

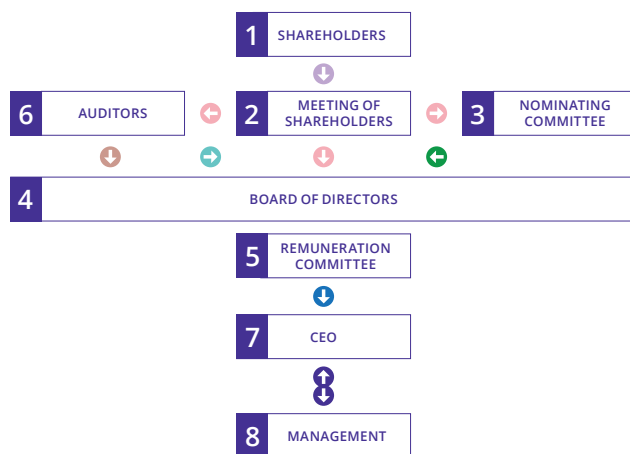
CORPORATE GOVERNANCE REPORT

Corporate Governance refers to how rights and obligations are allocated between the company's bodies in accordance with applicable law, rules and processes. Corporate governance deals with the systems for decision making and the structure through which the shareholders directly or indirectly govern the company.

Zinzino AB is a Swedish public limited company based in Gothenburg. Shares have been listed on Nasdaq OMX First North since 11 December 2014. On 16 September 2020, Nasdaq approved the company's application to move up its shares to the Premier segment of First North.

In a limited company like Zinzino, governance, management and control are distributed among the shareholders, the board of directors, the CEO and the company management in accordance with applicable laws, rules and instructions.

Zinzino AB provides here its corporate governance report relating to 2020.



<ul style="list-style-type: none"> ● Votes ● Election ● Information Favourable ● Information ● Proposals to the board of directors, auditor and nominating committee ● Remuneration structure 	<p>External control instruments Important external control instruments that provide the framework for the company's corporate governance are:</p> <ul style="list-style-type: none"> • Swedish Companies Act • Swedish Annual Accounts Act • Nasdaq Stockholm regulations • Swedish Code of Corporate Governance <p>Internal control instruments Important internal control documents are:</p> <ul style="list-style-type: none"> • Articles of Association • Rules of procedure for the board of directors • Instructions for the CEO, audit committee, remuneration committee and financial reporting • Policies
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BASIS FOR GOVERNANCE

The basis for the governance is the articles of association, the Companies Act, Nasdaq OMX First North Premier's Rules for Issuers, the Swedish Code of Corporate Governance, and other applicable laws and regulations. Zinzino has applied the code in full since the 2020 annual general meeting. Since the listing, the company has not had any violations either against Nasdaq OMX First North's issuers regulations or against good practice in the stock market.

SHARES AND SHAREHOLDERS

Zinzino AB was listed on Nasdaq OMX First North on 11 December 2014 and moved to the Premium segment of the list on 16 September 2020.

Zinzino was originally listed for trading on the Aktietorget stock market (now Spotlight) in 2010. The total number of shares is 33,049,645 of which 5,113,392 are A shares (1 vote) and 27,936,253 B shares (0.1 vote). At the end of the year the company had 5,245 (2,555) owners, excluding some foreign account customers. The largest owners were Örjan Saele with company and family with 47.65% of the votes and 28.93% of the capital and Peter Sörensen with company with 25.21% of the votes and 10.56% of the capital. Information for the shareholders is available on Zinzino's website: zinzino.com.

ARTICLES OF ASSOCIATION

The company's articles of association describe, among other things, the company's operations, the number of board members and auditors, how the annual general meeting is convened, handling of matters during the annual general meeting and where the general meeting is to be held. The articles of association contain no limitations relating to how many votes each shareholder may cast at an annual meeting of shareholders. The currently applicable articles of association, which were adopted at the annual meeting of shareholders on 9 May 2011, can be found on the company's website: www.zinzino.com.

