

## A word from the Chairman of the Board

**When reports are written about the need for railway maintenance, I never hear a cry of “fake news”. The need for maintenance seems to be virtually insatiable. However, this is not the main reason for the NV Group’s expanded and long-term investment in Railcare Group AB. Rather it is our belief in the Company’s entrepreneurial culture and in its innovative and customisation capabilities.**

If you were to sum up how Railcare operates, you would say “doing things differently”. The Swedish term for this originates in northern Sweden and is a positive expression meaning the opposite to conformity. It is a key element of Railcare’s corporate culture with the

implications of believing in change, in employees’ willingness to take responsibility and in finding unexpected ways of solving problems.

For the Board of Directors and personnel, it is far more than a slogan. It is about having the courage to invest, develop new technology and challenge working methods in collaboration with our customers.

Well-known examples of this from the past, in addition to the core business of vacuum technology and adapted transport solutions, include Railcare’s development of a snow melter, relining for culvert renovations and battery-powered railway machines (MPVs).

As we sum up the latest financial year, the natural question is: Have we been doing things differently in 2022? In some areas the answer is clear-cut.

At the end of 2021/beginning of 2022, we announced our target of reducing fossil fuel emissions in our operations by 40 percent by 2025, which presupposes a raft of changes in working methods. During the year, Railcare has started to develop the next-generation MPV, which has pantographs to enable it to charge from overhead lines. This technology is contributing to a sustainable

transition of railway maintenance vehicles, and also creates opportunities for further transformations in the industry.

In northern Sweden, where the green industry is taking shape, the railways are crucial to enabling climate-smart, efficient transport solutions. Stricter environmental requirements and a new signalling system are also paving the way for additional assignments for Railcare’s workshops.

At the beginning of 2023, the Board set new targets: achieving SEK 800 million in sales through organic growth with at least 10 percent profitability by 2025.

The main challenge for the Company now, which was established 30 years ago, is to grow further while retaining its entrepreneurial spirit by nurturing its corporate culture and attracting the right skills. In short, it needs to continue to challenge traditional solutions and create uniqueness while creating value and doing things differently.

Anders Westermark  
 Chairman of the Board, Railcare Group AB



# Corporate Governance Report

**Railcare Group AB (publ), with corp. ID no. 556730-7813, is a Swedish public company subject to Swedish law, primarily the Companies Act and the Annual Accounts Act.**

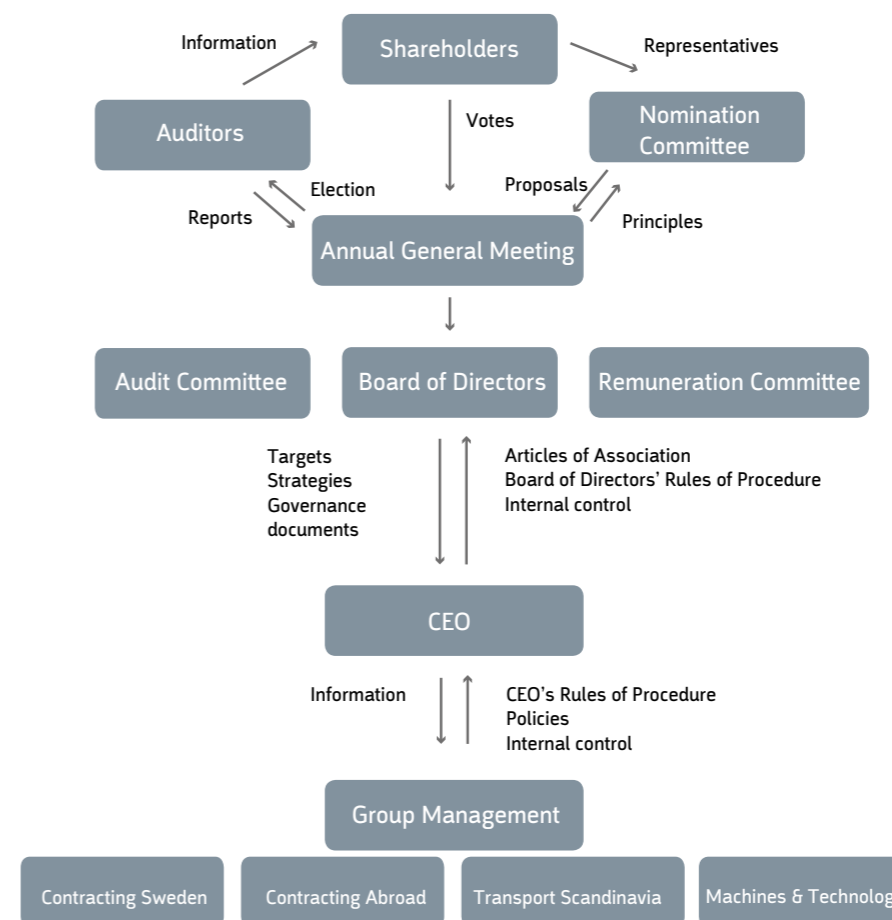
**The Company’s registered office is located in Skellefteå, Sweden, and the Company also has offices in Skelleftehamn and Stockholm, Sweden. Railcare Group AB’s shares are listed on the Nasdaq Stockholm exchange. Railcare’s Articles of Association, its internal guidelines and policies, Nasdaq’s rules for issuers and the Swedish Corporate Governance Code form the basis for Railcare’s corporate governance.**

## ARTICLES OF ASSOCIATION

The name of the Company is Railcare Group AB and the Company is a public limited liability company. The Board of Directors shall have its registered office in the municipality of Skellefteå, Sweden. The Company’s operations are to carry out contracting operations and sell expert knowledge in the civil engineering industry, as well as other related operations. Amendments to Railcare’s Articles of Association are made in accordance with the provisions of the Companies Act. The Articles of Association, which include information on share capital, the number of Board members and auditors, and regulations governing the notice to convene the AGM and the agenda of the Annual General Meeting are available on the Company’s website, [www.railcare.se/en/](http://www.railcare.se/en/).

