



# Corporate governance report 2020

## New Nordic Healthbrands AB

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*The Board of Directors of New Nordic Healthbrand AB (publ), corporate identity number 556698-0453, hereby submit the Corporate Governance Report for the 2020 financial year. The report is not included in the 2020 Annual Report. References in this report refer to the 2020 Annual Report. The report has not been subject to review by the Company's auditors.*

### CORPORATE GOVERNANCE

Sound corporate governance ensures that companies are managed as sustainably, responsibly and efficiently as possible in the interests of the shareholders. It is a matter of complying with external regulations and doing the right thing. At New Nordic, our values and global policies and guidelines are important tools in our approach to the world around us. Acting consistently and with a strong ethical compass is highly important, because we operate in many different markets that have different challenges and where the laws, environmental requirements and social conditions may differ.

New Nordic Healthbrands AB is a Swedish public limited company. New Nordic's share is listed on Nasdaq Stockholm, First North Growth Market. Governance and control of the company are exercised through a combination of written rules and established practice. In the first instance, the regulatory framework consists of the Swedish Companies Act and the Swedish Annual Accounts Act, but also the Swedish Corporate Governance Code and the rules that apply to the regulated market where the company's shares are listed for trading.

The Swedish Companies Act contains basic rules for the Company's organisation. The Swedish Companies Act stipulates that there should be three decision-making bodies: the general meeting of shareholders, the board of directors and the chief executive

officer, in a hierarchical relationship with each other. There must also be a monitoring body, The auditor, who is appointed by the general meeting of shareholders.

In addition New Nordic is governed by a number of other external regulations such as

- MAR, EU Market Abuse Regulation (596/2014/EU)
- Nasdaq Stockholm Rules for Issuers
- The General Data Protection Regulation (GDPR)
- Articles of association
- The board's work plan including instructions for the CEO and auditing committee
- The New Nordic Way
- Code of Ethics for suppliers
- Code of Conduct
- Insider Policy
- Financial Policy
- Communications Policy
- Tax Policy
- Whistleblowing Policy

New Nordic's corporate governance is managed by values deeply rooted in the Scandinavian way of living, and sustainability work is well integrated into every part of the business and employees' everyday life.

Today, New Nordic is marketing its brand and products in 25 countries and present in additionally 15 countries through reputable distributors. As an international company, it is of the utmost importance that the Company always act ethically, transparently and responsibly at every stage – from doing business with suppliers to meeting with customers. Through good

purchasing routines and close cooperation with suppliers, New Nordic's products should always be produced with the greatest possible consideration for people and nature. The Company's risk management and internal control work ensure that they work purposefully in every part of the organisation. The board of directors and auditing committee receive regular feedback from the organisation concerning how the internal control work is being conducted. Every year a thorough review is carried out of the company's risks, with well-defined action plans to minimise risk. The risk analysis also shows which risks are more long-term in nature, providing supporting documentation for long-term commercial decisions.

Responsibility for management and control is shared between the shareholders, board, auditing committee and CEO. The board's work plan states how the work is to be distributed between the board, the auditing committee and the CEO, with the board having the ultimate responsibility for the company's organisation and administration and the CEO taking care of ongoing management of the business, with regular feedback to the board.

The board of directors has four members elected by the annual general meeting (AGM). The board has one woman and three men.

The composition of the board exhibits breadth and diversity, with the board members' different areas of expertise complementing each other well. Their experience in areas such as health and beauty industries, medico and pharma industries, entrepreneurship, finance, sustainability and communication forms a good basis for valuable discussions with the CEO and management.

During the year the board held seven board meetings, including a statutory meeting in conjunction with the AGM. There was a very high level of attendance by board members. The CEO attend all the meetings as he is also a member of the board. Generally, one or two country or area managers or function managers are invited to the October meeting to give a status presentation concerning the status of New Nordic in their country or what their particular function is working on. These presentations act as a complement to the CEO's status and review reports and provide opportunity for more in-depth discussions concerning specific areas of the operations. (Up until 2019, New Nordic have not had an audit committee. An audit committee was planned to be statued 29 April 2020. It is the plan that the chair of the auditing committee also gives an account of the matters addressed by the auditing committee at its most recent meeting within areas such as accounting, auditing, tax, internal control and risk, as well as various new regulations and legislation, at each board meeting.)

The company has chosen to have the corporate governance report as a separate document to the annual report, in accordance with chapter 6 section 8 of the

Swedish Annual Accounts Act. The information that must be provided under chapter 6 section 6 items 3–6 of the Annual Accounts Act is included in the administration report on page 41 of New Nordic's annual report for 2019 and is therefore not included in this corporate governance report.

Read more about New Nordic's corporate governance at [newnordicinvestor.com](http://newnordicinvestor.com).

