

Corporate Governance Report

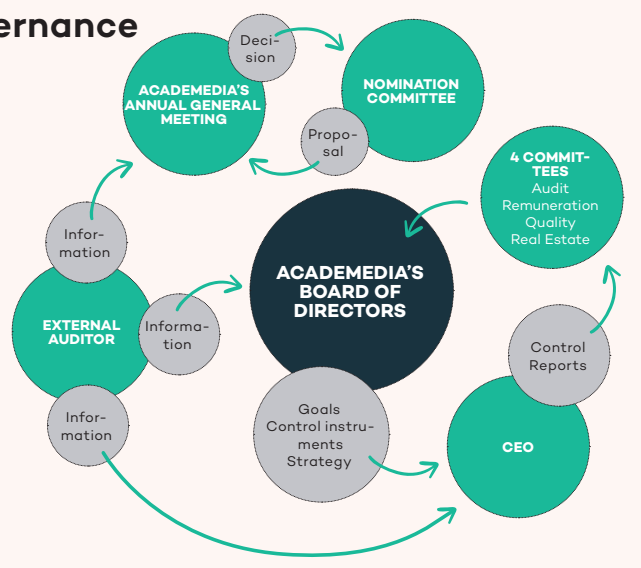
Corporate governance AcadeMedia

EXTERNAL CONTROL INSTRUMENTS

- Swedish Companies Act
- Swedish Annual Accounts Act
- Other applicable laws
- Nasdaq Stockholm's Rules for Issuers of Shares
- Swedish Code of Corporate Governance

INTERNAL CONTROL INSTRUMENTS

- AcadeMedia's Articles of Association
- Rules of procedure, instructions for the Board/CEO
- Values and culture
- Codes of Conduct
- Policies and guidelines



AcadeMedia AB (publ) is a Swedish public limited company with its registered office in Stockholm. Its shares were listed on 15 June 2016 on the Mid Cap List of Nasdaq Stockholm.

The purpose of corporate governance at AcadeMedia is to ensure that the Board of Directors and management act such that the Group's operations focus on development to create long-term value

for shareholders and other stakeholders, such as students, employees and customers. This includes ensuring:

- a fit-for-purpose organisation,
- quality management, risk management and internal control, and
- transparent internal and external reporting.

Corporate governance at AcadeMedia is exercised via principles established in external and internal systems of regulation. The external system of regulation consists of relevant statutes and regulations, including the Swedish Companies Act, the Swedish Annual Accounts Act and IFRS, Nasdaq Stockholm's Rules for Issuers of Shares and the Swedish Code of Corporate Governance ("the Code"). The internal system of regulation consists of the Company's

Articles of Association and the control instruments that AcadeMedia has established in the form of rules of procedure for the Board of Directors, as well as internal instructions, policies and guidelines to Board committees, the Chief Executive Officer and the operational organisation.

The structure of corporate governance at AcadeMedia is shown in the above illustration.

This Corporate Governance Report was prepared in accordance with the Swedish Annual Accounts Act and the Code.

Deviations from the Code

AcadeMedia observes some qualitative criteria when determining the quality goals in the share-matching plan (AMP 2021/2025) for senior executives. This represents a deviation from section 9.4 of the Code, which states that forms of variable remuneration must be linked to measurable criteria. Achievement of quality goals is measured in detail via quantitative measurements at school unit level up to Group level and is described in detail in AcadeMedia's annual quality report and on the Company's website. AcadeMedia's Board of Directors has determined that it is also appropriate to evaluate whether management has used good judgement in its quality improvement work. This is important in terms of ensuring that operations develop in a way that is beneficial for the students and is sustainable in the long term for the Company. It enables the Board of Directors to deny allocation of matching shares if it is found that management has failed to exercise good judgement and, for example, has prioritised profit over quality.