THE ANNUAL MEETING OF SHAREHOLDERS

It is at the annual meeting of shareholders, and at any extraordinary meetings of shareholders, where all shareholders can exercise their right to vote and decide on issues which affect the company and its business. The annual meeting of shareholders, which is held within six months after the end of the financial year, makes decisions on confirming of the profit/loss statement and balance sheet, allocation of the year's profit or loss and decisions on dividends, discharge from liability for the board of directors and the CEO. Moreover, the board of directors is elected and the board members' fee is established. The meeting also decides how the nominating committee shall be appointed. In addition, auditors are chosen and the annual meeting of shareholders decides upon their remuneration. Other legally required matters are also dealt with as well as decisions being made on guidelines for remuneration to senior executives. In addition to these things, decisions will be made on other proposals from the board of directors and the shareholders. Notice of the meeting of shareholders shall be made through advertising in the Post- och Inrikes Tidningar [government newspaper and gazette of Sweden] and by keeping the notice available on the company's website www.zinzino.com. That notice has been made shall at the same time be announced in Dagens Industri. All of the shareholders who are registered in the share register as of the meeting's date and who have registered their participation on time in conformity with the provisions thereon in the articles of association have the right to participate in the meeting and to vote for their shareholdings. Shareholders may be represented by one or more proxies.

ANNUAL GENERAL MEETING 2020

The 2020 annual general meeting of Zinzino AB (publ.) took place on Wednesday 15 May. At the annual general meeting, shareholders attended in person or through proxy and represented 52% of the votes and 39% of the capital. Hans Jacobsson was appointed chair of the meeting.

Some of the decisions that the meeting made are the following:

- To confirm the profit/loss statements and balance sheets of the parent company and the group.
- To distribute SEK 0.70 per share for the 2019 financial year through an ordinary dividend of SEK 0.55 per share and an additional dividend of SEK 0.15 per share at the same dividend date.
- To grant the board of directors and the CEO discharge from liability.
- That board of directors fee for the period until the next annual meeting of shareholders is to be paid in conformity with the proposals put forward for decision, in the amount of SEK 190,000 for the chair and SEK 108,000 for each of the other board members appointed by the annual meeting.
- The meeting resolved to re-elect Hans Jacobsson as board chair. The meeting resolved to re-elect board members Staffan Hillberg, Pierre Mårtensson and Ingela Nordenhav.
- To elect PwC AB as audit firm and Fredrik Göransson as principal auditor.
- To elect Hans Jacobsson (convenor), Magnus Götenfelt and Cecilia Halldner as members of the nominating committee and it was noted that the composition of the new independent nominating committee was part of the adaptation to the Swedish Code of Corporate Governance as the company intends to apply for admission to trading on the First North Growth Market Premier Segment in the future.
- To issue 1,000,000 warrants in accordance with the board's proposed resolution, whereby the exercise price was set at SEK 45 per warrant.
- The meeting resolved, in conformity with the proposals put

forward by the board of directors, to authorise the board of directors in the period until the next annual meeting of shareholders, on one or more than one occasion, to make decisions on preferential rights issue of B shares, convertible and/or warrants. The board shall be able to resolve on a preferential rights issue with or without a provision on set-off or otherwise with conditions.

- The meeting decided, in conformity with the proposals put forward by the board of directors, that in the period until the next annual meeting of shareholders, on one or more than one occasion, to make decisions on a rights issue at market terms of B shares, convertible and/or warrants with derogation from the shareholders' preferential rights, with or without provisions on non-cash and/or set-off or otherwise with conditions. The board of directors may not, however, make decisions which mean that in total more than 3,000,000 B shares will be issued.

ANNUAL GENERAL MEETING 2021

The 2021 annual general meeting of Zinzino AB (publ.) will be held on 20 May. In light of the extraordinary situation society finds itself in due to the Corona virus, the format of the 2021 annual general meeting of Zinzino AB will be adapted accordingly. Taking into account the health of both the shareholders and the company representatives as well as ongoing efforts to limit the spread of infection, the annual general meeting will be held without the possibility of physical participation. Taking into account regulations and guidance from authorities on avoiding meetings, the board has decided to conduct the annual general meeting only by postal voting. Information regarding the resolutions adopted by the annual general meeting will be published on the company's website www.zinzino.com on Thursday, 20 May 2021 as soon as the results of the voting at the annual general meeting can be determined.

NOMINATING COMMITTEE

The nominating committee of Zinzino has the task of presenting proposals for the number of members of the board of directors, election of members of the board of directors including the board chair, remuneration to the members of the board of directors, making proposals for the process of appointing a new nominating committee and in general following the provisions of the Swedish Code of Corporate Governance.