## THE SWEDISH CORPORATE GOVERNANCE CODE

Railcare’s corporate governance is based on the Swedish Corporate Governance Code, referred to as “the Code”. The Code is based on the principle of “comply or explain”, which means that a company that applies the Code may deviate from individual rules.



Deviations from the Code and the reasons for such deviations are reported continuously in the text. In 2022, Railcare has deviated on one point, in the section on nomination committees.

### SHAREHOLDERS

Railcare's share has been listed on Nasdaq Stockholm Small Cap under the ticker "RAIL" since 2018. According to the share register, maintained by Euroclear Sweden, Railcare had 24,124,167 shares on 31 December 2022. The share capital amounted to approximately SEK 9.9 million and the quotient value is SEK 0.41 per share. All shares are of the same class and have the same voting rights.

The largest shareholder as of 31 December 2022 was Norra Västerbotten Fastighets AB at 29.5 percent. Some of Railcare's shareholders are registered abroad or in mutual funds, and are therefore not visible by name in the register of shareholders. For more information on the share and shareholders, see pages 28-30.

### ANNUAL GENERAL MEETING

In accordance with Railcare's Articles of Association, the Annual General Meeting shall be announced by means of an advertisement in Post- och Inrikes Tidnin-

gar (the Swedish Official Gazette) and by making the announcement available on the Company's website, [www.railcare.se/en/](http://www.railcare.se/en/), and by advertising it in Dagens Industri (Swedish financial newspaper).

In accordance with the Swedish Companies Act, the Annual General Meeting shall be convened no earlier than six weeks, and no later than four weeks, prior to the Meeting. An Extraordinary General Meeting at which an amendment to the Articles of Association is to be addressed shall be announced no earlier than six weeks, and no later than four weeks, prior to the Meeting, while other Extraordinary General Meetings shall be announced no earlier than six weeks, and no later than three weeks, prior to the Meeting.

Shareholders entitled to attend and vote at the Annual General Meeting, either in person or by proxy with a power of attorney, are those who are entered in the Company's share register maintained by Euroclear Sweden on the sixth (6th) banking day prior to the Annual General Meeting (that is, on the record date) and who notify the Company of their intention to participate no later than the date stated in the announcement of the Meeting.

To participate in the AGM shareholders with nominee-registered shares, in addition to registering for participation in the AGM, are required to register their shares in their own name to ensure the shareholder is included in the share register on the record date. A shareholder may be accompanied by an assistant at the General Meeting if the shareholder notifies the Company thereof in advance. Each shareholder in the Company registering a matter sufficiently early, is entitled to have that matter addressed by the Annual General Meeting.

Upon written request to the Board of Directors, shareholders are entitled to have matters addressed by the Annual General Meeting. Such requests must have been received by the Board of Directors no later than seven weeks prior to the Meeting. The request shall be addressed to the Board of Directors, but sent to Railcare Group AB, FAO. Anders Westermark, Box 34, SE-932 21 Skelleftehamn, Sweden.

At the Annual General Meeting, information is provided regarding the Company's progress over the preceding year and resolutions are made on key matters. At the Annual General Meeting, shareholders have the opportunity to ask questions about the Company and

its earnings for the year in question. To be entitled to participate in the Annual General Meeting and vote in accordance with their shareholdings, shareholders must have been included in the share register and have submitted notification of their participation within a certain period. Shareholders unable to attend in person may vote by proxy.

### Annual General Meeting 2022

Railcare's Annual General Meeting in 2022 took place on 4 May 2022, at 1 p.m. at the Company's premises at Näsuddsvägen 10, in Skelleftehamn, Sweden. All of the Board members, the majority of Group Management, the Company's auditors and the Chairman of the Nomination Committee attended the AGM. At the Annual General Meeting, 43.3 percent of all shares and votes were represented.

Among other matters, the Annual General Meeting resolved:

- to distribute the Company's profit by means of a dividend of SEK 0.60 per share
- to discharge the Board members and CEO from liability

- to re-elect Board members Adam Ådin, Anders Westermark, Anna Weiner Jiffer, Björn Östlund, Catharina Elmsäter-Svärd and Ulf Marklund.
- to elect Anders Westermark as Chairman of the Board
- to re-elect audit firm Ernst & Young Aktiebolag, with authorised auditor Fredrik Lundgren as principal auditor

The full minutes of the Annual General Meeting and other information regarding the Meeting is available at [www.railcare.se](http://www.railcare.se).

### Annual General Meeting 2023

Railcare's Annual General Meeting in 2023 will take place on 4 May 2023 at 11:00 a.m. at the Company's premises at Näsuddsvägen 10 in Skelleftehamn, Sweden. For further information on the Annual General Meeting, please see the notice published on Railcare's website, [www.railcare.se/en/](http://www.railcare.se/en/).

### NOMINATION COMMITTEE

The task of the Nomination Committee is, on behalf of the shareholders, to evaluate the composition and work of the Board, prepare the AGM's resolutions for voting on and issues relating to fees, and, if necessary, propose

guidelines for how the Nomination Committee shall be appointed and work.

