

CORPORATE GOVERNANCE REPORT

Legislation and corporate governance

Green Landscaping Holding AB is a Swedish public limited company that is governed by Swedish legislation, primarily the Swedish Companies Act (2005:551), the Annual Accounts Act (1995:1554), and EU Regulation 596/2014 on Market Abuse (MAR). Because the company's shares are listed on Nasdaq First North, the company also complies with the Nasdaq First North Rulebook.

Besides the legislation and the Nasdaq First North Rulebook, Green Landscaping is governed by its Articles of Association, which provide the foundation for the company's corporate governance. The Articles of Association stipulate such things as the Board of Directors' registered office, the focus of operations, limitations on share capital, the number of shares and prerequisites for being allowed to participate in the AGM. The full version of the Articles of Association are published on the company's website.

Swedish Code of Corporate Governance

Since Green Landscaping became listed on Nasdaq First North, it has voluntarily committed to applying the Swedish Code of Corporate Governance (the Code). The Code states higher standards for good corporate governance than the minimum requirements in the Companies Act and it must be applied by all companies whose shares are traded on a regulated market in Sweden. In conjunction with the planned change of marketplace to Nasdaq Stockholm, Green Landscaping will be required to comply with the Code, rather than doing so voluntarily, as it does now.

The Code supplements the Companies Act by, in some areas, stating higher requirements. However, it simultaneously enables the company to deviate from those requirements if, in individual cases, doing so would result in better corporate governance ("comply or explain"). Such a deviation, along with a reason for the deviation and alternative solution, must be reported each year in a Corporate Governance Report. In 2018, Green Landscaping complied with all parts of the Code except for the fact that a Corporate Governance Report for the 2017 financial year was not presented at the 2018 AGM. In conjunction with the listing on Nasdaq First North however, the company's corporate governance practices were described in the prospectus. In 2019, Green Landscaping does not expect that it will be reporting any deviations from the Code.

Share capital and shareholders

Share capital amounts to SEK 2.5 million, allocated to a total of 35,849,663 shares with a quotient value of SEK 0.071. All shares have the same voting rights. At the end of 2018, Green Landscaping had 720 known shareholders. At year-end, the 10 largest shareholders controlled 74.7 percent of the share capital. The 3 largest owners were: Byggmästare Anders J Ahlström Holding AB (20.6 percent of the share capital and votes), Staffan Salén and family (18.8 percent) and CEO Johan Nordström via Capnorth Invest AB (10.1 percent). Green Landscaping has assessed that 20 percent of the share capital and votes are owned by employees of the Group (including the CEO).

Annual General Meeting

The shareholders exercise their influence in Green Landscaping at the Annual General Meeting of shareholders, which is the company's highest decision-making body. At the Annual General Meeting (AGM), which, according to the Companies Act, shall be held within six months from the end of each financial year, a decision shall be made on the adoption of the income statement and balance sheet, disposition of the company's profit or loss, discharge from liability towards the company for the board members and the CEO, election of board members and auditors as well as remuneration to the board and auditor. At the Annual General Meeting, the shareholders also make decisions on other key issues in the company, such as changes to the Articles of Association, any new issue of shares and other similar matters. If the Board of Directors sees a need for holding a general meeting of shareholders before the next AGM, or if an auditor of the company or owner of at least 10 percent of all shares in the Company submits a written request to hold such a meeting, the Board will then summon shareholders to an extraordinary general meeting.

Summons to a general meeting of shareholders must, in accordance with the Articles of Association, be published in the Swedish Gazette and on the company's website. It is also necessary to publish that the summons has been issued in Dagens Industri (newspaper). Notice of the Annual General Meeting must be issued at least six weeks, but no less than four weeks prior to the meeting. Notice of an extraordinary general meeting, where the question of amendment to the Articles of Association will be dealt with shall be issued no earlier than six and no later than four

weeks before the meeting, while notice of any other type of extraordinary general meeting shall be issued no earlier than six weeks and no later than three weeks before the meeting.

