.</li> </ul>  |

## 5. Audit Committee

The main tasks of the Audit Committee are to ensure that the Board of Directors fulfills its supervisory duty in relation to internal control, auditing, financial risk management, accounting and financial reporting; to prepare matters regarding the procurement of audit and other services provided by the auditor; and to prepare certain accounting and auditing matters to be resolved by the Board.

The Audit Committee also reviews procedures and routines for the aforementioned areas. The Audit Committee submits recommendations and proposals to ensure the reliability of the financial reporting and its compliance with generally accepted accounting principles, continually discusses the company's accounting principles and financial control with the auditors and Group Management, and considers recommended improvements to internal control. In addition, the Audit Committee monitors the impartiality and independence of the auditor, evaluates the audit work, and discusses the collaboration between the auditor and the company's internal control function. The Audit Committee also assists the Nomination Committee in preparing nominations for auditor and proposals in respect of audit fees by submitting recommendations to the Nomination Committee.

During the period between two consecutive AGMs, the Audit Committee is required to hold at least five meetings, normally in conjunction with the ordinary meetings of the Board of Directors.

In 2020, the Audit Committee consisted of Helen Fasth Gillstedt (Chair), Lena Olving, Andreas Näsvisk (through May 7, 2020) and Kristian Sildeby (as of May 7, 2020). The Audit Committee fulfills the requirements in respect of accounting and auditing competence as set forth in the Swedish Companies Act.

The Audit Committee and the Auditor have among other things reviewed the external audit plan and the approach to risk management. The Audit Committee held five meetings in 2020. Board member attendance

is shown in the table, "Composition of the Board of Directors." The Audit Committee regularly reports the results of its work to the entire Board, and the minutes of the Audit Committee's meetings are provided to all Board members

## 6. Compensation Committee

The task of the Compensation Committee is to prepare issues relating to compensation for the CEO and Munters' other senior management. The Compensation Committee proposes guidelines for, among other things, the breakdown between fixed and variable compensation, the principal conditions for bonuses and incentive schemes, conditions for non-monetary benefits, pensions, termination, and severance pay. The Committee also prepares proposals for individual compensation packages for the CEO and other senior executives. Furthermore, the Compensation Committee monitors and evaluates the outcome of variable compensation schemes and the company's compliance with compensation guidelines adopted by the Annual General Meeting, in addition to preparing the report submitted to the Board for approval at the AGM. See also "Remuneration guidelines for senior executives" below.

In 2020, the Compensation Committee consisted of Magnus Lindquist (Chair), Kristian Sildeby, Andreas Näsvisk (through May 7, 2020) and Juan Vargues (as of May 7, 2020). The Compensation Committee held eight meetings in 2020. Board member attendance is shown in the table, "Composition of the Board of Directors."

## 7. Group Management and CEO

In addition to the President and CEO, Group Management consisted in 2020 of two business area Presidents and the CFO, and four Group Vice Presidents responsible for the central functions Strategic Operations, Innovation, Commercial Excellence and HR & Communications & Sustainability.

The CEO is responsible for day-to-day management according to the Board's instructions. The CEO's

responsibilities include taking all measures necessary to ensure that the organization and the control of the company's accounting comply with current rules and regulations. The CEO also prepares all necessary information and supporting documentation for Board meetings and, if requested by the Chairman of the Board, summons the meeting. The CEO reports at Board meetings and submits motivated proposals for resolution by the Board.

The CEO ensures that the Board members continually receive all the information needed to assess the company's financial situation. The quality of the report shall be such that it allows the Board to make a well-grounded assessment.

## Changes to Group Management in 2020

Pia Brantgårde Linder took over as President of Business Area FoodTech on August 16, 2020. Johan Ekeström, Interim President of Business Area FoodTech, returned to his role as VP Finance for FoodTech. Stéphane Darcq was appointed to the new role of Group Vice President and Head of Innovation as of December 1, 2020. On October 28, 2020, Stefan Aspman was appointed to the new role as Head of Commercial Excellence as of February, 2021.