The most recently approved guidelines for appointing the Nomination Committee and its work were adopted by the Annual General Meeting on 4 May 2022. The adopted guidelines apply until further notice.

The Nomination Committee held two minuted meetings ahead of the 2023 AGM. The Nomination Committee's complete proposals to the AGM are presented in the notice to attend and on the Company website.

### Composition

The guidelines state that the Nomination Committee shall comprise the Chairman of the Board, who also convenes the first meeting, and a further two members appointed by the two largest shareholders in the Company in terms of votes on 30 September. If either of the two largest shareholders by votes does not exercise its right to appoint a member, the next largest shareholder by votes shall have the right to appoint a member to the Nomination Committee. The composition of the Nomination Committee shall follow the Swedish Corporate Governance Code, the Code, unless a deviation can be justified and reported. The Chairman of the Nomina-

tion Committee shall be the member appointed by the largest shareholder by votes unless the members agree otherwise. The composition of the Nomination Committee shall be published no later than six months prior to the planned AGM.

### Nomination Committee for Railcare Group's Annual General Meeting 2023

The Nomination Committee was set up in accordance with the guidelines and comprises Anders Westermark (Chairman of the Board), Lina Ådin (appointed by Treac AB), and Jonas Holmqvist (appointed by Norra Västerbotten Fastighets AB). The Nomination Committee appointed Lina Ådin as Chairman. Combined, the members of the Nomination Committee represent 39.5 percent of the total number of shares and votes in the Company (as of 30 September 2022).

All the members of the Nomination Committee are independent with regard to the Company and management. None of the members of the Nomination Committee are independent with regard to the Company's largest shareholders. This is a deviation from rule 2.3 of the Code, which states, for example, that at least one member of the Nomination Committee is to be independent of the Company's largest shareholder in terms

of votes. The Company's largest shareholder deems the deviation to be appropriate in light of the Company's ownership structure and the fact that the members are knowledgeable about the Company and its operations. No remuneration was paid to the Nomination Committee.

### BOARD OF DIRECTORS

The Chairman of the Board and Board members are elected annually at the Annual General Meeting for the period until the next Annual General Meeting has been held. Nominations are made by the Nomination Committee comprising the Chairman of the Board and two representatives appointed by Railcare Group AB's largest shareholders, and according to the Articles of Association, the Board of Directors shall consist of five to seven members.

The Board of Directors is the second highest decision-making body after the General Meeting. Chapter 8 of the Swedish Companies Act describes the Board's responsibilities, which include the Company's organisation and the management of the Company's affairs, as well as continuously assessing the Company's and, if the Company is the Parent Company in a Group, the Group's financial position. Two of six members of

Railcare Group AB’s Board of Directors are women. For more information on the Board, see page 54 and pages 57-58.