The right to attend and vote at a general meeting, either in person or by proxy, applies to shareholders who are entered in Green Landscaping's share register held by Euroclear five weekdays before the general meeting (i.e. on the record date) and who notify the company of their intent to participate by the date specified in the notice of the meeting. Assistants to shareholders in the company may accompany the shareholder to the general meeting if the shareholder gives notice of such. Every shareholder in the company that reports a matter with sufficient advance notice has the right to have the matter dealt with at the general meeting.

Notices, minutes and press releases from general meetings are available on the Green Landscaping website.

Nomination Committee

The Nomination Committee submits to the Annual General Meeting, proposals on the person who should serve as the Chairman of the Annual General Meeting, the number of Board members to be elected by the AGM, the person who should be elected Chairman of the Board and others who should be elected as Directors, fees and other remuneration to each of the Board members elected by the AGM and to members of the Board's committees. The Nomination Committee also submits proposals for the election of auditors, fees to auditors, election of members to serve on the Nomination Committee or decisions on principles for appointing the members to the Nomination Committee, as well as remuneration to its members.

According to a decision by the 2018 Annual General Meeting, the Nomination Committee shall consist of four members – one member appointed by each of the three largest shareholders (or known shareholder groups) as of the last banking day in September and who wish to appoint a member of the Nomination Committee. The Chairman of the Board shall also serve on the Nomination Committee.

The Nomination Committee for the Annual General Meeting 2019 was announced on November 8, 2018 and consists of:

- Marcus Trummer (appointed by Byggmästare Anders J Ahlström Holding AB)
- Erik Salén (appointed by Westindia Aktiebolag)
- Anders Thomasson (appointed by Johan Nordstrom Invest AB and CapNorth AB)
- Per Sjöstrand (Chairman of the Board)

The Nomination Committee shall apply Rule 4.1 of the Swedish Code of Corporate Governance as its diversity policy when preparing its proposal to the Board. The goal of this is to arrive at a well-functioning Board composition as regards diversity pertaining to such things as gender, nationality, age and industry experience.

Board of Directors

After the AGM, the Board of Directors is Green Landscaping's highest decision-making body. The Board is also the company's highest decision-making body and the company's representative. The Board is also responsible for the company's organization and administration of its affairs, along with assessing the company's and Group's financial situation on an ongoing basis and ensuring that the company is organized such that there are adequate controls on its bookkeeping, fund management and other financial matters. The Chairman of the Board has a special responsibility to lead the work of the Board and to ensure that the Board complies with its statutory requirements.

The Board's registered office is in Stockholm. According to Green Landscaping's Articles of Association, the Board of Directors shall consist of at least 3 and at most 10 Board members (without deputies). The Board of Directors currently consists of 6 ordinary members elected for the period until the end of the next AGM. They are listed in the table below. Curt Germundsson was also Director up until the 2018 AGM.

The Board's tasks include establishing the company's overall objectives and strategies, monitoring major investments, ensuring that there is a satisfactory control of the company's compliance with laws and other rules that apply to the company's operations and the company's compliance with internal guidelines. The tasks of the Board also include ensuring that the company's information disclosure to the market and investors is characterized by openness and that it is correct, relevant and reliable, as well as appointing, evaluating and, if necessary, dismissing the company's CEO.

In accordance with the Swedish Companies Act, the Board of Directors has established a written rules of procedure for its work, which is evaluated, updated and re-established annually. The Board meets regularly according to a program established in the Rules of Procedure that contains certain fixed decision items and other matters to be taken up, when necessary.

Work of the Board in 2018

- At the beginning of 2018, the Board put particular emphasis on efforts associated with Green Landscaping's listing on Nasdaq First North. Two new Directors were appointed in conjunction with that.
- The following acquisitions were made during the year: Trädexperterna, Borås Markentreprenad, Mark & Miljö Projekt and Svensk Markservice.
- In conjunction with the acquisition of Svensk Markservice, the company entered into a new credit agreement with SEB, which replaced the Group's prior financing solution.
- Adoption of the interim reports and annual report
- Preparation prior to listing on Nasdaq Stockholm (planned for 2019)
- Strategy 2018-2020

Remuneration to the Board of Directors

At the 2018 AGM, it was decided that fees to the Board of Directors for the period until the next Annual General Meeting shall amount to SEK 625,000, of which SEK 250,000 to the Chairman of the Board and SEK 125,000 to other ordinary Board members, with the exception of the company's CEO Johan Nordström and Andreas Bruzelius, who is employed by FSN Capital Partners (which, before the listing on Nasdaq First North was the majority shareholder in Green Landscaping) and renounced their right to fees. The AGM also resolved that a fee of SEK 75,000 shall be paid to the Chairman of the Audit Committee. Otherwise, no fees are paid to members of the Board's committees.