The Nominating Committee Process

- By 31 October, the board chair shall convene the largest shareholders of the company. If any of these waive their right to appoint a member to the nominating committee, the next shareholder/owner group shall be provided the opportunity in order of proportion to appoint a member to the nominating committee.
- The composition of the nominating committee shall be published no later than six months before the annual general meeting.
- The chairman of the board of directors convenes the first meeting of the nominating committee. However, the chairman of the board of directors shall not be appointed chairman of the nominating committee.
- If it becomes known that any of the shareholders who appointed a member of the nominating committee as a result of changes in the shareholder's ownership or as a result of changes in other shareholders' holdings no longer belongs to the largest shareholders, the member appointed by the shareholder, if the nominating committee so decides, will resign and be replaced by a new member appointed by the shareholder who at the time is the largest registered shareholder who has not already appointed a member of the nominating committee. If the registered ownership conditions are

In accordance with the above principles, the nominating committee consists of the following three members until the next annual general meeting on 20 May 2021:

Members	Appointed by	Independent *	Vote share 31/12/2020
Magnus Götenfelt (chair)	Saele invest AS	Yes/yes	47.65%
Cecilia Halldner	Cashflow Holding ApS	Yes/yes	25.21%
Hans Jacobsson	Zinzino AB Board of Directors	Yes/yes	0.43%

* Independent in relation to the company and its management and independent in relation to the company's largest shareholder in terms of votes.

otherwise substantially changed prior to the completion of the nominating committee's assignment, if the nominating committee so decides, a change in the composition of the nominating committee must be made in accordance with the principles stated above.

- The nominating committee's term of office extends until a new nominating committee is appointed.
- The chairman of the board of directors annually presents an evaluation of the board of director's work during the year to the nominating committee, which forms the basis for the nominating committee's work together with the requirements in the Swedish Code of Corporate Governance and the company-specific requirements at Zinzino.

The nominating committee's tasks include:

- Evaluating the composition and work of the board of directors.
- Making nominations to the annual meeting regarding election of members of the board of directors and of the chairman of the board of directors.
- Nominating the external auditors.
- Putting forward proposals relating to remuneration for the board of directors and auditor.

Work of the Nominating Committee

The chair of the nominating committee is Magnus Götenfelt, and the convenor of the nominating committee is Hans Jacobsson.

The nominating committee's proposals are published in the notice of the annual general meeting on the company's website and during the annual general meeting. Shareholders may contact the committee with proposals for board members. The proposals must be sent to the nominating committee's chair via shares@zinzino.com no later than 1 April 2021. The nominating committee's proposals for board members, the board's fees and auditors are presented in the notice of the annual general meeting and on the company's website www.zinzino.com.

The nominating committee has had two meetings as well as a number of email and phone contacts. The nominating committee's complete proposals for the annual meeting of shareholders for 2021 will be presented on the company's website www.zinzino.com well in advance of the annual meeting taking place. Shareholders who want to present proposals to the nominating committee can do so via e-mail to shares@zinzino.com or by post to the company's headquarters. In order for the nominating committee to be able to take account of incoming views in its proposals to the annual meeting, the proposals to the nominating committee must have been submitted at latest one month before the annual meeting of shareholders.

A fee of SEK 10,000 each has been paid to Magnus Götenfelt and Cecilia Halldner for their work prior to the 2021 annual general meeting.

THE BOARD OF DIRECTORS

The board of directors is responsible for Zinzino AB's organisation and management. The board of directors must provide effective support for and control of the management's work. The board of directors has adopted rules of procedure which contain rules and guidelines for its work. The rules of procedure govern, among other things, the number of regular meetings of the board of directors, which matters must be dealt with at ordinary meetings of the board of directors, and the duties incumbent upon the chair of the board of directors. The current rules of procedure and the CEO's instructions were adopted at the constitutive board meeting on 15 May 2020. The board of directors must, in accordance with the articles of association, consist of at least three and at most ten members and at most ten deputies.