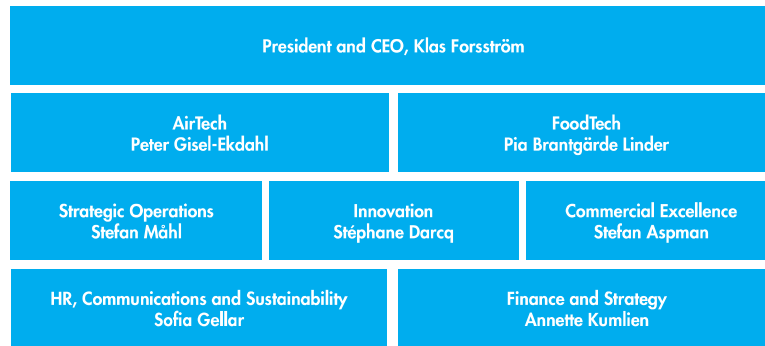
## Remuneration guidelines for senior executives

Guidelines for remuneration to senior executives are evaluated and put forward for approval by the Board of Directors at the AGM at least every four years.

Compensation for the CEO is prepared by the Compensation Committee and resolved by the Board of Directors. Compensation for other senior executives is prepared by the CEO and resolved by the Compensation Committee.

A prerequisite for successful implementation of Munters' business strategy and the safeguarding of the company's long-term interests, including its sustainability, as well as delivery on the company's ambitions, is that the company is able to recruit and retain qualified employees. This requires that

## Group Structure



Munters can offer a competitive total remuneration based on market terms, as the remuneration guidelines for senior executives allow.

Compensation can consist of:

- Fixed annual salary
- Variable annual salary
- Pension
- Other benefits

The Board of Directors annually evaluates whether or not to propose a long-term incentive program to the AGM. The 2020 AGM resolved to introduce a long-term incentive program in the form of an employee stock option program for Group Management and certain other key employees.

For additional information on compensation to senior executives, long-term incentive programs and pension benefits, refer to Notes 31 and 32.

### 8. External Auditor

Munters' external auditor is appointed by the AGM. The auditor reviews the six- or nine-month interim reports and audits the annual financial statements and consolidated accounts. The auditor also reviews the corporate governance report and confirms whether the Group has presented a sustainability report. The auditor reports the results of the audit in the Audit Report and in an opinion on the corporate governance report, and provides a separate opinion on whether the guidelines for remuneration to senior executives in effect since the previous Annual General Meeting have been complied with. The audit is conducted

in accordance with the International Standards on Auditing and generally accepted auditing standards in Sweden. The audit is reported on a continual basis over the year to the company's Audit Committee. During the year, the auditor participated in all Audit Committee meetings and in the Board meeting where the annual accounts were addressed. The auditor participates in the AGM and describes the audit work and the observations made in the audit report.

The auditor's fee for their audit work is paid according to approved invoices. Apart from the audit work, Munters' audit firm Ernst & Young AB provided other services during the year, primarily on tax-related issues. For information on remuneration to Ernst & Young AB, refer to Note 33.

Ernst & Young AB has been Munters auditor since 2010, and Rickard Andersson, authorized public accountant and member of FAR (the professional institute for authorized public accountants in Sweden), has been auditor-in-charge since 2019. Munters' 2020 AGM re-elected Ernst & Young AB as auditor for a term of one year, through the 2021 AGM.

### 9. Internal control of financial reporting

Internal control involves providing clarity and order and ensuring that what has to be done is done as intended. Internal control is the collective term for the organization and the systems, processes and routines that enable this.

Munters has an internal control function with the objective to support

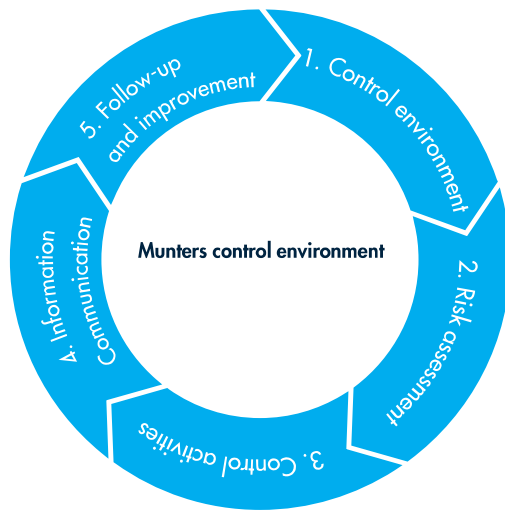
management so that it can continuously ensure good internal control of financial reporting. The work that is conducted through this function is primarily focused on ensuring compliance with directives and guidelines, and to create effective conditions for control activities in key processes related to the financial reporting. The Audit Committee is regularly informed of the results of the work that the internal control function within Munters performs with regard to risks, control activities and follow-up on the financial reporting.

Munters' internal control of the financial reporting is based on the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This framework covers five main areas: control environment, risk assessment, control activities, information and communication, and monitoring.