Evaluation of the Board

To ensure and develop the quality of the work done by the Board, an evaluation of its efforts as a whole and of its individual members is carried out annually, under the Chairman's leadership. In 2018, the evaluation was conducted through a questionnaire that each member was asked to complete. The results of the evaluation were issued in writing to the members, who subsequently discussed this as a group at a Board meeting that was held in February 2019. The Chairman of the Board has also presented the results of the evaluation at a meeting with the Nomination Committee.

The Board's committees

The Board of Directors may set up committees with the task of preparing matters within a specific area and may also delegate decision-making rights to such a committee. However, the Board may not dismiss itself from responsibility for the decisions made on the basis thereof.

Audit committee

The Board of Directors has established an Audit Committee consisting of three members: Per Sjöstrand, Åsa Källenius and Andreas Bruzelius. Åsa Källenius is Chairman of the Audit Committee. The Audit Committee shall, without it impacting the Board's responsibilities and tasks in general, among other things, monitor the company's financial reporting, monitor the effectiveness of the company's internal control, internal audit (if such function is established in the future) and risk management, keep informed about the audit of the annual report and the consolidated financial statements and on the conclusions of the Swedish Inspectorate

of Auditors' quality control. The committee shall also review and monitor the auditor's impartiality and independence and pay special attention to whether the auditor provides the company with services other than auditing. To the extent that the nomination committee is not given this task, the committee shall also assist in the preparation of proposals for the AGM's decision on the election of auditors.

Remuneration committee

The Board of Directors has established a Remuneration Committee consisting of three members: Per Sjöstrand, Staffan Salén and Andreas Bruzelius. Per Sjöstrand is Chairman of the Remuneration Committee. The main tasks of the Remuneration Committee are to (i) prepare the Board's decisions on matters concerning remuneration principles, remuneration and other terms of employment for the senior executives, (ii) follow and evaluate ongoing and completed programs for variable remuneration for the senior executives during the year, and (iii) follow and evaluate the application of any guidelines for remuneration to senior executives established by the Annual General Meeting along with applicable remuneration structures and remuneration levels.

CEO and other senior executives

The company's CEO is responsible for, in accordance with the Swedish Companies Act, the day-to-day management of the company in accordance with the Board's guidelines and instructions. The CEO is also responsible for taking the actions necessary to ensure that the company's accounting complies with law and that assets are managed in a satisfactory manner. In relation to the Board of Directors, the CEO has a subordinated position and the Board may also decide itself on matters having to do with day-to-day management of the company. The CEO's work and role, as well as the division of labor between the Board of Directors and the CEO on the one hand, are stated in a written instruction adopted by the Board (the CEO instructions) and the Board of Directors regularly evaluates the work done by the CEO.

Guidelines on remuneration to senior executives

At the 2018 AGM, the following guidelines for remuneration to senior executives were decided.

The basic principle is that remuneration and other terms of employment for senior executives must be market-based and competitive in order to ensure that the Group can attract and retain competent senior executives at a

Director	Position	When elected	Independent of the company/ major shareholders	Attendance at Board meetings	Attendance at Audit Committee meetings	Attendance at Remuneration Committee meetings
Per Sjöstrand	Chairman	2012	Yes/Yes	11/11	3/3	1/1
Andreas Bruzelius	Director	2014	Yes/Yes	11/11	2/3	1/1
Johan Nordström	Director, CEO	2015	No/No	11/11	–	–
Monica Trolle	Director	2018	Yes/Yes	9/9	–	–
Staffan Salén	Director	2018	Yes/No	7/7	–	1/1
Åsa Källenius	Director	2018	Yes/Yes	9/9	3/3	–