## CORPORATE GOVERNANCE REPORT

This statutory corporate governance report in accordance with Chapter 6, sections 6 – 9 of the Swedish Annual Accounts Act (1995:1554), which is subject to review by the company's auditor. In addition to this, New Nordic applies the Swedish Corporate Governance Code in accordance with the revised code that entered into force on 1 December 2016. Since the legislation and the Code partially overlap, New Nordic submits the following Corporate Governance Report, which takes account of the Swedish Annual Accounts Act as well as the Swedish Corporate Governance Code. The company complies with the Code in all essential aspects. In two respects the Company deviates. (The Swedish Corporate Governance Code is based on the principle of "comply or explain", which means that companies applying the Code may deviate from individual rules provided they give an explanation of the deviation, describe the chosen alternative and provide the reasons for the deviation.) 1: The fact that Karl Kristian Bergman Jensen, the CEO, has also been proposed for the AGM 2021 nto chair the nomination committee as follows: The AGM agree that, as the CEO and representing the largest shareholder in New Nordic, Vaccinium Holdings ApS, Karl Kristian Bergman Jensen is the natural choice to chair the company's nomination committee. 2: The Board has appointed an audit committee, which has the task of analysing and discussing the company's risk management, governance and internal control. During 2020, the committee consisted of all board members with the exception of the CEO. In the opinion of the board of directors, this is most appropriate in view of New Nordic's size and business.

## CORPORATE GOVERNANCE STRUCTURE

New Nordic's corporate governance structure encompasses shareholders, the board of directors, the auditing committee, the CEO, the nomination committee, auditors, the executive management team, business units organised by countries, and employees. New Nordic's shareholders ultimately decide the company's direction, since the shareholders at the general meeting appoint the board of directors and the chairman of the board. Proposals for the composition of the board, board fees and the election of auditors are prepared in advance within the nomination committee. The board in turn appoints a CEO to take care of day-to-day administration. The CEO appoints members of the

executive management team within New Nordic's organisation. The board does not include employee representatives. The board appoints an auditing committee from among its members, which deals with accounting and auditing matters on an ongoing basis and which is the main channel of communication between the board and the auditors. Each year the auditors report to the board and the annual general meeting on their scrutiny.

## 1. SHAREHOLDERS AND ANNUAL GENERAL MEETING

The General Meeting of Shareholders is the highest decision-making body in New Nordic. Here, shareholders exercise their ownership role in an active, well-informed manner through discussions and resolutions. The General Meeting decides on all issues that do not expressly fall under the jurisdiction of another corporate body. Every shareholder has the right to participate in and to vote for their shares at the General Meeting in accordance with the provisions of the Articles of Association.

New Nordic's AGM shall be held in Malmö or Stockholm within six months of the end of the financial year. The AGM appoints the Board of Directors and the auditors and determines their fees. The AGM also adopts the financial statements, decides on the appropriation of profits and on discharge from liability for the Board of Directors and the CEO, and decides on other matters that according to the Articles of Association or legislation should be considered by the General Meeting.

The Articles of Association have been adopted by the General Meeting.

The company's share capital shall be a minimum of SEK 5,000,000 and a maximum of SEK 20,000,000. The minimum number of shares outstanding shall be 5,000,000 and the maximum number of shares outstanding shall be 20,000,000. The company only has one share class.

The Articles of Association also stipulate that the company's Board of Directors shall consist of not less than three and not more than five members with a maximum of five deputies, and regulates the forms of notice for General Meetings. The Articles of Association do not contain any limitations in respect of how many votes each shareholder may cast at a General Meeting. For the entire Articles of Association, which in their current form were adopted on 29 April 2013, see the company's website, the section Articles of Association.

Notice for Annual General Meetings, and notice for Extraordinary General Meetings (EGMs), where an amendment of the Articles of Association will be on the agenda, shall be issued not more than six weeks and not less than four weeks before the Meeting. Notice for other EGMs shall be issued not more than six weeks and not less than three weeks before the Meeting. Notice convening a General Meeting shall be in the form

of an announcement in Svenska Dagbladet and in Post och Inrikestidningar, such as stated in the companies Articles of Association, and on the company's website, newnordicinvestor.com.

Shareholders who wish to participate in the General Meeting shall (i) be entered in a transcript or other version of the entire share register showing the state of affairs five weekdays before the General Meeting and (ii) give notice to the company for himself / herself and up to two assistants not later than 4:00 p.m. on the date specified in the notice for the General Meeting.

New Nordic's Nomination Committee is to propose a chair for the Annual General Meeting. The proposal is to be presented in the notice of the meeting.

New Nordic's Chair and as many members of the Board of Directors as are required for a quorum are to be present at shareholders' meetings. The Chief Executive Officer is to attend. At least one member of the New Nordic's Nomination Committee, at least one of the company's auditors and, if possible, each member of the Board of Directors are to be present at the Annual General Meeting.

If the ownership structure warrants it, and it is financially feasible given the financial situation in New Nordic, the company is to offer simultaneous interpretation of the shareholders' meeting into other relevant languages than Swedish, as well as translation of all or parts of the meeting documentation. The same applies to the Minutes of the Meeting.

A shareholder, or a proxy representative of a shareholder, who is neither a member of the Board of Directors nor an employee of New Nordic is to be appointed to verify the minutes of the shareholders' meeting.

Shareholder's decision-making powers.

Among other things, the general meeting makes decisions concerning:

- The election of board members and the chairman of the board
- Board fees including the compensation paid to members for work on the auditing committee
- Discharge of the members of the board and the CEO from liability
- Amendments to the articles of association
- The election of the auditor
- The adoption of the income statement and balance sheet
- The distribution of the earnings for the past financial year
- The election of members of the nomination committee and establishment of principles for the nomination committee

- Guidelines for remuneration to senior executives

### Articles of association

According to the New Nordic articles of association, New Nordic's board of directors is to consist of at least three and no more than five members elected by the AGM and no more than the same number of deputies. The annual general meeting decides the exact number of board members, and which individuals are to be elected to the board. Board members are elected for the period until the close of the next annual general meeting. The annual general meeting also decides on amendments to the articles of association.