Shares and shareholders

AcadeMedia's ordinary shares were listed on the Nasdaq Stockholm exchange in 2016 and are trad-

ed on the Nasdaq Stockholm Mid Cap market. The number of shares in issue is 105,586,973 ordinary shares, each carrying an entitlement of one vote per share, and 205,905 C series treasury shares, each carrying an entitlement of one tenth of a vote per share, but no right to representation at the Shareholders' Meetings (in all, 105,792,878 shares in the Company). The biggest shareholder in AcadeMedia since its IPO has been Mellby Gård. On 30 June 2022, the company owned 22.83 percent of the capital and 22.87 percent of the votes. Other major shareholders are shown on the list of shareholders on page 105.

The 2021 Annual General Meeting authorised the Board of Directors to resolve to issue new shares corresponding to a dilution of no more than five percent. This authorisation was not exercised during the year.

Shareholders' Meeting

The shareholders' meeting is AcadeMedia's highest decision-making body. At the meeting, the shareholders exercise their right of decision over the affairs of the Company. The Annual General Meeting resolves on issues such as the adoption of income statements and balance sheets, appropriation of the Company's profit or loss, discharge from liability of members of the Board of Directors and the Chief Executive Officer, election of members of the Board of Directors and auditor, as well as remuneration of Board members and the auditor.

The Annual General Meeting (AGM) shall be held within six months from the end of the financial year. AcadeMedia's AGM 2022 will be held on 30 November 2022. Notice convening a Shareholders' Meeting shall be published via press release and by posting the notice on the Company's website. The day after the notice has been published it shall be printed in the Swedish National Gazette (Sw.: Post och Inrikes Tidningar). At the same time, the notice shall be published in the financial newspaper Dagens Industri.

Right to participate in Shareholders' Meeting

Shareholders wishing to participate in a Shareholders' Meeting must be included in the shareholders' register maintained by Euroclear Sweden, and must notify the Company of their intention to participate no later than on the date indicated in the notice convening the meeting. Shareholders may attend the Shareholders' Meetings in person or by proxy and may be accompanied by a maximum of two advisors. Shareholders may register for the Shareholders' Meeting in several different ways, as detailed in the notice of the meeting.

Shareholders are entitled to vote for all shares in the Company held by the shareholder. Since the decision of the 2020 Annual General Meeting to amend the Company's Articles of Association, the Board of Directors has the option to collect proxies in accordance with the Swedish Companies Act and to resolve that shareholders can exercise their vote by post before the Annual General Meeting.

Shareholder initiatives

Any shareholder who wishes to have a matter brought before the Shareholders' Meeting must submit a written request to that effect to the Board of Directors. Such requests must be received by the Board of Directors well in advance of the meeting, in accordance with the information provided on the Company's website in conjunction with the announcement of the time and place of the Shareholders' meeting.

Nomination Committee

The Nomination Committee is tasked with presenting proposals to the Shareholders' Meeting regarding election of and fees to Board members and auditor. The Nomination Committee shall also propose the chairman for the AGM. The Nomination Committee shall perform its duties in accordance with the Code and the instructions to the Nomination Committee adopted by the Annual General Meeting.

The Nomination Committee applies section 4.1 of the Code as a diversity policy, whereby the Nomination Committee shall ensure that the Board, in view of AcadeMedia's business, stage of development and circumstances in general, has an appropriate composition, characterised by diversity and breadth in terms of the skills, experience and background of the members elected by the Annual General Meeting. Furthermore, the Nomination Committee shall work towards the goal of achieving a balanced gender representation on the Board.

According to the instructions to the Nomination Committee, AcadeMedia's Nomination Committee shall consist of one representative of each of the three biggest shareholders, based on their holding in the Company at the end of the financial year's third quarter and as can be determined from Euroclear's shareholder register and other reliable information provided to the Company at that point in time. Chairman of the Board shall serve as a co-opted member. The composition of the Nomination Committee for the 2022 Annual General Meeting was announced on 2 May 2022 and is as follows:

- Rune Andersson (Chairman), Mellby Gård, 22 percent of votes at the end of the third quarter.
- Mats J. Andersson, Nordea Fonder, 6.6 percent of votes at the end of the third quarter.
- Joachim Spetz, Swedbank Robur Fonder, 5.4 percent of votes at the end of the third quarter.
- Anders Bülow, Chairman of the Board (co-opted).