### Control environment

Internal control is shaped by the overall control environment. The Board of Directors is responsible for establishing an effective system of internal control and supervising the work through the CEO. Group Management sets the tone for the business and influences employees' awareness with respect to control. One condition for a strong control environment is that there are clearly defined values in terms of ethics and integrity, and that they are communicated through governing documents such as policies, guidelines, manuals and codes. For the financial reporting, Group Management issues within





Munters policies and guidelines to all subsidiaries, which are followed up with newsletters, telephone conferences and direct control activities. Courses are also conducted for many accounting areas and internal reporting requirements/systems.

#### **Risk assessment**

A risk assessment is conducted on a yearly basis pursuant to the Group's risk management policy. The purpose is to identify, document and quantify the consequences and probability of events occurring that would prevent Munters from achieving its objectives.

The Enterprise Risk Management (ERM) framework is an integral part of Munters' overarching management system consisting of various policies. The purpose of the ERM framework is to strengthen governance by integrating risk management with the design and implementation of Munters' strategy. The ERM framework is designed to identify and manage existing risks in order to reach the company's strategic goals. The framework provides methods to identify and evaluate risks. In addition, the ERM process ensures that Group Management has a common understanding of Munters' risk tolerance in relation to the company's goals.

#### **Risk responsibility**

The Enterprise Risk Management (ERM) function is responsible for implementation of the ERM strategy and ERM activities at the Group level. Responsibility for the company's primary risks is delegated among members of Group Management, and each line manager is responsible for managing the risks that arise within their respective area of responsibility. Those responsible for each Group function and business area appoint one or more risk officers to implement the risk work within the unit. The GVP, CFO is responsible for oversight of the ERM, and the Board of Directors and the Audit Committee are responsible for monitoring the effectiveness and appropriateness of the ERM. For more information on Munters' risk work, refer to pages 50–55 in the risk management section and Note 3.

#### **Control activities**

Controls have been designed based on identified risks to detect, prevent and correct errors and discrepancies. Controls can take place at the transaction level, as Group-level controls and as IT general controls. Control activities are carried out in the entire organization, at all levels, and for all functions. Transaction-based controls, which can be either manual or automatic, are performed to manage the risk of errors in the financial reporting. Examples of

such controls include reconciliations and analysis. Company-wide controls are designed for among things to guarantee that instructions on payment approvals, authorizations and responsibilities in credit granting are followed. Examples of general IT controls are change management, back-up routines and authorizations. The company's GVP, CFO is responsible for ensuring that identified risks relating to the financial reporting at Group level are addressed. In each legal entity, the accounting staff is responsible for having the necessary control activities in place, and that accounting and the financial statements are correct and accurate. Global controllers and finance directors in each legal entity update forecasts and conduct outcome analysis. All business areas present their financial results in written monthly reports to the GVP, CFO, who in turn presents them to Group Management.

Since 2019, the internal control function carries out and coordinates evaluation activities through Munters' internal control system, where the subsidiaries report on a quarterly basis whether key controls have been performed in accordance with Munters' Risk and Control framework.

#### **Information and communication**

Munters has information and communications channels that aim at ensuring that information is identified, collected and communicated in a way and within a timeframe that enables employees and directors to perform their tasks. Reporting instructions and accounting guidelines are conveyed to affected employees through monthly newsletters and quarterly teleconferences. The Group uses a common system for reporting and consolidation of financial information.

Governing documents – in the form of policies, guidelines and manuals for the financial reporting – are communicated primarily via the intranet and the Group's financial handbook, and updated as needed. Information for external parties is communicated on the Munters website together with other news and press releases. Quarterly reports are published and

supplemented with presentations and investor meetings. The Annual Report is provided to shareholders and other stakeholders through publication on the Munters website, and in print upon request.

### **Monitoring**

Monitoring and testing of control activities are routinely conducted throughout the year to ensure that the risk has been taken into account and satisfactorily managed. Testing is carried out by employees who are independent of the controls and possess the competence to evaluate the controls. Failed controls must be mitigated, which means that actions must be taken and implemented

to correct deficiencies. Reports are presented to the Audit Committee twice yearly.

The Board of Directors has final responsibility for all decisions regarding compliance within Munters. The Board reviews and approves internal control policies on a yearly basis. If needed, reviews and approvals are more frequent.