### Annual general meeting 2020

New Nordics's annual general meeting 2020 was held on 29 April 2020, at Clarion Hotel & Congress Malmö Live, Dag Hammarskjölds Torg 2, 211 18 Malmö. A total of 5 shareholders were represented at the meeting, representing 63.7 percent of the votes and of the capital. New Nordic's board of directors, executive management, the nomination committee, as well as the company's auditors attended the meeting.

The main resolutions passed were the following:

#### Dividend

It was established that the dividend for the financial year 2019 is set at SEK 1.75 per share and that the record date for the dividend shall be May 4, 2020. Payment through Euroclear Sweden AB is expected to be made on May 7, 2020.

#### Board and fees

All Board members elected by the AGM; Jessica Tyremán, Lennart Sjölund, Marinus Blaabjerg Sørensen and Karl Kristian Bergman Jensen were re-elected by the AGM. As in 2019, the Board comprises four members elected by the AGM. Marinus Blaabjerg Sørensen was re-elected Chairman of the Board. It was decided that the total remuneration to the Board of Directors shall amount to SEK 250,000 to be distributed with SEK 0 to the Chairman of the Board, SEK 0 to Karl Kristian Bergman Jensen and SEK 125,000 each to the other two Board members.

#### Auditor

Ernst & Young AB was elected auditing company with Martin Henriksson as principal auditor. It was stipulated that remuneration to the auditor should be paid with a reasonable amount according to approved invoice.

#### Authorisation

During the period leading up to the next Annual General Meeting, the Board was authorised, on one or more occasions, to decide on the issue of new shares, or issue of convertible debentures or issue of warrants. By decision supported by the authorisation, the share

capital can be increased by a maximum of 1,500,000, corresponding to a total increase of the share capital by a maximum of SEK 1,500,000.

### Number of shareholders and ownership structure

The total number of shares in New Nordic is 6,195,200 (one vote per share) and the share capital is SEK 6,195,200. At the end of the financial year, 31 December 2019, the number of unique shareholders in New Nordic, holding shares with a value of at least EUR 500 was 122 plus 615 non-public shareholders, compared to 100 unique and 526 non-public shareholders at the beginning of the financial year. The combined shareholding of the ten largest shareholders was 93.9 percent (94.5) of the shares outstanding and of the votes. New Nordic. New Nordic also retain the service of Mangold AB as liquidity provider.

New Nordic's largest shareholders are Karl Kristian Bergman Jensen and the Bergman Jensen Family Foundation, who via Vaccinium Holding ApS hold 41.10 percent of the shares and the votes and Marinus Blaabjerg Sørensen and family who via Fjord Capital ApS holds 37.25% of the shares and votes.

### Annual general meeting 2021

The 2021 Annual General Meeting will be held on Thursday, April 29, at 10:00 am at Quality Hotel View, Hyllie Stationstorg, 215 32 Malmö, Sweden. To register to attend the 2020 AGM, see page 37 of New Nordic's annual report for 2020 or visit [newnordicinvestor.com](http://newnordicinvestor.com).

## 2. NOMINATION COMMITTEE

It is proposed that the 2021 Annual General Meeting make a decision

- to establish a Nomination Committee where the Chairman of the Board will be tasked with contacting the 5 largest voting shareholders and asking these shareholders to appoint members to form a nomination committee together with the CEO, Karl Kristian Bergman Jensen. The Nomination Committee consists of three members
- that given New Nordic's ownership structure, Karl Kristian Bergman Jensen, in his capacity as representative of the main shareholder, Vaccinium Holding ApS, is the natural choice to be chairman of New Nordic's nomination committee. This differs from section 2.4 of the Swedish Code of Corporate Governance
- to decide the following on the Nomination Committee's principles

It is up to the Nomination Committee to decide before the Annual General Meeting whether the Nomination Committee finds it necessary to propose to the



Annual General Meeting a change in the principles in question.

The Nomination Committee shall consist of representatives of the five largest shareholders in terms of votes at the turn of the year (grouped by owners as of 31 December) and the Chairman of the Board, who shall also be instructed to convene the Nomination Committee for its first meeting. The Nomination Committee appoints a chairman from among its members. The composition of the Nomination Committee shall be announced no later than six months before the Annual General Meeting. The Nomination Committee's term of office shall extend until a new Nomination Committee has been appointed. The company is responsible for costs associated with the performance of the Nomination Committee's assignment. The members of the Nomination Committee do not receive any remuneration from the company.

In the event that a member of the Nomination Committee resigns, is prevented from performing his or her duties or if the owner who appointed the member makes his or her seat available, the remaining members shall, if the Nomination Committee so decides, appoint a suitable replacement from among the company's shareholders for the remaining term.

The Nomination Committee's assignment shall include evaluating the composition and work of the Board and submitting proposals to the Annual General Meeting on:

- Chairman of the Annual General Meeting
- number and proposals for members of the Board of Directors elected by the Annual General Meeting
- Chairman of the Board
- remuneration to non-employed board members
- where applicable, election of auditors and audit fees
- where applicable, principles for the election of members to the Nomination Committee and the Nomination Committee's assignments

The Nomination Committee's proposals shall be presented in the notice convening the Annual General Meeting where board or auditor elections shall take place and on the company's website

The Nomination Committee shall report to the Annual General Meeting on how its work has been conducted and present and justify its proposals.