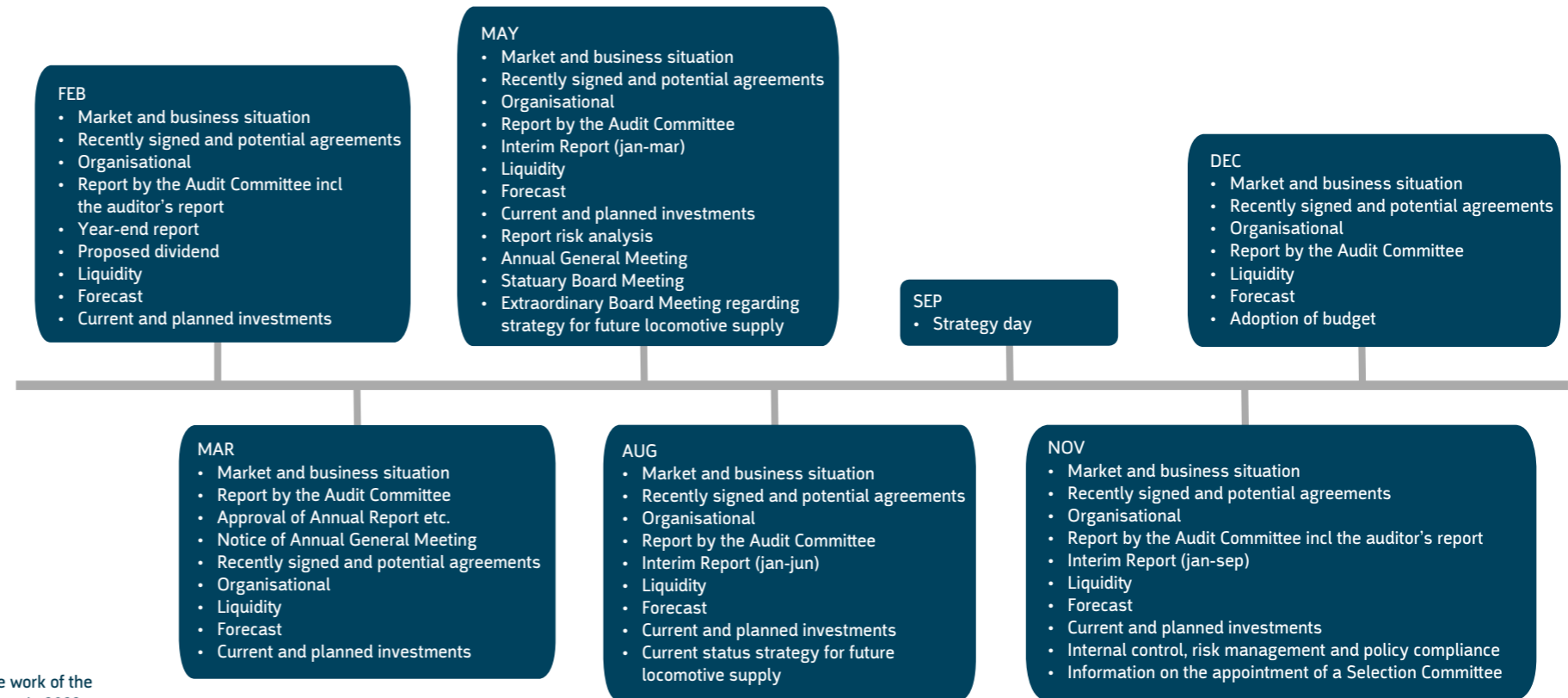
**Diversity Policy**

The Company complies with the Code and thereby applies rule 4.1 of the Code. The Company has also prepared a Diversity Policy that the Nomination Committee also follows when proposing Board members.

**Excerpts from Railcare’s Diversity Policy:**

The Nomination Committee shall take into account age, gender, education and professional background, and propose a Board with the scale and composition that ensures its ability to manage the Company’s affairs with integrity and efficiency. The Board of Directors, which the Nomination Committee proposes, shall have a suitable composition considering the Company’s operations, development stage and other conditions, and be characterised by diversity and breadth in terms of the competencies, experience and background of the members elected by the General Meeting. An even gender distribution shall be sought when electing Board members.

Extract from the work of the Board of Directors in 2022



The Nomination Committee shall also consider Guidelines on the assessment of the suitability of members of the management body and key function holders (EBA/GL/2012/06) and other specific regulatory requirements regarding the composition of the Board.

### Independence of the Board of Directors

According to the Code, a majority of the Board's members shall be independent in relation to the Company and Group Management, and at least two of such Board members shall also be independent in relation to the Company's major shareholders. A majority of Railcare's Board members are independent. Five of the six Board members are independent in relation to Railcare and its senior executives, and five of the six Board members are independent in relation to the Company's largest shareholders.

### WORK OF THE BOARD OF DIRECTORS

In 2022, the Board of Directors of Railcare comprised Anders Westermark (Chairman from the AGM), Catharina Elmsäter-Svärd, Ulf Marklund, Anna Weiner Jiffer, Adam Ådin and Björn Östlund.

The Board held eight minuted Board meetings during the year. The CEO participates in each Board meet-

ing and reports on the Company's current situation, including market conditions and the business position. Other employees may participate during Board meetings when necessary. In the sessions where the Board discusses the CEO, the CEO, Deputy CEO and other employees from the Company do not participate. Once a year, the work of the CEO and Group Management is evaluated.

The Board's Rules of Procedure are established at the statutory Board meeting held directly after the Annual General Meeting. The Board's Rules of Procedure present the duties that the Board is to carry out and when each agenda item shall be addressed, depending on the Board meeting and quarter. Examples of duties include determining the Company's business plan including budget, overall goals and strategies; appointing, evaluating and when necessary dismissing the CEO; adopting Interim Reports, the Year-end Report and Annual Report; and ensuring that the Company has good internal control. The Board has also adopted instructions for the CEO that outline the CEO's responsibilities and duties.

The Chairman of the Board is responsible for ensuring that Board members, through the care of the CEO, continuously receive the information necessary to

monitor the Company's position, performance, liquidity, financial planning and progress. It is incumbent on the Chairman to fulfil the Annual General Meeting's assignment regarding the establishment of a Nomination Committee.

In addition to the statutory Board meeting, the Board of Railcare Group AB shall hold at least seven meetings per calendar year and extraordinary meetings shall be held if a Board member or the CEO so request. Prior to

each Board meeting, information and documentation is distributed over a digital system.

For Board members elected by the Annual General Meeting who are not employees and members of the Board's various committees who are not employees, Board fees were paid at an amount of SEK 200,000 to the Chairman of the Board and SEK 100,000 to each of the other Board members. For more information on the Board, see the table below and pages 57-58.

### The Board's independence, attendance and remuneration

	Independent in relation to Railcare and its senior executives	Independent in relation to major shareholders	Attendance at Board meetings	Attended AGM	Audit Committee	Remuneration Committee	Remuneration in 2022
Anders Westermark	Yes	No	7 (8)	Yes	6 (6)	1 (1)	200,000
Catharina Elmsäter-Svärd	Yes	Yes	8 (8)	Yes	-	1 (1)	100,000
Anna Weiner Jiffer	Yes	Yes	8 (8)	Yes	-	1 (1)	100,000
Adam Ådin	Yes	Yes*	8 (8)	Yes	6 (6)	1 (1)	100,000
Björn Östlund	Yes	Yes	8 (8)	Yes	6 (6)	1 (1)	100,000
Ulf Marklund	No	Yes	7 (8)	Yes	-	-	-

\* Up to and including November 2022, Adam was not independent in relation to major shareholders.

### Audit Committee

In 2022, the Audit Committee, a committee of the Board of Directors, comprised Adam Ådin, (Chairman), Anders Westermark and Björn Östlund. The Audit Committee is a preparatory body within the Company's Board of Directors that shall, for example, ensure that the Board of Directors meets its supervisory responsibilities with regard to internal control, risk management, accounting and financial reporting, as well as regulatory compliance. The work of the Audit Committee is regulated by special instructions adopted by the Board of Directors as part of its Rules of Procedure. In this connection, the Audit Committee shall contribute in particular to good financial reporting and to maintaining the market's confidence in the Company.