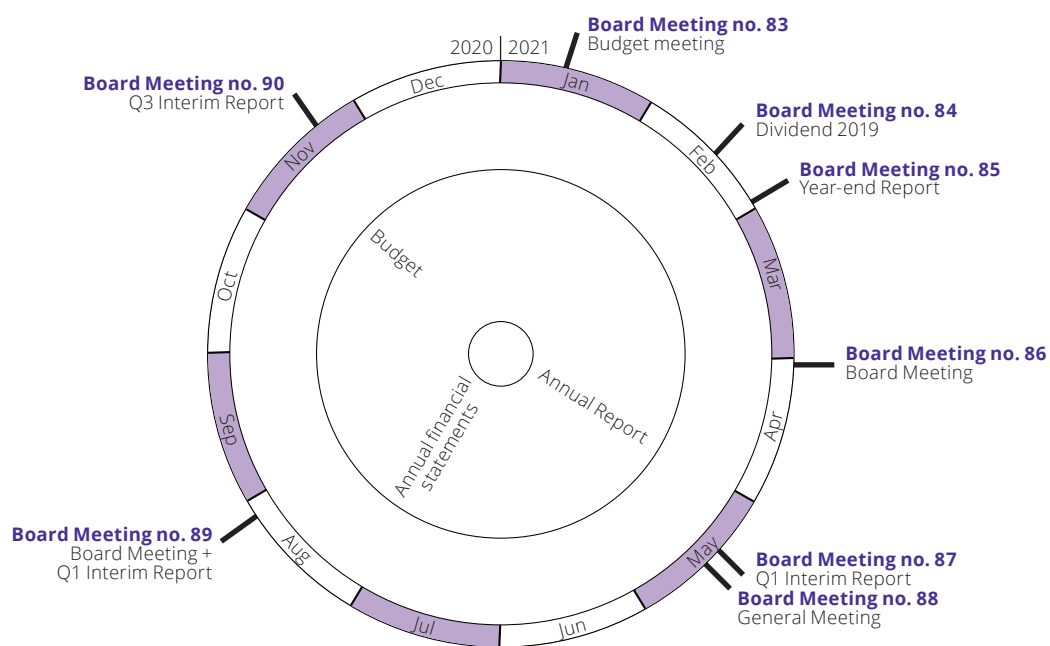
At the annual meeting of shareholders on 15 May 2020, it was established that the board of directors is to have four members elected at the meeting, without deputies. At the annual meeting of shareholders on 15 May 2020, until the time for the next annual meeting of shareholders which will take place on 20 May 2021, the members of the board of directors Hans Jacobsson, Staffan Hillberg, and Pierre Mårtensson were re-elected. Hans Jacobsson was re-elected as the new chairman. More information on the board of directors is presented on page 55. The group's chief executive officer, Dag Bergheim Pettersen, participates in all meetings of the board of directors to present reports. The same applies to the group's CFO, Fredrik Nielsen, and the group's Chief Controller, Henrik Hammargren. Other employees of the group participate at times in the meetings of the board of directors to present reports on specific questions.

The independence of the board of directors in relation to the company and the company's management

At Zinzino, the number of board of directors members elected at the annual meeting who are independent of the company is 100% of the members. The number of board of directors members elected at the annual meeting of shareholders who are independent of the company's largest owner is also 100%. One member of the board of directors is a woman, but in accordance with the Code, the nominating committee intends to strive for a more even gender distribution on the board.

The board of directors' work and responsibility

The board of directors determines the company's goals, strategies, budget and business plan. The board of directors is responsible for the company's organisation and management and shall ensure the quality of financial reporting and internal control. In addition, the board of directors shall consider and approve financial reports and establish important policies and regulatory systems. The board of directors shall also take major decisions outside the current administration such as investments and changes. The board of directors shall monitor operations based on goals and guidelines. The work is governed by the Swedish Companies Act, the Articles of Association, the Code and the board of directors' rules of procedure.



The board of directors shall hold a constitutive meeting annually after the annual general meeting. At the constitutive board meeting, among other things, the company's signatories must be established and the board of directors' rules of procedure reviewed and adopted. The board of directors' meetings normally deal with the company's financial situation and issues of major importance to the Company. The CEO reports on business plans and strategic issues on a continuous basis. According to the board of directors' rules of procedure, the board has a quorum when at least three members are present.

Board of directors meetings

In 2020, the board of directors held eight minute meetings. The attendance frequency of the board members is shown in the table below. Each meeting followed an agenda and decision material was sent to the board of directors prior to each board meeting. The CEO, CFO and certain other senior executives of the company attended board meetings to present matters.

Evaluation of the work of the board of directors was conducted in February–March 2020 and presented in writing to the board of directors and the nominating committee during March and then orally to the board of directors on 1 April 2020. The board of directors' evaluation of the CEO Dag Bergheim Pettersen was also carried out in March 2020.

Members' attendance at the board of directors' meetings

Hans Jacobsson chair	8/8
Staffan Hillberg member	8/8
Pierre Mårtensson member	7/8
Ingela Nordenhav member	8/8

Remuneration to board members

Remuneration and other benefits to the board and the chairman of the board are decided by the company's shareholders at the meeting of shareholders. At the annual general meeting on 15 May 2020, it was resolved to pay SEK 190,000 to Hans Jacobsson who was elected board chair and SEK 108,000 to other board members Staffan Hillberg, Pierre Mårtensson and Ingela Nordenhav. It was further decided that no remuneration shall be paid

for committee work. During the 2020 financial year, total remuneration to the board of directors amounted to SEK 514,000 and was distributed in accordance with the table on page 49.