### 3. AUDITORS

The auditors, who are independent and appointed by the shareholders at the AGM, scrutinise New Nordic's annual report, consolidated financial statements, accounts, sustainability report and corporate

governance report, and examine whether these have been prepared in accordance with current laws and recommendations. The auditors also scrutinise the management of New Nordic by the board and CEO, and review compliance with the guidelines on remuneration to senior executives adopted by the AGM.

At the 2020 AGM the accounting firm Ernst & Young AB was elected as auditor of New Nordic for a one-year period of office, i.e. until the close of the 2021 AGM. Authorised public accountant Martin Henriksson from Ernst & Young holds the main responsibility for the audit.

As previously, the 2020 AGM resolved that the auditors' fees should be paid based on invoices submitted and approved. The fees invoiced by the auditors over the past two financial years are reported in note 60 of the annual report for 2020.

Ernst & Young AB (EY) is a member of a global network used for auditing assignments for most of the group's companies and meets New Nordic's requirements with respect to competence and geographical coverage. The auditors' independent status is guaranteed partly by legislation and professional ethics rules, partly by the accounting firm's internal guidelines and partly by the fact that non-auditing assignments must be approved in advance by the auditing committee.

The auditors will regularly attend meetings of the auditing committee.

Martin Henriksson took part in the board meeting held 23 February 2020 in order to notify the board of the scope, focus, significant considerations and conclusions of the audit of the 2020 financial year. In addition to this involvement, the auditor meets regularly with the chairman of the board, the chairman, the executive management and other key individuals. The auditor also takes part in the AGM, reporting the conclusions drawn from the audit.

Alongside its mandate as elected auditor, EY has also carried out related tasks such as tax advice in relation to the yearly transfer pricing benchmark analysis. EY has internal processes to ensure its independence before these tasks are begun. The auditing committee will also have a process for approving non-auditing services in advance, before such assignments are begun. The auditing committee evaluates the auditor annually to gain assurance that the auditor's objectivity and independence cannot be questioned.

### 4. BOARD OF DIRECTORS

The task of the board of directors is to manage New Nordic's affairs in the interests of the company and all its shareholders. This means that the board has overall responsibility for New Nordic's administration, taking a long-term sustainable approach with a focus on the customer offering and growth.

In addition to laws and recommendations, New Nordic's board work is regulated by the board's work plan which contains rules on the distribution of work between the board, its committees and the CEO as well as on financial reporting, investments and financing. The work plan, which also includes a work plan for the auditing committee, is updated as needed but is established at least once a year.

### **Composition of New Nordic's board and independence of its members**

The board members are elected by the shareholders at the annual general meeting for the period up until the next AGM.

Currently, the board has consisted of four ordinary members elected by the AGM, with no deputies. The board is made up of one women and three men. Since the 2020 AGM the board has comprised the following members elected by the general meeting: Marinus Blaabjerg Sørensen (chairman), Jessica Tyreman, Lennart Sjölund and Karl Kristian Bergman Jensen. For more facts about New Nordic's board members, see later in this report.

The members are required to devote the time and attention that their position on the board of New Nordic demands. New board members receive introductory training that includes meetings with the heads of various functions.

The composition of New Nordic's board during the year met the independence requirements set out in sections 4.4 and 4.5 of the Code. This means that half of the board members elected by the general meeting are independent of the company and company management. Half of the board members are also independent of the company's major shareholders.

### **Number of board meetings**

During the financial year New Nordic normally holds seven regular board meetings, one of which is the statutory board meeting. Extraordinary board meetings are held when the need arises. The CEO attends all board meetings, except on the occasion of the board meeting when the CEO's terms of employment are being discussed. The CEO reports to the board on the operational work within the group and ensures that the board is given relevant and objective information on which to base its decisions.

During the 2020 financial year seven board meetings were held. The level of attendance at board meetings is high and satisfactory.

#### **Work of the board in 2020**

New Nordic's board meetings are generally structured as shown below. This is supplemented by one or more business presentations, e.g. by heads of functions or country managers.

The following areas are usually reviewed at each board

meeting:

- Minutes of the previous meeting
- CEO's status report and country review
- Report by CFO
- Strategic matters
- Feedback from latest auditing committee meeting
- Financial reporting, such as interim report and annual report
- Any other business

In 2020 CEO Karl Kristian Bergman Jensen provided information on – among other things – the strategic plan and goals, response to the change in the food supplement, skincare and hair care industries as well as the climate change that is affecting us all. Matters such as the customer offering and the status, digital development, sustainability, optimising the portfolio along with future products development and, continued development of the online store, the supply chain, communications, marketing, organisation, external factors, new initiatives and business models as well as other development opportunities are examples of subject areas discussed on an ongoing basis at the board meetings held during the year, in addition to sales, costs, investments, earnings and the inventory situation.

New Nordic's integrated sustainability work is discussed regularly by the board. It is decided that the CEO regularly provides an update on the group's sustainability work with reference to key indicators and targets, such as compliance with the Code of Conduct, sustainable materials, climate impact, anti-corruption, etc.