The Audit Committee shall ensure qualified, efficient and independent external auditing of the Company and effective communications between the Board of Directors and the external auditor.

The Audit Committee shall normally meet at least five times per calendar year. Once a year, a meeting should be held at which no member of management is present. Minutes shall be kept of the meetings of the Audit Committee. The Audit Committee shall inform the Board of

Directors of what has been discussed by the Committee. In 2022, the Audit Committee held six meetings, four of which were held in connection with the quarterly closing of the accounts. Discussions primarily concerned the Company's profit and financial position, internal control, risk management, quarterly reports, etc.

### Remuneration Committee

The Board of Directors has decided that the entire Board of Directors, excluding Board members who are also members of Group Management, shall comprise the Remuneration Committee.

The duties of the Remuneration Committee are:

- to approve proposals for guidelines for remuneration to senior executives, for subsequent adoption by the Annual General Meeting,
- to set guidelines for individual remuneration to the CEO, and propose guidelines to the CEO for individual remuneration to other senior executives, thereby ensuring that these proposals are in accordance with the Company's remuneration principles established by the Annual General Meeting, and
- to monitor the system by which the Company complies with the law, applicable stock exchange

regulations and the Swedish Corporate Governance Code regarding regulations on the disclosure of information related to remuneration to senior executives.

During 2022, the Remuneration Committee comprised the entire Railcare Board of Directors, excluding Ulf Marklund, according to point 9.2 of the Code. The Remuneration Committee is convened as necessary and held one meeting where minutes were kept in 2022.

### Assessment of the work of the Board of Directors

At the end of the year, the Board of Directors' work is assessed with the aim of improving the work and efficiency of the Board of Directors. The Chairman of Railcare's Board of Directors, Anders Westermark, is responsible for the assessment and for presenting it to the Nomination Committee. At the end of 2022, the Chairman of the Board distributed a survey to which all members were required to respond. The responses were collected and presented to the full Board of Directors. The results of the assessment were then submitted to the Nomination Committee at a minuted meeting.

### CEO AND GROUP MANAGEMENT

In 2022, Group Management comprised Mattias Remahl, CEO and CFO, Jonny Granlund, Business Area Manager for Contracting Sweden and Transport, Ulf Marklund, Deputy CEO and Operations Manager for Railcare Machine AB, and Lisa Borgs, IR and Accounting Manager.

Daniel Öholm, former CEO and Business Area Manager for Contracting Abroad, participated in the work of the Group Management during the first half of the year. Ulf Marklund and Jonny Granlund are engaged on a consulting basis. More information about transactions with related parties can be found in Note G28. For more information on Group Management, see page 59.

Mattias Remahl has held the role of both CEO and CFO throughout 2022. The roles differ, although many areas of responsibility are similar. In this report, we distinguish between the two roles' areas of responsibility.

The CEO leads the operating activities according to internal and external steering documents and is responsible for reporting on the Group's development to the Board of Directors. The CEO and CFO participate in each Board meeting and Audit Committee meeting to

- CONTENTS
- ABOUT RAILCARE
- OPERATIONS
- SHARES
- ADMINISTRATION REPORT
- SUSTAINABILITY REPORT
- FINANCIAL STATEMENTS, NOTES
- MISCELLANEOUS

report and present the Group's information according to the adopted steering documents.

Group Management meets once a month, except in July, with a focus on operational governance of the operations, and follow-up of the budget and strategic issues.

Group Management meetings are held in conjunction with meetings for Railcare's operational managers, who report on the various operations (companies). Group Management receives this information in the meeting and makes decisions on matters concerning the entire Group.



# Board of Directors



## Anders Westermark

Chairman of the Board since 2022, elected 2018

**Born:** 1959

**Position:** Chairman of the Board since 2022, Chairman of the Remuneration Committee and member of the Audit Committee.

**Other ongoing significant assignments:** Anders is an Investment Manager at Norra Västerbotten Förvaltning AB and Chairman of the Board of Stiftelsen Skelleftepress, Grit Media AB and Samköpsgruppen TU. He is also a Board member of Treac AB and several other media, property and investment companies.

**Other experience:** Anders has previous experience as CEO in the areas of media, construction and financial control.

**Education:** Graduate economist from Linköping University and has completed the Stockholm School of Economics' Executive Education programme.

**Holding in Railcare Group AB (incl. closely related parties):** Anders holds 108,500 shares directly in Railcare Group AB. Anders also represents Norra Västerbotten Fastighets AB with 7,121,395 shares in Railcare Group AB.



## Catharina Elmsäter-Svärd

Board member, elected 2016

**Born:** 1965

**Position:** Board member and member of the Remuneration Committee.

**Other ongoing significant assignments:** Catharina is CEO of Byggföretagen and Chairman of the Board of Swedish Civil Aviation Administration and AB Elmsäters i Enhörna.

**Other experience:** Catharina has been a member of the Riksdag (Swedish Parliament) for 11 years and was Minister for Infrastructure between 2010 and 2014. She was also Chairman of the Board from 2016 to 2022.

**Education:** Graduate market economist from RMI-Berghs.

**Holding in Railcare Group AB (incl. closely related parties):** Catharina holds 2,925 shares in Railcare Group AB through AB Elmsäters i Enhörna.



## Björn Östlund

Board member, elected 2019

**Born:** 1957

**Position:** Board member and member of the Audit Committee and the Remuneration Committee.

**Other ongoing significant assignments:** Björn is the owner of and a Senior Advisor at Koninfra AB. He is also Chairman of the Board of SIBEK AB and Board member of Vossloh Nordic Switch Systems AB, NVBS Rail AB and Leksands IF Ishockey AB.