Board of Directors

Composition of the Board of Directors

According to AcadeMedia's Articles of Association, the Board of Directors, as elected by the Shareholders' Meeting, shall consist of no less than three and no more than ten members. The Company's Board of Directors currently consists of seven members, including the Chairman, elected by the Shareholders' Meeting for the period until the AGM in 2022. Employee organisations are entitled

by law to appoint employee representatives to the Board with the same rights and duties as other Board members. The Swedish Teachers' Union and the National Union of Teachers in Sweden have each appointed one member and one deputy to serve on the Board. The list on this page shows AcadeMedia's Board members, when they were first elected to the Board and whether the elected members are independent of the Company, management and/or the principal owner. The composition of AcadeMedia's Board of Directors meets the Code's requirements as to the independence of Board members. None of the members of Executive management have significant shareholdings or partnerships in companies with which the Company has material business relationships.

Anders Bülow has been AcadeMedia's Chairman of the Board since 2017. The Chairman is elected by the AGM.

Division of work

The Board of Directors is responsible for ensuring that the Company's organisation is fit-for-purpose in order to administer the Company's affairs in the best way possible, for continuously assessing the Group's financial situation and for ensuring that the business is conducted in accordance with the Articles of Association, the Swedish Companies Act, the Code and other applicable laws and regulations, as well as with the Board's rules of procedure. The Chairman supervises the work of the Board, and ensures that the Board fulfils the functions that are incumbent on the Board and that this work is conducted in an efficient and well-organised way.

The Board follows written rules of procedures that are reviewed and adopted annually at the statutory Board meeting. The rules of procedure govern for example, Board functions and allocation of duties between Board members and the Chief Executive Officer, as well as between the Board and its various committees. At the statutory Board meeting, the Board also adopts the instructions to the Chief Executive Officer, including instructions for financial reporting.

BOARD COMPOSITION, INDEPENDENCE AND ATTENDANCE IN 2021/22

Member	Elected	Position	Independent of		Attendance				
			The Company and executive management	The Company's major shareholders	Board meetings	Audit Committee	Remuneration Committee	Quality committee	Real Estate Committee ¹
Anders Bülow	2016	Chairman of the Board	Yes	No	12 (12)	5 (5)	–	–	5 (5)
Johan Andersson	2017	Board member	Yes	No	12 (12)	5 (5)	4 (4) *	–	–
Ann-Marie Begler	2020	Board member	Yes	Yes	12 (12)	–	–	5 (5)	–
Jan Bernhardsson ²	2021	Board member	Yes	Yes	9 (12)	–	2 (4)	–	5 (5) *
Anki Bystedt ³	2017	Former Board member	Yes	Yes	3 (12)	–	2 (4)	–	–
Pia Rudengren	2017	Board member	Yes	Yes	11 (12)	5 (5) *	–	–	–
Silvija Seres	2015	Board member	Yes	Yes	12 (12)	–	4 (4)	5 (5)	–
Håkan Sörman	2017	Board member	Yes	Yes	12 (12)	–	–	5 (5) *	–
Anna Lundmark Boman	2021	Employee representative	–	–	12 (12)	–	–	4 (5)	–
Anders Lövgren	2016	Employee representative	–	–	11 (12)	–	–	4 (5)	5 (5)
Pernilla Larsson	2016	Deputy employee representative	–	–	9 (12)	–	–	–	–
Christian Liljeros	2021	Deputy employee representative	–	–	8 (12)	–	–	–	–

1. On 24 January 2022, the Board of Directors resolved to establish a Real Estate Committee.

2. Jan Bernhardsson was elected as a new member of the Board at the 2021 AGM and at the same time became a member of the Remuneration Committee.

3. At the 2021 AGM, Anki Bystedt stepped down as a member of the Board.

*Committee Chair.

The Board meets according to an annually fixed schedule. In addition to these Board meetings, additional meetings may be convened to address issues that cannot be referred to a regular Board meeting. In addition to Board meetings, the Chairman and the Chief Executive Officer maintain continuous dialogue concerning management of the Company.