Every head of a division is ultimately responsible for the financial information for their division. The information is followed up at the business area level by Group Management and, lastly, by the Board of Directors. Munters' financial position, strategies and investments are discussed at every

Board meeting. The Board is also responsible for monitoring internal control. This includes ensuring that measures are taken to address any shortcomings and following up on proposed measures that were pointed out in conjunction with the external audit.

### **Assessment of the need for a separate internal audit function**

Munters has no internal audit function, as it is the Board's opinion that the company's internal organization and processes for monitoring fulfill this function in a satisfactory manner. For certain special audits, outside expertise can also be sought.

# BOARD OF DIRECTORS



**Magnus Lindquist**

Born 1963  
Chairman of the Board since December 2018. Chairman of the Compensation committee.

Education and professional experience: Bachelor in Economics and Business Administration, Stockholm School of Economics. More than 20 years of experience from senior positions in global industrial companies, mainly as Group Vice President at Autoliv and Perstorp Group. Many years of experience as a Senior Partner of Triton. Other current assignments/positions: Chairman of the Board of Cary Group AB. Partner of CORDET Capital Partners. Selected previous assignments: Chairman of Norma, Ambea, Alimak and Polygon, and a board member of Bravida, Mycronic, Ovako and Trust Payments Ltd. Holding in Munters Group AB: 400,000 shares. Independent in relation to the Company's major shareholders: Yes. Independent in relation to the Company and Group Management: Yes

**Kristian Sildeby**

Born 1976  
Board member since 2017. Member of the Audit committee and the Compensation committee.

Education and professional experience: M.Sc. in Business Administration, Stockholm School of Economics. Investment Manager at FAM AB. Former Vice President, Head of Finance and Risk Management at Investor AB. Other current assignments/positions: Chairman of 82an Invest AB, Board member of Höganäs AB, Kivra AB, Nefab Holding AB, Spendrups Bryggeri AB and Pelmarion AB. Selected previous assignments: Chairman of the Board of Blasieholmen 54 Restaurang AB. Board member of Lindström & Göthberg Executive Development AB and Power Wind Partners AB. Holding in Munters Group AB: 6,000 Shares. Independent in relation to the Company's major shareholders: No. Independent in relation to the Company and Group Management: Yes

**Helen Fasth Gillstedt**

Born 1962  
Board member since 2017. Chairman of the Audit committee.

Education and professional experience: M.Sc. in Finance & Control and International Business, Stockholm School of Economics. Studies in Sustainable Development, Stockholm Resilience Center at Stockholm University and KTH Royal Institute of Technology. Over twenty years of experience in senior positions at Statoil and SAS Group. Other current assignments/positions: Board member of Handelsbanken Fonder AB and its representative on nomination committees, Storytel AB, PowerCell AB, Samhall AB, and CEO of Blong AB. Selected previous assignments: Board member of Humana AB, AcadeMedia AB, Lindorff Group AS, Swedesurvey AB, Svefa Holding AB (publ), Intrum AB. Holding in Munters Group AB: 4,000 shares. Independent in relation to the Company's major shareholders: Yes. Independent in relation to the Company and Group Management: Yes

**Simon Henriksson**

Born 1984  
Deputy member since 2017.

Employee representative appointed by IF Metall. Position at Munters: Material supplier, Tobo plant. Holding in Munters Group AB: 350 shares.

**Juan Vargues**

Born 1959  
Board member since 2019. Member of the Compensation committee.

Education and professional experience: Management education IMD Lausanne (CH); Executive MBA, Lund University (EFL); and high school degree in Mechanical Engineering, Tekniska Vuxengymnasiet, Gothenburg. Many years of experience from senior positions with global manufacturers, including ASSA ABLOY and Besam. Other current assignments/positions: President and CEO of Dometic Group AB. Selected previous assignments: Executive Vice President ASSA ABLOY and President of ASSA ABLOY Entrance Systems, President and CEO of the Besam Group, various positions within the SKF Group. Holding in Munters Group AB: - Independent in relation to the Company's major shareholders: Yes. Independent in relation to the Company and Group Management: Yes

**Per Hallius**

Born 1962

Board member since 2013.

Education and professional experience: MBA, Harvard Business School. M.Sc. in Economics and Business Administration, Stockholm School of Economics.

Independent advisor, board representative and investor.

Almost 25 years in management consulting, most recently as Senior Partner at the Boston Consulting Group.

Other current assignments/positions: Chairman of Consilium Safety TopCo AB. Deputy Chairman of Ruukki Construction Oy.

Board member of PMH Affärsutveckling AB, Beowulf AB and Quant AB.