**Other experience:** Björn's previous experience includes senior positions within ÅF/AFRY and the Swedish Transport Administration. He has been Deputy Director General of Banverket (the former Swedish Rail Administration), Head of Traffic at the Swedish Transport Administration, Head of the Delivery Division at Banverket, Head of Banverket Planning and Head of Banverket Production, now Infranord. He has worked in transport infrastructure since 1994 with board assignments for Botniabanan and the Tågoperatörerna (train operators) industry organisation.

**Education:** Graduate civil engineer in industrial economics from Linköping University.

**Holding in Railcare Group AB (incl. closely related parties):** Björn holds 1,502 shares in Railcare Group AB.

## Board of Directors, cont.



**Anna Weiner Jiffer**  
 Board member, elected 2016

**Born:** 1971

**Position:** Board member and member of the Remuneration Committee.

**Other ongoing significant assignments:** Anna is Chairman of the Board of Beans In Cup Holding AB, Hållbar Tillväxt AB and Polynova AB. She is a Board member of LC-Tec AB and Fortinova AB, and owner and Senior Management Consultant in Business and Company Development at Serendipity AB.

**Other experience:** Anna was previously a Board member and CEO of Real Holding i Sverige AB (publ), CEO and founder of Ellen AB and Q-Sense AB, as well as Global Business Area Manager at IKEA of Sweden. She was also a Board member of Railcare Group during 2007-2011.

**Education:** Master of Science in Civil Engineering from Chalmers University of Technology.

**Holding in Railcare Group AB (incl. closely related parties):** Anna holds 5,000 shares in Railcare Group AB.



**Adam Ådin**  
 Board member, elected 2017

**Born:** 1980

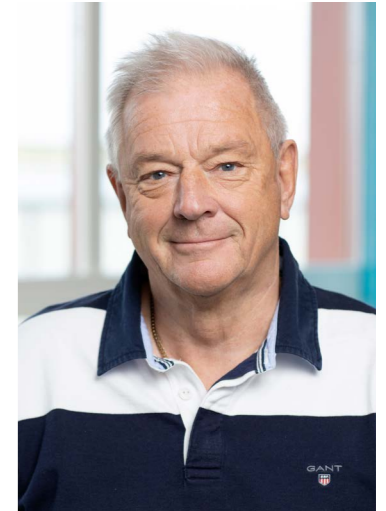
**Position:** Board member, Chairman of the Audit Committee and member of the Remuneration Committee.

**Other ongoing significant assignments:** Adam is an Investment Manager and Board member of Treac AB. He is Chairman of the Board and a Board member of several companies, primarily in Västerbotten, including Garga Group AB, Stilmek AB and Ambra AB.

**Other experience:** Adam has experience in financial management, finance, management and business development in the role of senior executive.

**Education:** MA in Business Administration from Umeå University.

**Holding in Railcare Group AB (incl. closely related parties):** Adam holds 75,000 shares directly in Railcare Group AB and represents 2,390,000 shares through Treac Aktiebolag.



**Ulf Marklund**  
 Board member, elected 2007

**Born:** 1954

**Position:** Board member and Deputy CEO of Railcare Group AB.

**Other ongoing significant assignments:** Ulf is Chairman of the Board and CEO of Matech Marin AB. He is a Board member of AC Finance AB and several small local companies in Skellefteå and its surroundings.

**Other experience:** Ulf is an innovator and developer, he co-founded Railcare Group and was previously its CEO.

**Education:** Two-year construction engineering programme at technical college.

**Holding in Railcare Group AB (incl. closely related parties):** Ulf holds 71,000 shares through Fuersson Management Ltd.

# Group Management



**Mattias Remahl**

**Born:** 1976

**Position:** CEO and CFO

**Other ongoing significant assignments:** Mattias is a Board member of Humivic AB and Kurjovikens Bränneri AB.

**Other experience:** Mattias has 16 years of experience from the metal and mining group Boliden, where he was, among other things, Finance Director of the Mining Business Area and Group Tax Manager.

**Education:** Bachelor of Business Administration, Luleå University of Technology.

**Holding in Railcare Group AB (incl. closely related parties):** Mattias holds 125,000 shares through Humivic AB.

**Employed:** 2021

**In Group Management since:** 2021



**Ulf Marklund**

**Born:** 1954

**Position:** Deputy CEO

**Other ongoing significant assignments:** Ulf is Chairman of the Board and CEO of Matech Marin AB. He is a Board member of AC Finance AB and several small local companies in Skellefteå and its surroundings.

**Other experience:** Ulf is an innovator and developer. Ulf co-founded Railcare Group AB and was previously its CEO.

**Education:** Two-year construction engineering programme at technical college.

**Holding in Railcare Group AB (incl. closely related parties):** Ulf holds 71,000 shares through Fuersson Management Ltd.

**Employed:** 1992\*

**In Group Management since:** 1992



**Lisa Borgs**

**Born:** 1978

**Position:** IR and Accounting Manager

**Other ongoing significant assignments:** Lisa has no other ongoing assignments as a member of any administrative, management or control body.

**Other experience:** Lisa has previously worked as a consultant in accounting and auditing. Since 2016, Lisa has worked closely with the Group's CFO and is responsible for the Group reporting. Lisa has over 20 years' experience of accounting and auditing.