Board of Directors' work during the 2021/22 financial year

During the financial year, the Board held 12 meetings at which the minutes were recorded. Board member attendance is presented in the above table. The Secretary at the Board meetings was Chief Legal Officer Jonas Nordström. Before the meetings, Board members received written information on the issues to be discussed at the meeting.

During the 2021/22 financial year, the work of the Board was greatly affected by the Covid-19 pandemic, and the impact of the pandemic on AcadeMedia's operations was a constant issue.

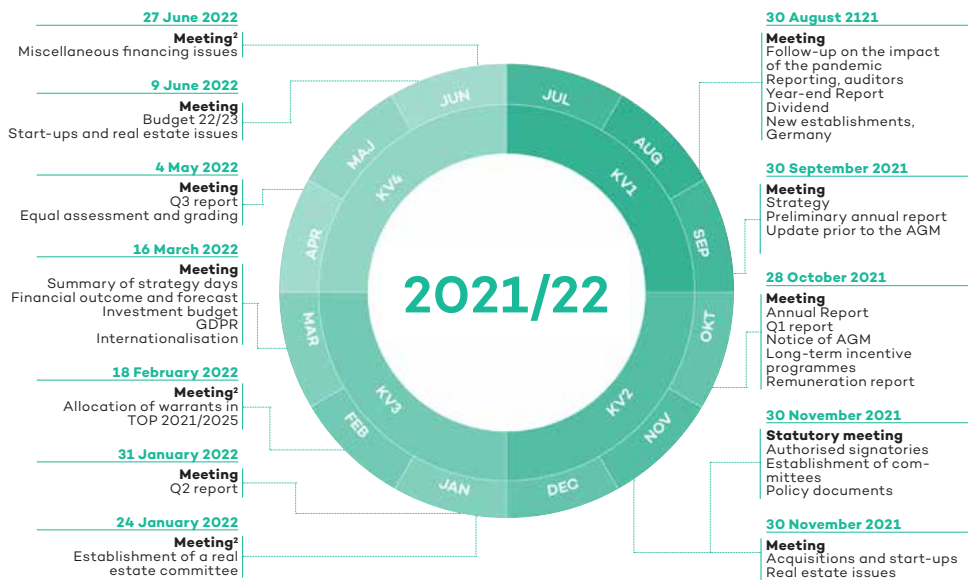
During the year, as in previous years, the Board continuously monitored the performance and finances of the Group and the segments, and reviewed and analysed the Company's financial reporting. The Board maintained its focus on quality work, both as regards monitoring quality indicators and via discussions of how quality should be measured and how AcadeMedia's quality model can be further developed.

The Board's strategy discussions largely focused on analysing the conditions for establishing AcadeMedia as a provider in the school and adult education segments in new geographical markets in Europe. The conditions for this are considered favourable, and several potential candidates for acquisition in these segments have been identified. In the Board's view, it would be beneficial to AcadeMedia to expand its school and adult education segments in selected European markets, in addition to the ongoing development of the Group's preschool operations.

Other matters regularly dealt with by the Board included governance issues such as the development and updating of policies, internal control etc., and decisions on growth and expansion projects, i.e. acquisitions, investments and major real estate matters.

Audit Committee

AcadeMedia's Board of Directors has established an Audit Committee comprising three members, who are independent of the Company and its management: Pia Rudengren (Chair), Anders Bülow and Johan Andersson. The Company's CFO takes part in the Audit Committee's meetings, which are also regularly attended by the Company's auditors. The Audit Committee shall *inter alia*, without compromising the other responsibilities and tasks of the Board of Directors, monitor the Company's financial reporting, monitor the effectiveness of the Company's internal control, compliance and risk



¹In addition to the issues specifically mentioned above, other areas are discussed on an ongoing basis, such as operational performance, information from the CEO, financial updates from the CFO, investigations and responses to consultation referrals, updates from the segments, strategy, market, acquisitions and start-ups, real estate issues, etc.