At each board meeting the chairman of the auditing committee will report to the board on what the auditing committee discussed at its latest meeting. This primarily concerns areas such as accounting, auditing, tax, customs duties, internal control, risk, various new regulations, legislation and directives.

The overall risk assessment, including the very greatest risks in both the short and the long term, is then also discussed at subsequent board meetings.

At four of the year's meetings the board goes through interim reports before they are published and at the January meeting the board discusses the annual report.

During the year the board takes various decisions, for example regarding the expansion and investment plan, the dividend proposed to the 2021 AGM – which was SEK 1.50 per share, the payment of the dividend in one instalment, guidelines for remuneration of senior executives, the financial reports etc.

Since New Nordic does not have a separate review function (internal audit) for work on internal control,

but has instead established its own model for managing the company's risk and internal control. Once a year the board assesses the need for a separate internal audit function. This year the board again reached the conclusion that the present model for monitoring internal control is working in a satisfactory way.

New Nordic has no remuneration committee, since the board of directors deems it more appropriate for the entire board to carry out the tasks of a remuneration committee. It is the board that prepares the proposed guidelines for remuneration to senior executives that are presented at the annual general meetings, and it is the board that decides on the CEO's salary in accordance with the guidelines adopted at the last annual general meeting. The board continually assesses the CEO's work and once a year discusses this matter separately in conjunction with setting the CEO's remuneration for the coming year. No member of executive management is present when this is discussed.

The board continually evaluates its work. This evaluation covers working methods and the working climate, as well as the main focus of the board's work. It also focuses on access to and the need for specialist expertise within the board. The evaluation is used as tool for developing the board's work.

## 5. AUDITING COMMITTEE

The auditing committee monitors the company's financial reporting, which among other things involves monitoring the effectiveness of the company's internal control and risk management. Its work includes handling auditing issues and financial reports published by the company. The auditors attend the meetings of the auditing committee to report on their scrutiny of the group's annual report and financial statements, including the consolidated financial statements.

The auditing committee also reviews and monitors the impartiality and independence of the auditor, and regulates which assignments the accounting firm may conduct for New Nordic in addition to the audit. The auditing committee annually receives a written assurance of independence from the auditor stating which services the accounting firm has provided to New Nordic during the financial year in addition to the audit. The auditing committee also assists the nomination committee with any proposals to the annual general meeting concerning the election of auditors.

### Auditing committee

New Nordic's auditing committee is made up of three board members, who is appointed annually by the board of directors at the statutory board meeting held in conjunction with the annual general meeting. The auditing committee consists of Marinus Blaabjerg Sørensen (chairman) along with Lennart Sjölund and Jessica Tyremann (members). The majority of the members are independent of the company and its

management. The majority of the members are also independent of the company's major shareholders. The auditing committee meetings will typically also be attended by CFO and the company's auditors on an ad-hoc basis. Various specialists, e.g. in security or IT, are called in if necessary. The committee's meetings are minuted and the minutes are then distributed to the board members.

### The work of the auditing committee

It is the plan that the chair of the auditing committee also gives an account of the matters addressed by the auditing committee at its most recent meeting within areas such as accounting, auditing, tax, internal control and risk, as well as various new regulations and legislation, at each board meeting.

During the year the auditing committee shall address the following matters, among others:

- The company's financial reporting, including interim reports, the corporate governance report, and annual report.
- Compliance with the group's internal control and risk management processes and review of the overall risk analysis for the group with well-defined action plans to minimise risk.
- In addition, the following functions shall provide information on their work: Country and Area Managers plus Managers responsible for Innovation, Procurement and Logistics, Quality Assurance and Regulatory Assurance, Accounting/Tax, IT, Sustainability, and data privacy.
- The transfer pricing model and tax matters. A status update regarding tax matters shall be given regularly at meetings, which is partly related to the OECD's guidelines.
- In addition, customs matters shall be discussed in view of the fact that this is becoming an increasingly pressing matter for multinationals due to increased protectionism in certain countries.
- The transition to IFRS including the new IFRS rules shall be reviewed, particularly the project to meet the requirements of IFRS 16 Leases, IFRS 15 Revenue Recognition, and IFRS 9 Financial Instruments.
- Preparations shall be made for the selection of the auditor.
- The auditor shall inform the committee of the audit plan, the scope of the audit, and the results of scrutiny carried out.
- In addition, the auditor shall give the committee an update on current regulatory developments in the areas of accounting and auditing.

## 6. EMPLOYEE ORGANISATIONS

Under Swedish law, the employees have the right to appoint employee representatives with deputies to the company's board if the company has more than 25 employees in Sweden. As New Nordic does not have 25 employees in Sweden and the company is not cooperating with a union in Sweden, New Nordic does not have any employee representatives in the board.

## 7. CEO

The CEO is appointed by the board of directors and is responsible for the daily management of the company as directed by the board. This means that the CEO must focus in particular on recruitment of senior executives, innovation, procurement, pricing strategy, sales and profitability, marketing, sustainability, expansion, development of the international sales company and distribution network, e-commerce and IT strategy. The CEO is also responsible for investor relation matters. The CEO reports to the board on New Nordic's development and produces decision bases for investments, expansion, etc. The role of CEO includes contact with the financial market, the media, and the authorities.