Information for the board of directors

The board of directors' work follows the rules of procedure and the board of directors receives information from the management in the form of business activity reports in accordance with the CEO's instruction. The company's auditors report their observations from their review of the financial statements and their assessment of the company's internal procedures and controls to the board of directors.

THE BOARD COMMITTEE

Remuneration Committee

In accordance with the Code, the members of the remuneration committee must be independent in relation to the company and its management. The remuneration committee of the board of directors shall continuously evaluate the remuneration to the management based on prevailing market conditions. The current remuneration committee consists of the board chair, Hans Jacobsson, and Staffan Hillberg both of whom are considered independent in relation to the company and its management. The members of the remuneration committee are appointed annually by the board of directors. The remuneration committee's main tasks are to (a) prepare and propose decisions regarding remuneration and other terms of employment for the company's senior executives, (b) monitor and evaluate remuneration structures, remuneration levels and programmes for various remuneration programmes for senior executives and (c) monitor and evaluate the outcome of variable remuneration and the company's compliance with the remuneration guidelines adopted by the meeting of shareholders. After the 2020 annual general meeting, the remuneration committee has had two meetings up to the reporting date.

Members' attendance at the Remuneration Committee

Hans Jacobsson	2/2
Staffan Hillberg	2/2

The audit committee

Zinzino's audit committee was established at the constitutive board meeting on 15 May 2020 and consists of the board chair Hans Jacobsson (chair) and Ingela Nordenhav. Both members of the audit committee are independent of the company, its management and its major shareholders. The work of the audit committee is governed by specific instructions adopted by the board of directors as part of its rules of procedure. The audit committee is responsible for ensuring the quality of financial reporting and the effectiveness of internal control and risk management in relation to financial reporting. In brief, without prejudice to the other responsibilities and duties of the board of directors, the audit committee shall meet with the company's auditors on an ongoing basis to obtain information on the focus and scope of the audit. The company's auditor shall be invited to attend the meetings of the audit committee. The audit committee shall meet at least three times per financial year. At least once a year, a meeting shall be held when no member of the management is present. Minutes shall be kept of meetings of the audit committee. The audit committee shall inform the board of directors of what has been discussed in the committee. Up to the reporting date, the committee has held two meetings.

Members' attendance at the Audit Committee

Hans Jacobsson 2/2

Ingela Nordenhav 2/2

AUDITING

Zinzino's elected auditors are Öhrlings PricewaterhouseCoopers AB (PwC) with Fredrik Göransson as the principal auditor. Fredrik Göransson is an authorised public accountant and has been Zinzino's auditor since the annual meeting of shareholders in 2018. Fredrik has audit assignments in areas such as HMS Networks AB (publ), Bufab AB (publ) and PowerCell Sweden AB (publ). The audit of the year's financial statements is carried out in January–February. The audit of the year's annual report is carried out in March and April. As part of the audit, an evaluation of internal procedures and control systems is carried out on an ongoing basis during the year. The conclusions of the audit are reported to the group's CEO, CFO and board's audit committee. In addition to the audit assignment, Zinzino has used PwC AB for advice on accounting and tax matters.

CEO AND BUSINESS MANAGEMENT

The board of directors appoints the CEO. The CEO leads the company, manages the ongoing administration and is responsible for ensuring that the board of directors receives the information required for its commitments. The CEO is not a member of the board of directors. The CEO presents reports to the board of directors and participates in meetings, except when the CEO himself is being evaluated, when the board of directors meets the auditor without the company management or if the board of directors so decides. The division of responsibilities between the board of directors and the CEO is described in a written CEO instruction that is subject to annual revision. The CEO appoints members of the management team. The management team is to conduct business operations and monitor developments. At the beginning of 2020, the management team consisted of Dag Bergheim Pettersen (CEO), Fredrik Nielsen (CFO), Henrik Hammargren (HBC), Jakob Spijker (COO), Daniel Vennerstrand (CTO), Gabriele Helmer (CMO) Henrik Schultz (CPM) and Katriin Laanep (Head of Support).

REMUNERATION

The remuneration of the board of directors is decided by the annual meeting of shareholders. A remuneration committee appointed from within the board of directors shall prepare guidelines relating to salaries and other employment conditions for the chief executive officer and other senior executives and submit proposals to the board of directors for decisions on such questions. The board of directors decides on the salary and other remuneration of the CEO and variable remuneration of other senior executives. The CEO will make decisions on salaries and other remuneration to other senior executives in accordance with the board of directors' guidelines. Other senior executives refer to seven individuals who together with the CEO constitute the group management.