²The meeting was held per capsulam.

management, keep informed of the auditing of the annual report and the consolidated accounts and of the conclusions of the Swedish Inspectorate of Auditors (Revisorsinspektionen) regarding quality controls of the Company's auditor, examine and monitor the auditor's impartiality and independence, and pay particular attention as to whether the auditor is providing the Company with other services besides audit services. The Committee is also tasked with evaluating the audit work and providing this information to the Nominating Committee. A further task is to assist the Nominating Committee in the preparation of proposals regarding election of auditors and auditors' fees.

The Audit Committee has a scheduled annual cycle of five planned meetings each year. Five meetings were also held during the 2021/22 financial year.

During the year, the Audit Committee addressed a number of issues that were specific to that financial year. These included unit monitoring, financial issues and internal control.

Remuneration Committee

The Board of Directors of AcadeMedia has a Remuneration Committee comprising three members: Johan Andersson (Chairman), Jan Bernhardtsson and Silvija Seres. The Remuneration Committee prepares proposals concerning remuneration principles and remuneration, as well as other terms of employment for the CEO and senior executives. The Remuneration Committee is also tasked with monitoring and evaluating variable remuneration programmes for management, application of the guidelines for remuneration to senior executives,

as adopted by the AGM, and the structures and levels of remuneration applied in the Group.

The Remuneration Committee held four meetings during the financial year. In addition to the day-to-day issues dealt with by the Remuneration Committee, particular focus during the year was on the introduction of new long-term incentive schemes for the Company's employees, the supply of talent in the AcadeMedia Group and the Company's employee satisfaction survey.

Quality Committee

The Board of Directors of AcadeMedia also has a Quality Committee comprising three members: Håkan Sörman (Chairman), Silvija Seres and Ann-Marie Begler. Employee representatives Anna Lundmark Boman and Anders Lövgren also serve on the Quality Committee. The purpose of the Quality Committee is to take a more active role in operations-related issues connected with systematic quality work, digitalisation, branding and leadership development.

The Quality Committee held five meetings during the financial year. Particular focus was on the production of a quarterly report for monitoring quality in all Swedish activities, as well as work on equal assessment and grading. With regard to the latter, a specific analysis of the causes of deviations in grading in AcadeMedia was also performed in association with research company Ramboll. At each meeting, the Committee not only addressed its established areas of focus, but also delved into areas of specific concern. Such areas included digitalisation in everyday practical processes, monitoring of knowledge in early ages, the Swedish grading system and work on low-performing units within the various businesses.

Real Estate Committee

During the year, AcadeMedia's Board of Directors of AcadeMedia established a real estate committee comprising three members: Jan Bernhardtsson (Chairman), Anders Bülow and Anders Lövgren. The Committee's task is to manage and decide on ongoing

real estate related issues, with the aim of reducing the burden of the Board.

The Real Estate Committee held four meetings during the financial year. The matters addressed and decided upon by the Committee mainly consist of real estate lease renewal and signing of new real estate leases for AcadeMedia's existing operations.

Evaluation of the Board's work

The Board's work is evaluated annually via a structured process in which all Board members and deputy members answer questions about how they deem the Board is performing in a number of areas. The areas assessed include whether the Board's skills and composition are fit-for-purpose, and the focus and direction of its work. The Chairman of the Board is responsible for the assessment, and ensures that the findings are presented and discussed, both at Board level and in the Nomination Committee. The assessment serves as a basis for the Board's continued work and development, as well as for the Nominating Committee's work. The evaluation of the Board's work in 2021/22 was distributed prior to the Board meeting on 9 June 2022 and was subsequently presented to the Nomination Committee. All board members elected by the AGM participated in the survey.

Remuneration to Board members and shareholdings

The 2021 AGM resolved that remuneration for the period until the next AGM shall be paid at SEK 620,000 per year to the Chairman of the Board and SEK 280,000 per year to each of the other Board members who are not employed by the Group. In addition, the Chair of the Audit Committee will receive a fee of SEK 170,000 and each of the other members of the Audit Committee who are not employees of the Group will receive SEK 85,000. SEK 70,000 will be paid to the Chairman of the Remuneration Committee, SEK 35,000 to each of the other members of the Remuneration Committee who are not employees of the Group. SEK 110,000 will be paid to the Chair of the Quality Committee and SEK 55,000 to each of the other members of

the Quality Committee who are not employees of the Group.