**Education:** Bachelor of Business Administration, Dalarna University.

**Holding in Railcare Group AB (incl. closely related parties):** Lisa holds 4,450 shares in Railcare Group AB.

**Employed:** 2014

**In Group Management since:** 2022



**Jonny Granlund**

**Born:** 1967

**Position:** Business Area Manager

**Other ongoing significant assignments:** Jonny is CEO and a Board member of JOTAG AB.

**Other experience:** Jonny has previously worked at Banverket (the former Swedish Rail Administration) Industri-divisionen as Project Manager and Site Manager for major maintenance and investment work in the Eastern, Central and Northern regions in Sweden. Jonny has more than 30 years of experience working within the railway industry.

**Education:** High school, two-year engineering programme.

**Holding in Railcare Group AB (incl. closely related parties):** Jonny holds 103,213 shares in Railcare Group AB.

**Employed:** 2007\*

**In Group Management since:** 2021

\* Engaged on a consulting basis

## AUDITORS

According to Railcare's Articles of Association, the Company shall have one or two auditors, or a registered firm of auditors, examine the Company's annual accounts and the administration by the Board of Directors and the CEO. The Company's current auditor is the registered audit firm Ernst & Young Aktiebolag.

The audit firm was appointed auditor in 2007 and was re-elected at the 2022 Annual General Meeting. Fredrik Lundgren, Authorised Public Accountant and member of FAR (industry organisation for accounting consultants, auditors and advisers in Sweden), was re-elected as Auditor in Charge at the Annual General Meeting on 4 May 2022 for the period until the 2023 Annual General Meeting.

Each year, the Company's auditors report their observations from the audit to the entire Board in connection with the closing of the annual accounts. The Board also meets with the Company's auditors at least once a year, without the presence of Group Management, to learn about the direction and scope of the audit and to discuss the coordination between the external audit and internal control and the view regarding the Company's risks.

In 2022, the Company's auditors participated in two meetings with the Audit Committee, primarily addressing the audit of the annual accounts for 2021, as well as the review of the Interim Report for January-September 2022. In connection with one of these meetings, the Audit Committee met with the Company's auditor without the presence of Company management.

## REMUNERATION TO SENIOR EXECUTIVES

Guidelines for remuneration to senior executives are decided at the AGM, based on a proposal from the Board's Remuneration Committee. On the basis of the remuneration principles determined by the AGM, the Remuneration Committee decides on guidelines for individual remuneration to the CEO and proposes guidelines to the CEO for individual remuneration to other senior executives in Group Management.

The AGM 2020 decided on guidelines for remuneration to and other employment terms for senior executives. These guidelines are described in Note G8, and are available in their entirety on the Company's website, [www.railcare.se/en/](http://www.railcare.se/en/).

The guidelines essentially mean that the Company shall offer its senior executives remuneration on market

terms and that the criteria in connection with this shall comprise the senior executive's responsibilities, role, competencies and position.

In 2022, the Remuneration Committee had one meeting where minutes were kept and the Committee reviewed and discussed the applicable remuneration based on the set guidelines. No departures were noted. The Committee delegated the task of making a final decision on the CEO's salary review to the Chairman.

Deputy CEO Ulf Marklund and Business Area Manager Jonny Granlund are currently paid consultancy fees. The consultancy fees paid correspond to market-based fixed cash salaries adjusted upwards for other payroll overheads, such as social security contributions and pensions. The deviation, i.e. paying consultancy fees instead of paying salaries in accordance with the remuneration model that complies with the Company's guidelines for remuneration, is permitted within the opportunity the Board has to deviate from the guidelines in order to fulfil the Company's long-term interests, and is justified by the Company's need to offer market-based, competitive total compensation.

According to the Companies Act, the Board must prepare a proposal for new remuneration guidelines when there is a need for significant changes to the guidelines, but at least every four years. The Board considers there to be no need for changes and takes the view that the current guidelines ought to continue to apply.

## INTERNAL CONTROL OF FINANCIAL REPORTING

Railcare's Board of Directors and CEO are responsible for internal control, which is regulated by the Companies Act, the Annual Accounts Act and the Swedish Corporate Governance Code. The Audit Committee is tasked with monitoring Railcare's internal control, primarily so that external reports are prepared in accordance with applicable legislation, but also so that Railcare's internal regulations are complied with. The purpose of the internal control of financial reporting is to ensure with reasonable assurance that the external financial reporting is reliable and that it is prepared in accordance with generally accepted accounting principles, that applicable laws and regulations are followed, and to ensure compliance with the requirements imposed on listed companies.

Railcare's internal control model is based on frameworks developed by the Committee of Sponsoring

Organizations of the Treadway Commission (“COSO”). The framework has five basic components, which are presented below.

### Control environment

The control environment forms the basis for the internal control of financial reporting and a key part of maintaining good internal control is that decision paths, authorisations and responsibilities are clearly distributed and communicated within the organisation. Examples of documents regulating this are the Rules of Procedure for the Board of Railcare Group AB, Instructions to the CEO of Railcare Group AB, Instructions to the Audit Committee, Financial Policy and the Financial Handbook.

The Group is divided into operational units. Within each operational unit, there is an operations manager who is responsible for meeting targets and budgets, as well as governance issues.

Railcare’s organisational structure is communicated in the Group’s operating system, QMS, so that responsibilities and roles are clear to all who work with financial information.

The Financial Handbook for Railcare Group establishes the division of roles and responsibilities for the employees who work with financial reporting. The Financial Handbook includes the Group’s accounting principles, as well as reporting schedules and instructions to ensure that the accounting is uniform and conducted in a timely manner.