REPORT ON REMUNERATION TO THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES 2020

Remuneration and other benefits 2020	Base salary/ Board fees	Variable remuneration	Other benefits	Pension costs	Consultant fees	Total
Board Chair Hans Jacobsson	190	-	-	-	-	190
Board Member Staffan Hillberg	108	-	-	-	-	108
Board Member Pierre Mårtensson	108	-	-	-	-	108
Board Member Ingela Nordenhav	108	-	-	-	-	108
CEO Dag Bergheim Pettersen	3,091	995	112	340	-	4,538
Other senior executives (7 persons)	6,210	570	413	1,298	-	8,491
TOTAL	9,815	1,565	524	1,638	-	13,542

Fees are paid to the board chair and members of the board as approved by the annual general meeting 15/05/2020, at SEK 190,000/year to the board chair and SEK 108,000/year to other members. For other members of the board who receive their salary through employment in any group company, board fees have not been paid. Remuneration to the CEO and other senior executives will consist of base salary, variable remuneration, other benefits, pensions, etc. Other senior executives refer to the seven individuals who together with the CEO constitute the group management. The distribution between fixed and variable remuneration shall be proportionate to the responsibilities and powers of the executive. For 2020, 100% of the measurable targets set by the board for revenue growth and EBITDA results were achieved, resulting in the maximum pay out of the variable remuneration for 2020 according to the applicable guidelines. For the CEO, the variable remuneration is maximised at 50% of the base salary. For other senior executives, variable remuneration is maximised at 8.3% of the base salary.

Pension benefits as well as other benefits to the CEO and other executives are paid as part of the total remuneration.

THE BOARD OF DIRECTORS OF ZINZINO AB (PUBL) PROPOSES THAT THE 2021 ANNUAL GENERAL MEETING RESOLVE ON GUIDELINES FOR REMUNERATION TO THE SENIOR EXECUTIVES AS FOLLOWS:

Scope of the guidelines. etc.

These guidelines cover the individuals who, during the period of validity of the guidelines, are members of the Group Management of Zinzino AB (publ), hereinafter collectively referred to as "senior executives". The guidelines shall apply to remuneration agreed and changes made to remuneration already agreed, after the guidelines have been adopted by the annual general meeting 2021. The guidelines do not apply to remuneration approved by the annual general meeting. The guidelines shall apply indefinitely, but at the latest until the 2025 annual general meeting.

Promoting Zinzino's business strategy, long-term interests and sustainability

The successful implementation of the company's business strategy and the safeguarding of the company's long-term interests requires the company to be able to recruit and retain qualified employees. Zinzino strives to become the leading direct sales company in the world. To achieve this, the company is working to grow sales and create additional profitability in its various markets. It is key for Zinzino to create incentives among senior executives for commitment, forward thinking and activities that drive sales and profitability while strengthening the Zinzino brand in a sustainable manner. Senior executive remuneration must ensure that the company is able to recruit and retain qualified employees and that management has the right focus and is encouraged to adopt the correct behaviours. The forms of remuneration should be market-based and competitive based on the conditions in the markets in which Zinzino operates and designed to motivate senior executives to do their utmost to create shareholder value. Individual remuneration levels are based on experience, skills, responsibilities and performance and the country in which the executive is employed. These guidelines contribute to the Company's business strategy, long-term interests and sustainability as set out below in relation to variable remuneration criteria and contribute to the Company's ability to retain qualified employees in the long term.

Principles for different types of remuneration

The total remuneration of senior executives must be in line with

market conditions and consist of a base salary (fixed cash remuneration), variable cash salary, pension benefits and other benefits. In addition – and independently of these guidelines – the General Meeting may resolve on, for example, share and share price related remuneration.

Fixed remuneration

The fixed remuneration, the base salary, shall be based on the individual executive's responsibilities, authorities, skills, experience and performance.

Variable remuneration

The distribution between fixed and variable remuneration shall be proportionate to the responsibilities and powers of the executive. Variable remuneration shall always be limited in advance to a maximum amount and linked to predetermined and measurable criteria, designed to promote the company's growth strategy and long-term value creation.

Annual variable remuneration

For senior executives, the annual variable remuneration (annual bonus) shall be capped at 50% of the fixed annual base salary for the CEO and 8.3% for other senior executives. The variable remuneration shall be based on the targets set by the board of directors. The targets are related to EBITDA results and sales growth. All members of the group management have the same target for annual variable remuneration in order to promote the interests of the shareholders, the company's values and to jointly strive to achieve the company's business strategy, long-term interests and sustainable development of the company.

Determination of the outcome of variable remuneration, etc.