For information on the Board members and their shareholdings, see page 61. As regards remuneration paid to the Board members during the 2021/22 financial year, see Note G5.

Chief Executive Officer and Senior Management

Marcus Strömberg has been President and Chief Executive Officer of AcadeMedia since 2005. 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 to the CEO.

The CEO shall attend to day-to-day management and coordinate the activities of the Company, with the care and to the extent required to handle these affairs, and in accordance with the Articles of Association, the rules of procedure for the Board, the instructions to the CEO, applicable legislation and other guidelines and directions issued by the Board. The CEO shall ensure that the Company's accounting records are kept in accordance with applicable legislation, and that the management of assets is conducted in a proper manner with a satisfactory measure of control and follow-up.

According to the instructions for financial reporting, the CEO is responsible for financial reporting in the Company, and consequently must ensure that the Board receives adequate information to enable its members to evaluate the Company's financial position on an ongoing basis. In addition, the CEO must continuously keep the Board of Directors informed of developments in the Company's operations, the sales trends, the Company's performance and financial position, liquidity and credit status, major business events and all other events, circumstances and conditions that may be assumed to be of material importance to the Company's shareholders.

The CEO is supported by a Executive management team consisting of the Heads of Preschool, Compul-

sory School, Upper Secondary School and Adult Education, as well as the CFO, Head of Human Resources, Head of Communication and Public Affairs, Director of Business Development and Director of Administration.

For more information regarding the CEO and other senior management, along with their shareholdings, see page 63.

For a description of the remuneration and terms of employment for the CEO and senior management for the 2021/22 financial year, and of the Company's outstanding incentive programmes, see Note G5 and AcadeMedia's Remuneration Report on the Company's website.

Internal control and risk management

Internal control framework

Under the Swedish Companies Act, the Board of Directors is required to ensure that the Company's organisation is structured such that the Company's accounting records, management of assets and financial position are controlled in a proper manner. The Code provides clarification on this point and stipulates that the Board is responsible for internal control.

AcadeMedia's procedures for internal control are based on two perspectives: internal control and risk management related to operations and internal control and risk management related to financial reporting. Internal governance and control shall ensure reliable financial reporting and that operations at any one time meet the requirements and expectations applying to a company that operates a publicly funded business. AcadeMedia's internal control structure for financial reporting is based on the COSO model. It consists of five main components, which together provide a basis for effective internal control: Control environment, Risk assessment, Control activities, Information and communication and Follow-up.

In parallel with the procedures for financial accounting and financial reporting, AcadeMedia's internal control and risk management are largely based on systematic and wide-ranging quality management.

AcadeMedia has developed its own quality system in the form of the AcadeMedia Model. The purpose of the quality model is both to minimise risk and to improve quality in our schools. Within the Group's preschools, compulsory schools and upper secondary schools, internal audits have been carried out for several years to verify that operations meet the requirements of laws, regulations and other statutes, and serve as tools for development and improvement initiatives. In adult education, internal audits/self-monitoring are performed in various ways, depending on the type of operation. Where shortcomings are identified, an action plan is to be drawn up and the shortcoming must normally be remedied within three months. In order to monitor and control ongoing regulatory and inspection cases, logs of all pending cases are kept. The Group's Head of Quality and General Counsel prepare, on a monthly basis, a list of units where risks and material deficiencies exist. This is reported to the Executive management and also, on a quarterly basis, to the Board. The results of the annual quality survey are published annually for the entire Group, for each principal organiser and for each education unit on their respective websites.

Control environment

The control environment forms the basis of the internal control system for financial reporting. An important element of the control environment is for authority and responsibilities to be clearly defined and for governing documents in the form of internal policies and guidelines for areas of key importance to be in place. The Board of Directors annually adopts a number of governing documents intended to provide the basis of effective internal control and to establish and maintain a high standard of ethics in the Group. These documents include the Board's rules of procedure, instructions

to the CEO, Code of Conduct, delegation of authorities, attestation instructions, financial policy and information policy, and are available on the Company's intranet. AcadeMedia's financial management manual forms a central part of this documentation. AcadeMedia's CEO has delegated responsibility for implementation and enforcement of formalized guidelines for financial reporting and internal control to the CFO.