### About the CEO

Karl Kristian Bergman Jensen, born in 1962, is the founder of the company in 1990 and has been the chief executive officer of New Nordic Healthbrands AB since 3 February 2006.

Karl Kristian, is born in Frederiksberg, Denmark. He is 57 years old, married with Lena Bergman, and the father of 6 children between 12 and 31 years of age. In 1986 he graduated as "Handels Diplom" (Business Administration Diploma) from Copenhagen Business School in Denmark.

Karl Kristian has extensive international experience in the health and beauty industry, in which he worked for 35 years. He has worked out of Denmark, London, Sweden and Switzerland managing businesses and distributors in more than 40 countries in Europe; North America and Australasia. In 2000 he co-founded Dansk Detail ApS, Denmark a small business of health stores. In 2006 he founded Ripamonti Finanz AG in Switzerland, an asset management company and a member of PolyReg general self-regulatory organisation recognised by the Federal Financial Market Supervisory Authority ("FINMA"). In 2019 he initiated the equity fund, Verbier Fund® Health & Beauty Brands IC SICAV p.l.c. in Malta.

## 8. ORGANISATION AND MANAGEMENT

New Nordic has a flat management structure. New Nordic is organised in a small, professional and informal international structure where things go fast and where everyone contributes to achieving results.

New Nordic focus on one brand only - the New Nordic brand characterised by the characteristic Silver-Tree mark. The organisation is simple without any matrix structure. There is a head office in Malmö, a central operational office in Roskilde and then national sales and marketing offices. Additionally, New Nordic operate a raw material and finished goods warehouse in Hamburg. The company focus on the two most value creating and brand building business disciplines: innovation and marketing. Everything else is sought outsourced.

The registered office in Malmö, Sweden is the corporate headoffice. This is the center for financial consolidation financial reporting and control and the center for product innovation and marketing. New Nordic's office in Roskilde, Denmark is the center of procurement, quality control and regulatory affairs.

The Chief Executive officer, who is appointed by the board of directors, is responsible for day-to-day management of the New Nordic group and appoints the members of the executive management team, which is made up of the CEO plus the COO (to be appointed) and the CFO. Besides the executive management, the management team consist of the General Manager QA/RA, Head of Innovation, Head of Procurement, 10 Country Managers and 3 Area Managers, all of whom report to the CEO. Of the 19 people in the management team, 9 are women and 10 are men.

The CFO and his department is responsible for transforming New Nordics's goals to our Country and Area Managers. The CFO and his team is also responsible for implementation, management, support and follow up on the financial part of New Nordic's initiatives and growth as well as to clarify the company's priorities. The CFO is also responsible for keeping insider lists and reporting to the Swedish financial authorities, Finanstillsynet. The CFO work closely with the CEO in the financial matters including the control matters of international daughter companies, matters of setting financial goals and priorities and investor relation matters. He also assist the CEO in the reporting to the Board of Directors.

The COO which is to be appointed will closely together with the CEO with a particular responsibility for the day to day running of the Roskilde office and the operational buying and logistic matters, and of online and sales, and IT development. The COO will work closely together with the CEO and assist him in matters of product development and new products launches, pricing strategy, sales and profitability, marketing, sustainability, expansion, development of the international sales company and distribution network.

New Nordic encourage a close daily cooperation between the executive management, ie. the CEO, CFO and COO. The executive team have at least one formal executive management meeting per month.



The management team also have a close contact trying to "eliminate the geographical distance" and work as a homogeneous group across borders and cultures. The international managers meet regularly as needed for internal and external matters. All managers meet at least twice a year at an Operational Planning Meeting in Malmö or Copenhagen and once a year for a few days at the yearly International Management Meeting. The Country and Area Managers also meet once or twice a year for a year for a regional Marketing Meeting and once a year for an International Marketing Meeting. Part of the management team will meet with international Distributors once a year at the International New Nordic Meeting (Distributor meeting).

### **EXECUTIVE MANAGEMENT (C-SUITE)**

Chief Executive Officer, CEO: Karl Kristian Bergman Jensen

Chief Financial Officer, CFO: Ivan Ruscic

Chief Operating Officer, COO: NN

### **BUSINESS FUNCTIONS**

Governance: The Board of Directors and the Executive Management

Strategy: The Board of Directors and the Executive Management

Finance: The Board of Directors, the Audit Committee, CEO, CFO, and Group Financial Controller

Innovation (Research and Development): CEO, COO, and the Head of product development, François Gerard

New Business and Aquisitions: The Board of Directors, the Audit Committee, CEO, CFO, and Group Financial Controller

Design and Art Direction: CEO and Art Director, Charlotte Decmann

Marketing: CEO; COO, Country and Area Managers

Information Technology: The Executive Management and IT Manager, Carsten

Customer Service: COO and Country and Area Managers

Human Resources: CEO and COO

Production, Sourcing, Supply Chain and Logistics: COO and Production and Supply Chain Manager, Morten Olsen

Quality Assurance/Regulatory Assurance: CEO and General QA/RA Manager, Eva Abildgaard

National Operation, Distribution and Sales: CEO, COO, and Country and Area Managers