At the end of the measurement period for the fulfilment of the criteria for the payment of variable cash remuneration, the board of directors, acting on a proposal from the remuneration committee, shall determine the extent to which the criteria have been fulfilled. In its assessment of the fulfilment of the criteria, the board of directors, acting on a proposal from the remuneration committee, may grant exceptions to the targets set on the grounds set out below. As regards the achievement of financial targets, the assessment shall be based on the most recently published financial information of the company with any adjustments determined in advance by the board of directors when implementing the programme. Variable cash remuneration is paid at the end of the measurement period (annual variable remuneration).

Zinzino is actively engaged in ensuring that the company is managed in the most sustainable, responsible and efficient manner possible and that applicable laws and regulations are complied with. Zinzino also applies internal rules that include a Code of Conduct and various group-wide governance documents (policies, instructions and guidelines) in a number of areas. Variable remuneration shall not be paid and variable remuneration shall be recoverable if senior executives have acted in violation of these rules, principles or the company's code of conduct. No variable remuneration shall be paid if profits before tax are negative. The board of directors shall have the possibility, by law or contract, to recover all or part of any variable remuneration paid on an incorrect basis.

Other variable remuneration

Additional variable cash compensation may be paid in extraordinary circumstances, provided that such extraordinary arrangements are made solely for the purpose of recruiting or retaining executives. Such remuneration may not exceed an

amount equal to 100% of the base salary and may not be paid more than once a year per individual. Resolutions on such remuneration shall be adopted by the board of directors acting on a proposal from the remuneration committee. In addition to the above variable remuneration, there may be from time to time approved share or share price-related incentive schemes as described above.

Pension and health insurance

Pension rights for the CEO shall apply from the age of 65. Pension premiums for the CEO shall not exceed 30% of the fixed base salary and shall be a defined contribution. Variable cash remuneration shall not be pensionable. For other senior executives, the retirement age is also 65 years. The pension agreement stipulates that the pension premium shall amount to a maximum of 30% of the pensionable salary and be a defined contribution according to ITP2. No pension commitments have been made for board members who do not have permanent employment in any group company.

With respect to employment relationships governed by regulations other than Swedish regulations, appropriate adjustments may be made in respect of pension and other benefits to comply with such mandatory regulations or established local practice, whereby the overall purpose of these guidelines shall be met as far as possible.

Other benefits

Other benefits, such as a company car, extra medical insurance and occupational health care, shall be paid to the extent that this is deemed to be in line with market conditions for senior executives in equivalent positions in the labour market in which the executive is employed. The total value of these benefits may not exceed 15% of the fixed base salary.

Terms of termination

Senior executives shall be employed for an indefinite period. A mutual notice period of 6 months applies between the company and the CEO. In the event of termination by the company, the salary is paid for 6 months even if the CEO is exempted from work. A mutual notice period of 3–6 months applies between the Company and other senior executives.

Salary and employment terms for employees

In preparing the board's proposal for these remuneration guidelines, the remuneration and terms of employment of the Company's employees have been taken into account by providing information on the total remuneration of employees, the components of remuneration and the increase and rate of increase of remuneration over time as part of the decision-making process of the remuneration committee and the board in evaluating the appropriateness of the guidelines and the limitations imposed by them. The development of the gap between the remuneration of senior executives and that of other employees will be reported in the remuneration report to be submitted for the first time in 2022.

The decision-making process for determining, reviewing and implementing the guidelines

The board has already established a remuneration committee. The committee's duties include preparing the board's decision on the proposed guidelines for the remuneration of senior executives. These are reviewed annually by the board and presented for approval at the annual general meeting. The guidelines shall remain in force until new guidelines are adopted by the annual general meeting, but no later than the annual general meeting in 2025. The remuneration committee shall also monitor

and evaluate variable remuneration plans for senior management, the application of the guidelines for remuneration of senior executives and the current remuneration structures and levels in the company. The CEO and other members of the company management are not present when the board of directors discusses and decides on remuneration-related issues when they are affected by the issues.

Derogation from the guidelines

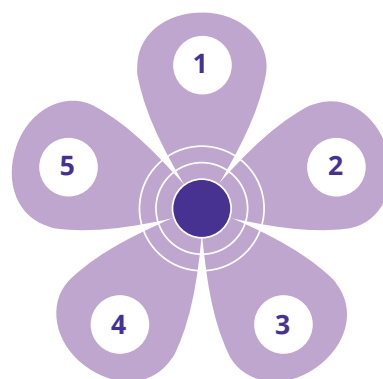
The board of directors may decide to temporarily derogate from the guidelines in whole or in part if there are special reasons for doing so in an individual case and a derogation is necessary to meet the long-term interests of the company, the sustainable development of the company or to ensure the financial viability of the company. As stated above, the remuneration committee's tasks include preparing the board's decisions on remuneration issues, including resolutions on derogation from the guidelines.