The CFO reports to the Audit Committee, which has a specific responsibility for monitoring the effectiveness of the Company's internal control and governance of financial reporting.

Risk assessment

AcadeMedia continuously assesses the risks in its business. Such risks consist of both operational and financial risks, as well as risks relating to financial reporting and compliance. The most significant risks are documented in a risk register, which is evaluated by AcadeMedia's Executive management and each risk has a designated risk owner. The risk analysis also includes an assessment of the capacity for risk management. Risk assessment with regard to financial reporting is based on the materiality of items (quantitative), the degree of complexity and the risk of fraud. These are then linked to financial processes to ensure that controls are in place to manage the risks concerned. For more information on risks and risk management, see pages 54–60 and Note G27.

Control activities

Control activities are designed to manage the risks identified as material to internal control of the financial reporting at AcadeMedia. The controls used consist partly of control activities aimed at preventing risks of errors in reporting, such as rules on attestation, appropriate allocation of responsibilities (duality) and authorities, and partly of control activities aimed at detecting and correcting errors and deviations, such as analysis of results, reconciliations, checking of error lists and random sampling.

Information and communication

AcadeMedia maintains communication and information channels that are designed to enable appropriate and accurate information to be distributed quickly both internally and externally. The Board of Directors receives monthly business reports including both operational and financial information. Internal governing documents are incorporated into the Company's management system and are posted, where relevant, on AcadeMedia's intranet.

AcadeMedia's governing documents, in the form of policies, guidelines and manuals are, to the extent they refer to financial reporting, communicated above all via the intranet and the Group's financial management manual. The financial management manual is updated continuously to reflect changes in external requirements and changes in AcadeMedia's business that require clarifications and instructions.

AcadeMedia has a Communication Policy with guidelines on both internal communication to employees and external communication. Financial communication is subject to a policy on investor relations to ensure that the provision of information to the capital markets is conducted in line with applicable rules.

Follow-up

AcadeMedia's work on internal control and risk management is performed primarily through executive management's and line management's continual monitoring of operations in relation to set goals, by formulating KPIs and by focusing on early warning signs. The Company's key procedures for financial reporting, including key controls and their fitness for purpose, are continually assessed by the CFO and the CFO's organisation. Compliance with the accounting manual, policies and legislation is reviewed. Any deviation either leads to corrective action or improvement of processes and procedures. The Audit Committee summarises and reports to the Board on the status of action plans identified.

Internal audit

The Board of Directors conducts an annual review of the need for an internal audit function. Based on the Audit Committee's assessment, the Board has resolved not to establish a separate internal audit function. In the Board's view, the quality management system, combined with well-established financial processes for follow-up and assessment of controls in operation within the Group Controller function, provides sufficient reliability in financial reporting without the need for an independent internal audit unit.

Auditing

The auditor shall review the Company's annual report and accounts, as well as the administration of the Company by the Board of Directors and the CEO. After the end of each financial year, the auditor is required to present an audit report and a consolidated audit report to the AGM.

According to the Company's Articles of Association, the Company shall have no less than one and no more than two auditors, with no more than two deputy auditors.

The Company's auditors are PricewaterhouseCoopers AB, with Patrik Adolfson as principal auditor and Eva Medbrant as cosignatory. Patrik Adolfson is an authorised public accountant and partner at PwC. He has many years of experience of auditing companies listed on a regulated market and companies in the service sector. Patrik Adolfson has served as auditor for clients such as Anticimex, Bonava, Catella, Dometic and Pandox. Eva Medbrant also has many years of experience of auditing companies listed on a regulated market.

The Audit Committee performs an annual evaluation of the auditors' work and independence.

The Company's auditors are presented in more detail in the section "Board of Directors, Executive Management and Auditors" on pages 61–63.

For information on the remuneration paid to the auditors for the 2021/22 financial year, see Note G4.