reasonable expense for the company. The total remuneration to senior executives shall consist of fixed remuneration, variable remuneration, pension and other benefits. Variable salary shall be paid in cash and based on the results in relation to performance targets within the individual area of responsibility (group or business area) and coincide with the shareholders' interests. Variable salary shall correspond to a maximum of 50 percent of the fixed annual salary for the CEO and a maximum of 35 percent of the fixed annual salary for members of the Group management team. Variable salary shall be pensionable unless otherwise agreed. Other benefits, such as company car, extra health insurance or occupational health services, shall be of limited value in relation to other remuneration and may be paid to the extent that this is judged to be at the going rate in the labor market for senior executives in corresponding positions.

In the event of termination by the company, the period of notice for all senior executives shall be a maximum of 12 months with the right to severance pay after the end of the notice period corresponding to a maximum of 100 percent of the fixed salary for a maximum of 12 months, i.e. fixed salary during the period of notice and severance pay for the senior executives shall not exceed 24 months of the fixed salary amount. As a general rule, any right to severance pay shall decrease in situations where remuneration during the current period is received from another employer. In the event of termination by the executive, the period of notice shall normally be 6 months for the CEO and 3-6 months for other senior executives.

Senior executives shall, unless otherwise specifically agreed, be offered pension terms in accordance with the company's ITP plan or have the corresponding defined-contribution pension terms at the going market rate in the country where the senior executive has his or her permanent residence. Pension rights for senior executives shall apply from the age of 60 at the earliest. As a rule, variable remuneration shall be pensionable. The Board shall be entitled to deviate from the guidelines if there are special reasons for doing so in individual cases.

Incentive programs

The company has established a share-based incentive program for key employees of the Group. With full utilization of the company's incentive program, a total of 1,672,723 shares will be issued, which will have a maximum dilutive effect of approximately 4.5 percent of the shares. The subscription price for shares that are subscribed to via the warrants is SEK 27.30 per share. The premium per warrant, which has been calculated in accordance with the Black & Scholes model amounted to SEK 1.53. Subscription of shares may occur during the period 23 March 2021 through 23 June 2021. With full utilization of the warrants, the company's share capital will increase by SEK 118,763.

Audit

The company is, in its capacity as a public company, required to have at least one auditor for auditing the company's and the Group's annual report and accounts, as well as the administration of the Board and the CEO. The scope of the audit shall be in accordance with what is customary for generally accepted auditing standards. The company's auditors are, in accordance with the Swedish Companies Act, elected at the AGM. An auditor in a Swedish limited liability company is thus appointed by, and reports to, the Annual General Meeting. The auditor may thus not allow his or her work to be governed by the Board or any of the senior executives. The auditor's reporting to the Annual General Meeting takes place at the Annual General Meeting via presentation of the audit report.

According to Green Landscaping's Articles of Association, the company must have at least one (1) and no more than two (2) auditors with a maximum of two (2) deputy auditors. The auditor and any deputy auditor must be an authorized public accountant or a registered accounting firm. The current auditor for the company is Ernst & Young. The auditor-in-charge is Alexander Hagberg, authorized public accountant and member of FAR (the institute for the accountancy profession in Sweden).

The Board's report on internal control over financial reporting

The Board's responsibility for internal control is regulated in the Swedish Companies Act, the Annual Accounts Act and the Swedish Code of Corporate Governance. Among other things, the Board shall ensure that Green Landscaping has good internal control and formalized procedures that ensure that established principles for financial reporting and internal control are complied with, and that there are appropriate systems for monitoring and controlling the company's operations and the risks associated with the company and its operations.

The company has not established any special function for internal control. Instead, the Board of Directors as a whole performs that task. Internal control includes control of the company's organization, procedures and measures. The purpose is to ensure that reliable and accurate financial reporting takes place, that the company's and the Group's financial reporting is prepared in accordance with law and applicable accounting standards and that other requirements are complied with. The internal control system also aims to monitor compliance with the company's policies, guidelines and principles. In addition, the company's assets are monitored and the company's resources are used in a cost-effective and appropriate manner. Furthermore, internal control takes place through follow-up in IT and ERP systems and through continuous analysis of risks.