### **COUNTRY AND AREA MANAGEMENT**

Australia: Linn Wayne

Baltic's and Eastern Markets: Tauras Masanauskas

Canada and USA: Jan Petersen

China and Hong Kong: Fei Zhao

Denmark: Lena Bergman

Finland: Nanna Moilanen

France: Karl Kristian Bergman Jensen

Germany, Benelux, Switzerland and Spain: Tatiana Petukhova

Italy: Andra Manicardi

Norway: Therese Foldvik

Poland: Grzegorz Gruchal

Romania, and Slovakia: Mira Jørgensen

Sweden: Ylva Tamner

UK and Ireland: Steve Skitt

## **Internal control**

The board of directors is responsible for the company's internal control, the overall aim of which is to safeguard the company's assets and thereby its shareholders' investment. Internal control and risk management are part of the board's and the management's control and follow-up responsibilities, the purpose of which is to ensure that the business is managed in the most appropriate and effective manner possible, to ensure reliable financial reporting and to ensure compliance with applicable laws and regulations. The board has delegated the practical responsibility to the CEO, who in turn has allocated the responsibility to the other members of the executive and management team. This description of New Nordic's internal control and risk management for financial reporting has been prepared in accordance with chapter 6 section 6 of the Swedish Annual Accounts Act and section 7.4 of the Swedish Corporate Governance Code.

New Nordic's internal control is made up of the following five components: control environment, risk assessment, control activities, information and communication, and monitoring.

### **CONTROL ENVIRONMENT**

The control environment forms the basis of internal control, because it includes the culture that the board and management communicate and by which they work. The control environment is made up primarily of ethical values and integrity, expertise, management philosophy, organisational structure, responsibility and authority, policies and guidelines, as well as routines. Control activities take place in the entire organisation at all levels. Follow-up is included as an integrated part of management's day-to-day work.

For the financial reporting there are policies and guidelines, and also automatic control in systems as well as reasonability assessment of flows and amounts.

Of particular importance is that management documents such as internal policies, guidelines and manuals exist in significant areas and that these provide the employees with solid guidance. Within New Nordic there exists a document called “The New Nordic Way”, which briefly describes and brings together what the company stands for and provides a basis for how employees are to act in relation to each other and the outside world. It also refers to the group’s main policies and to the ethical policy that permeates the entire company, since it describes the way in which the employees should act within the company and in business relations with suppliers.

New Nordic’s internal control structure is based on:

- The division of work between the board of directors, the auditing committee and the CEO, which is clearly described in the board’s formal work plan. The executive management team and the auditing committee report regularly to the board is based on established routines.
- Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.
- The company’s organisation and way of carrying on business, in which roles and the division of responsibility are clearly defined and individuals are held accountable for their internal control responsibilities in the pursuit of objectives.
- The company demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.
- Values and guidelines, as well as policies and manuals; of these, The New Nordic Way, the financial policy, the insider policy, the communications policy and the “Behaviour and values” are examples of important overall policies.
- Awareness among the employees of the importance of maintaining effective control over financial reporting.
- Control activities, checks and balances, analysis and reporting.

New Nordic has a flat linear geographical organisation with functions.

Internal control is evaluated annually by the relevant group function, which checks that its function in each country is working according to the prescribed policies and guidelines.

All the companies within New nordic have the same structure and accounting reporting system with the

same chart of accounts. This simplifies the creation of appropriate routines and control systems, which in turn facilitates internal control and comparisons between the various companies. There are detailed instructions for the country and area managers that control daily work in their country. Many other guidelines and manuals are also available within the group. In most cases these are drawn up in the central departments at the head office in Malmö and then communicated to the respective managers in the country offices. Each central function regularly reviews its guidelines and manuals to see which need updating and whether new guidelines need to be developed.

## **RISK ASSESSMENT**

To limit the risks there are appropriate policies and guidelines as well as processes and controls within the business. New Nordic carries out regular risk analysis for both operational and financial risks and we specify objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives. At the end of each financial year the analysis is updated in respect of the main operational risks – in the short and long term – and also the risks within financial reporting. This is carried out in a documents, based on the probability and impact of each risk. Included in this is a consideration of the potential for fraud in assessing risks to the achievement of objectives and identification and assessment of changes that could significantly impact the system of internal control.

At the end of 2020 in conjunction with the Operational Plan for 2021, each central function review its main risks, assess these and identify the systems, methods and controls that are in place to minimise any impact of the risks. This information is compiled at group level, after which the functions together prepare the general risk analysis mentioned above with a view to getting an overall picture of the group’s main risks – and thereby shedding light on the mitigation plans that are in place to manage these risks. The risk analyses for operational risks and for the risks within financial reporting are then dealt with in the auditing committee and thereafter discussed by the board.

For a description of New Nordic’s operational and financial risks, see the administration report on page 44 of the annual report for 2020.

## **CONTROL ACTIVITIES**

Control activities take place in the entire organisation at all levels. Follow-up is included as an integrated part of Management’s day-to-day work. There are a number of control activities built into every process to ensure that the business is run effectively and that financial reporting provides a true picture at each reporting date, that support the achievement of objectives. The control activities, which aim to prevent, find and correct inaccuracies and non-compliance, are at

all levels and in all parts of the organisation. We deploy control activities through policies that establish what is expected and procedures that put policies into action. Within New Nordic the control activities include effective control and analysis of sales statistics, account reconciliation, monthly accounts and financial reports.

During the year ongoing internal control of the IT is also carried out, to ensure that the work and processes are being performed in accordance with guidelines set. This also includes systems relating to financial reporting.