The Financial Policy sets overarching targets and guidelines for financial risk and for how financial activities are to be conducted. The Financial Policy also sets out how the responsibility for the financial activities is to be distributed and how the risks are to be managed and reported. The Financial Policy includes instructions on how the ongoing operations are to be conducted.

### Risk assessment and risk management

Within Railcare, systematic efforts are conducted with regard to how risks are to be assessed and managed in terms of operational, strategic and financial risks. The Board of Directors establishes principles and guidelines for the Company’s risk management, while the operational responsibility lies with the CEO. The Board of Directors has established an Audit Committee that continuously addresses matters of risk management and the internal control of financial reporting.

The Audit Committee bears a responsibility delegated from the Board of Directors to prepare matters related to internal control of financial reporting and to follow up on measures connected to risk management.

Risks identified within the Group are assessed annually by management with the aim of identifying new risks and updating the Company’s view on previously identified risks. This assessment maps and evaluates the risks identified based on their impact and probability. This evaluation is presented to the Audit Committee and the Board of Directors annually.

Significant risks that may affect financial reporting include items based on accounting estimates, such as property, plant and equipment and revenue recognition. Financial risks such as liquidity, currency and credit risk are managed by Group Management and the Board of Directors based on the adopted Financial Policy.

Each month, the CEO presents the Board with the financial results for ongoing follow-up and evaluation by the Group. The financial reports are distributed via the Group’s operating system, with different levels of authorisation, which prevents unauthorised individuals

from accessing confidential material. In connection with meetings of the Audit Committee and the Board, more detailed information is presented in the form of profit and liquidity forecasts, for example.

### Control activities

Railcare’s control structure is designed to manage the risks considered by the Board of Directors to be significant for the internal control of financial reporting. Control activities include managing the risks considered by the Board of Directors to be significant to internal control, and control activities are also designed to enable employees to detect or prevent risks of errors in the reporting at an early stage. The effectiveness of the controls is assessed by individuals selected from within the organisation, and the results are compiled annually at the Group level and presented to the Audit Committee and the Board of Directors. Examples of control activities include monthly follow-up meetings with managers in the various operational units, and profit forecasts are continuously followed up and updated.

Other control activities are aimed at ensuring that the Company’s non-current assets are correctly valued and include reviewing the investment budget and quarterly matching of the asset registers.

Intangible assets with an indefinite useful life (goodwill) are not impaired, but are tested for impairment annually. Assets that are depreciated or amortised are assessed for a reduction in value whenever events or changes in circumstances indicate that the carrying amount may no longer be recoverable. Impairment losses are registered at the amount by which the asset's carrying amount exceeds the recoverable amount. The recoverable amount is the higher of the asset's fair value less selling expenses and its value in use. When assessing impairment requirements, assets are grouped at the lowest level at which there are essentially independent cash flows (cash-generating units).

The Company's CFO is responsible for ensuring that control activities for financial reporting are maintained and followed, and works with and monitors the control activities alongside the finance department throughout the year. Railcare continuously works to improve and develop its internal control of financial reporting.

The Board of Directors has assessed that Railcare does not need a specific internal audit function. Given the size and character of the operations, combined with existing reporting to the Board of Directors and the Audit Committee, it is not considered financially justifiable.

The established control system is deemed sufficient to safeguard the quality of financial reporting.

#### **Information and communication**

Railcare's steering documents, in the form of policies, are adopted annually by the Board of Directors. Guidelines and instructions are updated when required by the relevant individual responsible in accordance with Guidelines for managing steering documents. All steering documents are accessible via QMS and this is regulated based on specific levels of authorisation to ensure that employees have access to necessary and relevant information.

Railcare's Communications Policy and Insider Policy describe how the Group should handle matters connected with internal and external communications, how insider information should be handled, and how responsibilities are distributed within the Company.

Internal communication is conducted on an ongoing basis throughout the Group. Information in the form of newsletters and videos are distributed by email several times a year to all employees in the Group. This ensures all employees are updated and informed about what is happening in the Group and the various operations. Al-

though Railcare's employees meet in person, meetings are also held digitally and over the phone.

Railcare's external communications are conducted predominantly via the Company's website. The website is constantly updated with essential information for external stakeholders and updated in accordance with the laws, regulations and guidelines that Railcare follows as a company listed on the Nasdaq Stockholm. Examples include updating documents relating to investor relations, such as Interim Reports, Annual Reports, materials for general meetings, etc.

#### **Monitoring activities**

Compliance and efficiency of internal control is followed up by the CEO and CFO who in turn report to the Audit Committee and the Board of Directors. Group Management meets monthly focusing on the operational governance and, where necessary, discusses necessary measures for effective internal control. Each month, the CEO presents a summary report to the Board via QMS containing information about the Group's and segments' results compared to earlier periods. Ahead of each regular Board meeting, the Board is presented with more extensive and detailed reporting. These reports present prevailing market conditions,

risks associated with ongoing projects and potential departures from the forecast and the budget.

The CFO is responsible for ensuring that analyses and comments presented to the Board of Directors are accurate and that the Board and the Audit Committee receive all relevant information and materials, so that the Board and the Audit Committee have a timely and accurate picture of the internal control of financial reporting.

The Board of Directors evaluates the risks associated with the internal control of financial reporting continuously and reports this to the CEO and CFO, who communicate the observations made by the Board to the organisation and ensure that appropriate measures are implemented. In this work, the Board is guided by principles and guidelines, and compliance is monitored throughout the year via continuous dialogue at Audit Committee and Board meetings. The internal control is assessed to be effective.