The control environment provides the basis for the internal control, which also includes risk assessment, control activities, information & communication and follow-up.

Control environment

The Board has overall responsibility for the internal controls concerning financial reporting. In order to create and maintain a functioning control environment, the Board has adopted a number of policies and governance documents that regulate the financial reporting. These mainly consist of the Board's rules of procedure, instructions for the CEO, instructions for committees established by the Board and instructions for financial reporting. The Board has also adopted a special authorization/approval hierarchy and a finance policy. Furthermore, the company has an accounting & finance handbook containing principles, guidelines and descriptions of the processes for accounting and financial reporting. The Board has also set up an Audit Committee which has the main task of monitoring Green Landscaping's financial reporting, monitoring the effectiveness of the company's internal control, internal audit (to the extent such function is established) and risk management, as well as reviewing and monitoring the auditor's impartiality and independence.

The CEO is responsible for the day-to-day work of maintaining the control environment, and reports on an ongoing basis to the Board in accordance with established instructions.

Each local unit is organized as a subsidiary with its own board and CEO that has responsibility for managing the local operations according to guidelines and instructions from the Group level. Some of the local units have their own administration team responsible for the day-to-day accounting and financial reporting, while others use the Group's Shared Service Center. The local units report primarily to the company's CEO and CFO.

In addition to the internal follow-up and reporting, the company's external auditors report to the CEO and Board of Directors during the financial year. The auditors' reporting provides the Board with a good understanding and a reliable basis for the financial reporting in the annual report.

Risk assessment and control activities

Risk assessment involves identifying and evaluating the risk of a material misstatement in the financial statements and reporting at the Group and subsidiary levels. Risk assessment is carried out on an ongoing basis and according to established guidelines with focus on individual projects. Within the Board, the Audit Committee is primarily responsible for continuously evaluating the company's risk situation, after which the Board carries out its own annual review of the same.

Control activities are aimed at identifying and limiting risks. The Board is responsible for internal control and follow-up of the company management. This is done through both internal and external control activities, as well as through review and follow-up of the company's policies and governance documents. The Group-wide guidelines for internal control are followed up during the year by all operating companies.

Uniform accounting and reporting instructions are applied

by all units within the Group. The financial performance of the local units is continuously monitored through monthly reporting, which primarily focuses on sales, earnings trends and order backlog, but also includes legal and operational follow-up with a focus on the status of individual projects. All units prepare an internal control report on a quarterly basis. Other important components of the internal control are the annual business planning process and forecasting processes. Forecasts are followed up in the Group's monthly reporting.

Via ongoing Lean projects, a framework has been created for pursuing continual improvement at the Group, which consists of basic processes on internal control.

Information and communication

The company has information and communication paths aimed at promoting correct financial reporting and enabling reporting and feedback from operations to the Board and management, for example by issuing governing documents in the form of internal policies, guidelines and instructions on financial reporting and which have been made available and understood by the employees concerned. Financial reporting takes place in a Group-wide system with predefined report templates.

As a listed company, Green Landscaping must comply with EU Regulation 596/2014 on Market Abuse (MAR). MAR dictates, for example, how inside information may be published, under which conditions the publication may be postponed, and how the company shall keep a register of persons who have access to inside information about the company. The company uses a digital tool for ensuring that its management of inside information meets the requirements stated in both MAR and its own policy on inside information. Only authorized individuals in the company have access to the tool.

The company's financial reporting complies with the laws and regulations that apply in Sweden. The company's information to the shareholders and other stakeholders is made available through the annual report and via interim reports and press releases.

Follow up

Compliance with, and effectiveness of, internal controls are monitored on an ongoing basis. The CEO ensures that the Board regularly receives reports on Green Landscaping's performance, which includes the company's earnings and position, along with information on important events, such as the progress of individual projects. The CEO also reports on these matters at each board meeting. The Board of Directors and Audit Committee review the annual report and quarterly reports and they also carry out financial evaluations in accordance with an established plan. The Audit Committee monitors the financial reporting and other related issues and regularly discusses these issues with the external auditors.