## **INFORMATION AND COMMUNICATION**

New Nordic obtains or generates and uses relevant, quality information to support the functioning of internal control. We internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control, and we communicate with external parties regarding matters affecting the functioning of internal control.

Policies and guidelines are of particular importance for accurate accounting, reporting and provision of information, and also define the control activities to be carried out.

New Nordic's policies and guidelines are updated on an ongoing basis. This takes place primarily within each central function and is communicated to the sales countries by email and via the regular international meetings.

New Nordic has a communications policy providing guidelines for communication with external parties. The purpose of the policy is to ensure that all disclosure obligations are met and that the information provided is accurate and complete. This policy determines what should be communicated, by whom and how. The basic premise is that regular financial information is provided in the form of:

- Annual report
- Interim reports, the full-year report
- Press releases on events and circumstances that may impact the share price
- New Nordic's website [newnordicinvestor.com](http://newnordicinvestor.com)

## **MONITORING**

Management makes regular assessments of any new financial risks that may arise and the risk for errors in the existing financial reporting. At each board meeting, executive management reports its assessment of existing risks and other any issues concerning internal control. The board can then call for further measures if considered necessary. New Nordic's financial department under the management of the CFO conducts an annual evaluation of the internal control in the daughter companies. This is performed by each company as a self-assessment based on pre-defined questions, which are drawn up by the financial department in consulta-

tion with New Nordic's auditors. This evaluation aims to examine New Nordic's internal control routines and compliance with them. The result is reviewed by the New Nordics's financial department, which makes proposals on possible improvements to the central functions and daughter companies concerned. New Nordic's auditors also receive the results, who in turn report their observations and recommendations to the audit committee and to the entire board. The board evaluates if this procedure is still fit-for-purpose on an annual basis and calls for possible changes in the internal control work in consultation with the company's auditors.

Controls are made taking transaction flows, staffing and control mechanisms into account. The focus is on significant income statement and balance sheet items and areas where there is a risk that the consequences of any errors would be significant. The work on internal control maintains awareness of the importance of effective internal control within the group and ensures that continuous improvement is made. The work on internal control maintains awareness of the importance of effective internal control within the group and ensures that continuous improvement is made.

## **BOARD CONCLUSION**

Through openness and transparency, the board of directors and executive management of New Nordic work to provide the company's owners and the stock market with relevant and accurate information. The board concluded that New Nordic's present model of monitoring internal control is the most appropriate for the company. In the board's opinion, this model in which the functions such as accounting, quality and regulatory assurance, purchasing and logistics, marketing and communications, sales etc apply in the daughter companies is effective and accurate.

The board is of the opinion that a business of New Nordic's scope, in a decentralised organisation, does not require a more extensive audit function in the form of an internal audit department. The internal control and evaluation of the need to issue of a specific internal audit department will be reviewed on an annual basis.

Malmö, March 2021

### **The Board of Directors**

*More information on New Nordic's corporate governance work can be found on [newnordicinvestor.com](http://newnordicinvestor.com).*

**MARINUS BLÅBJERG SØRENSEN, BORN 1951**

Chairman since 2006 and CEO of the New Nordic Manufacturing ApS.

Marinus Blåbjerg Sørensen is a founder and principal owner of the New Nordic. Before that Marinus Blåbjerg Sørensen was CEO of Danish Natural Foods A / S. Prior to that Mr. Sørensen was Area Manager

# About the board members



at Farma Foods A/S, Marinus Blåbjerg Sørensen is also Chairman and owner of Fjord Capital A/S and Blåbjerg-Have ApS.

2.318.824 shares held in New Nordic via companies.



**LENNART SJÖLUND, BORN 1949**

Director of the board since 2012.

Besides his appointment as a director of the board of New Nordic, Mr. Sjölund is a business entrepreneur in the medical technology industry as well as a director of Lagercrantz Group AB, Östanbäck Timmerhus AB, Zarismo AB, QuickCool Erysave AB, EL Invest AB, Kinna EL och Tele AB, Fässbergs EL AB and Parkallen Invest. Lennart Sjölund has previously been CEO of Jolife and Jostra AB and Vice President of Åkerlund & Rausing.

10.000 shares held in New Nordic via company.



**JESSICA TYREMAN, BORN 1969**

Director of the board since 2006.

Jessica Tyreman's principal activities in addition to the appointment as a director of the New Nordic is the executive chairman of LEARN in Värmdö AB. Jessica Tyreman is also Chairman of RW Bostad AB. Jessica has over the past five years completed assignments as a director of New Teq AB.



**KARL KRISTIAN BERGMAN JENSEN, BORN 1962**

Director of the board since 2006 and CEO of New Nordic Healthbrands AB. Karl Kristian Bergman Jensen is a founder and a principal owner of New Nordic since 1990. Prior to that Karl Kristian Bergman Jensen was the International Marketing Manager, Director and member of the Board of Chartex International PLC in England, now known as The Female Health Company, USA. Before that, Mr. Jensen was the International Marketing Manager at Farma Food A / S. Mr. Jensen is also Chairman of Vaccinium Holdings ApS, Denmark and Ripamonti Finanz AG, Switzerland. Additionally, he is the initiator and Fund Manager of the global equity investment fund Verbier Fund® Health & Beauty Brands SICAV PLC, Malta.

1.557.640 shares held in New Nordic privately and via companies.