Industrial advisor and Operating Chairman to Nordic Capital Funds.

Advisor to senior executives in large industrial multinationals.

Selected previous assignments: Chairman of the Board of United Minds Samhällsanalys AB and Nefab Group ABB.

Holding in Munters Group AB: 84,031 shares.

Independent in relation to the Company's major shareholders: Yes

Independent in relation to the Company and Group Management: Yes

**Lena Ölving**

Born 1956

Board member since 2017. Member of the Audit committee.

Education and professional experience: M.Sc. in Mechanical Engineering, Chalmers University of Technology. Various senior positions at Volvo Cars, including 5 years in Asia and 7 years in Group Management. Former President and CEO of Mycronic AB, Samhall Highland AB, and COO and deputy CEO of Saab AB.

Other current assignments/positions: Partner and founder of Ölving & Ohlberg AB, Chairman of Academic Work Holding AB, Scandinova Systems AB and the Swedish Royal Opera. Board member of Assa Abloy AB, Investment AB Latour, Stena Metall AB, NXP and IVA's Business Executives Council (Näringslivsrådet).

Selected previous assignments: Board member of Alfa Laval AB, Gunnebo AB, Norsk Hydro AS, Novozymes AS and SI AB.

Holding in Munters Group AB: 500 shares

Independent in relation to the Company's major shareholders: Yes

Independent in relation to the Company and Group Management: Yes

**Håkan Buskhe**

Born 1963

Member of the Board since 2020.

Education and professional experience: M.Sc. Licentiate of Engineering, Chalmers University of Technology, Gothenburg. More than 30 years of experience in programme and operations management and business development from national and international commercial industrial companies, including Saab AB, E.ON Nordic AB och E.ON Sverige AB.

Selected previous assignments: Board member of Nefab AB, Vattenfall AB and of the Association of Swedish Engineering Industries (Teknikföretagen); Vice Chairman of AeroSpace and Defence Industries Association of Europe (ASD); Chairman of Green Cargo AB; President and CEO of Saab AB; President and CEO of E.ON Nordic AB and E.ON Sverige AB; Executive Vice President of E.ON Sverige AB; CEO of Land Operations for Schenker AG, Schenker North and Schenker-BTL AB; CEO of Stora AB, Carlsberg AB and Coca-Cola Distribution AB; Production Director of Carlsberg Sverige.

Holding in Munters Group AB: -

Independent in relation to the Company's major shareholders: No

Independent in relation to the Company and Group Management: Yes

**Anna Westerberg**

Born 1975

Board member since 2020.

Education and professional experience: MSc, Industrial Engineering and Management, Chalmers University of Technology, Gothenburg. Eleven years of experience in leading positions in the global industrial company Volvo. Solid knowledge of digitalization and innovation as well as sales and development of services and products in a global environment.

Other current assignments/positions: Senior Vice President for Volvo Group Connected Solutions.

Directorships in Volvo Group Connected Solutions, Volvo Group Venture Capital.

Selected previous assignments: President for Volvo Group Venture Capital; Vice President Product Management Industrial for Volvo Penta; Managing Director for Infocandy Group Ltd; Management Consultant at Applied Value, LLC and Applied Value AB.

Holding in Munters Group AB: -

Independent in relation to the Company's major shareholders: Yes

Independent in relation to the Company and Group Management: Yes

**Robert Wahlgren**

Born 1969

Deputy member since 2010.

Employee representative appointed by Unionen. Position at Munters:

Customized Project Engineering Coordinator, Munters Europe AB.

Holding in Munters Group AB: -

**Tor Jansson**

Born 1989

Deputy member since 2019.

Employee representative appointed by IF Metall

is not shown in the photo. Position at Munters:

Componentpackaging, factory in Tobo, Sweden.

Holding in Munters Group AB: -

Pia Nordqvist, not shown in the photo, has been a board member employee representative appointed by the Union from 2010 to 1 February 2021. No replacement has yet been appointed.

# GROUP MANAGEMENT



**Annette Kumlien**

Group Vice President and CFO since 2019.

Principal education: Bachelor of Science in Business Administration from the Stockholm School of Economics.

Professional experience: SVP and COO at Diaverum and prior to that CFO. Previously CFO at several listed companies as Höganäs and Pergo, as well as business controlling roles at Perstorp and Sandvik.

Other current assignments: Member of the Board of Directors in Cavotec SA and Cary Group AB.

Holding in Munters Group AB: 8,000 shares.

**Klas Forsström**

Born 1967  
President and CEO since 2019.