Other

The guidelines provide for a level of remuneration that is broadly consistent with the 2020 financial year. Details of remuneration etc. to senior executives in the 2020 financial year are shown on page 83 (part of note 8 to the 2020 Annual Report), including any previously approved remuneration that has not yet become payable.

INTERNAL CONTROL, RISK MANAGEMENT AND INVESTOR RELATIONS

According to the Companies Act and the Code, the board of directors is required to ensure that Zinzino has satisfactory internal controls to keep informed of Zinzino's internal control system and to assess how well the system works. Zinzino's work with internal control can be divided into the control environment, risk assessment, control activities, information as well as communication and follow-up. The board of directors will use the rules of procedure and instructions for its own and the CEO's work for the purpose of effectively managing the risks of the business. The responsibility for maintaining an effective control environment and internal control relating to financial reporting is delegated to the chief executive officer. For external communication there are guidelines which ensure that correct information is distributed to the market. In conjunction with the issuance of reports, the board of directors always meets at an ordinary meeting or by telephone and before publication formally approves the proposed report which the management has produced.



1. Control environment
2. Risk assessment
3. Control activities
4. Information and communication
5. Follow-up

CONTROL ENVIRONMENT

The control environment is the basis for internal control. Zinzino's control environment includes sound values, integrity, competencies, leadership philosophy, organisational structure, responsibilities and authorities. Zinzino's internal work rules, instructions, policies, guidelines and manuals guide employees. Zinzino ensures clear roles and responsibilities for the efficient management of business risks through, among other things, the rules of procedure of the board of directors, the instructions of the audit committee and the instructions of the CEO. The CEO reports regularly to the board, including between board meetings. In day-to-day operations, the CEO is responsible for the system of internal controls necessary to create a control environment to manage material risks. Zinzino also has guidelines and policies regarding financial management and monitoring and communication issues. Frameworks exist for credit and currency management.

CONTROL ACTIVITIES

Control activities have the primary objective of preventing, detecting and correcting errors in financial reporting based on an established system. Zinzino performs monthly detailed monitoring of various activities at the account level in order to analyse discrepancies and detect material errors in the financial statements. Zinzino also performs monthly analysis of the consolidated balance sheet assets and liabilities. Zinzino has an audit committee which contributes to enhanced control of the group's financial reporting and the Company's internal procedures.

RISK ASSESSMENT

The board of directors has the ultimate responsibility for the risk assessment and annually assesses risks and seeks to achieve a high level of awareness of risks among employees. Identified risk areas are primarily financial reporting, operational risks and legal risks. For information on the main operational and legal risks identified by the company, see the management report page 43–44. Zinzino conducts ongoing risk assessments to identify potential sources of error in financial reporting. Risks of material misstatement of the financial statements may arise from the recognition and measurement of assets, liabilities, income and expenses or from deviations from disclosure requirements. Zinzino's risk assessment of financial reporting aims to identify and evaluate the most significant risks.

INFORMATION AND COMMUNICATION

Zinzino has been listed since 2010 (at the time on the Aktietorget stock market) and has long experience in financial external communication. Zinzino has an organisation and procedures to ensure that the financial reporting is accurate. The work is guided by internal control documents that define who should do what to ensure that the right information reaches interested parties correctly. Zinzino has an information policy to ensure good quality of external and internal information and that it meets the stock market's requirements for disclosure. The purpose is to convey information externally and internally in a trustworthy manner so that Zinzino's knowledge and confidence is maintained and developed. The control document contains procedures for press releases, financial reports, meetings, issues, website, registration of insiders, management of logbook and so on.

All reports and press releases are published simultaneously with the publication on Zinzino's website.

FOLLOW-UP

The board continuously evaluates the information provided by company management, which includes both financial information and significant internal control issues. The board of directors and the audit committee continuously monitor the effectiveness of internal control, which, in addition to continuous updating in the event of deviations, is done, among other things, by ensuring that measures are taken in response to the proposed measures that may have emerged from external audits. The audit committee deals specifically with the issue of internal control.

INTERNAL AUDIT

Zinzino did not have a separate internal audit function during the financial year. The audit committee and the CFO have paid particular attention to these issues. The board of directors annually evaluates the need to set up an internal audit function.