Principal education: M.Sc. in Materials Physics and an MBA from Uppsala University as well as advanced management studies at INSEAD.

Professional experience: Previously President of Sandvik Machining Solutions Business area. Prior to that, more than 20 years of different senior management positions at Sandvik, including positions such as President of Sandvik Hard Materials and Sandvik Coromant.

Holding in Munters Group AB: 67,900 shares.

**Stefan Aspman**

Group Vice President and Head of Commercial Excellence since February, 2021.

Principal education: Master of Science in Business and Economics with a Major in Business Administration and Management, at Dalarna University and Uppsala University and Beijing Jiatong University, China.

Professional experience: close to 20 years in Strategic Marketing and Offer Management, 10 years in several strategic key positions within Sandvik including Head of Business Control and Performance Management at Sandvik Coromant and Global Head of Commercial Pricing and Profitability Management for the Sandvik Machining Solutions business area. Also experience as business strategy consultant.

Holding in Munters Group AB: -

**Pia Brantgärde Linder**

Group Vice President and President of FoodTech since August 2020.

Principal education: M.Sc. in Mechanical Engineering from Chalmers University of Technology and an Executive Master of Business Administration (EMBA) from Stockholm School of Economics.

Professional experience: Previously Business Area Manager for HV Products North Europe at ABB. Prior to that more than 20 years at ABB in various senior management positions globally, including General Manager for HV Breakers, Head of Operations for a global product group, Technology Manager, Project Manager and Area Sales Manager.

Other current assignments: Member of the Board of Directors in Roxtec Group.

Holding in Munters Group AB: -

**Peter Gise-Ekdahl**

Group Vice President and President AirTech since 2019.

Principal education: M.Sc. in Chemical Engineering, KTH Royal Institute of Technology. M.Sc. in Business Administration, Copenhagen Business School.

Professional experience: President FoodTech under 2011 until end of October 2019 and Group Vice President, and before this held various positions in Wedholms and Hackmans. Previous assignments include deputy board member of Drivec AB. Deputy member of the Board of Directors in Drivec AB.

Other current assignments: Board member of ABECE AB and Chairman Wedholms AB (Wedcooling Group).

Holding in Munters Group AB: 191,576 shares.

**Stefan Mähl**

Group Vice President, Strategic Operations since August 2020.

Principal education: Degree of Bachelor of Science in Engineering, Automation Technology at KTH Royal Institute of Technology

Professional experience: Various senior positions within Munters, i. a. as Global Purchasing Manager and Interim responsible for Operations within the AirTreatment division in Europe. Purchasing Director and Head of Quality Assurance at LGP Allgon/Powerwave Technologies and Vice President Strategic Purchasing and Component Engineering at Siemens-Elema AB Medical Solutions.

Holding in Munters Group AB: 15,000 shares.

**Sofia Gellar**

Group Vice President HR, Communications and Sustainability since 2018.

Principal education: Bachelor of Science in Human Resources Development and Labor Relations, Stockholm University, Sweden.

Professional experience: More than 20 years of experience within Human Resources and has held positions such as Head of Corporate HR and Head of HR Support at Scania, Head of Talent Management SSAB EMEA and VP Human Resources Ruukki Construction.

Holding in Munters Group AB: -

**Stéphane Darcq**

Group Vice President Innovation since November 2020. FoodTech Vice President Research & Development and Marketing since March 2019

Principal Education: Bachelor of Science from the French Institute of Industrial Refrigeration. Master degree in business management from the Management School of Lyon.

Professional Experience: Extensive experience in HVAC, holding various global positions in product marketing, business development and product development. Has worked for companies like Carrier, Daikin, LG Air Conditioning or more recently Chief Technology Officer for FläktGroup.

Holding in Munters Group AB: -

# AUDITOR'S REPORT

## AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY STATEMENT

To the general meeting of the shareholders of Munters Group AB (publ.), corporate identity number 556819-2321

### Engagement and responsibility

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2020 on pages 38–47 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 RevR 12 The auditor's opinion regarding the statutory sustainability 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 statutory sustainability statement has been prepared.

Stockholm 19 March 2021  
Ernst & Young AB

Rickard Andersson  
Authorized Public Accountant

## AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

To the general meeting of the shareholders of Munters Group AB (publ.), corporate identity number 556819-2321

### Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the year 2020 on pages 58–67 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 standard RevR 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 19 March 2021  
Ernst & Young AB

Rickard Andersson  
Authorized Public Accountant