

## Corporate Governance Statement 2022

Controlant hf. (the “Company”) is a public limited company incorporated in Iceland, with its head office in Kópavogur, Iceland. The Company recognizes the importance of good governance in creating long-term value for all stakeholders, including shareholders, employees, customers, and the community. The following statement is made in accordance with Article 66 (c) of the Icelandic Financial Statements Act no 3/2006 outlines the Company’s approach towards corporate governance.

The Company operates in accordance with all relevant laws and regulations in Iceland, including the Act on Public Limited Companies no. 2/1995. The Company’s operations are guided by its Articles of Association as well as internal policies and procedures. The Company’s Board of Directors has adopted Rules of procedures, which take into consideration the guidelines on corporate governance published by the Iceland Chamber of Commerce, SA Confederation of Icelandic Enterprise and Nasdaq in 2021.

The Company complies with the vast majority of the guidelines. The few deviations are explained below:

- Information on the Board of Directors and the Board’s Rules of procedure are not accessible on the Company’s website as is but that will be amended in the year 2023.
- The Board of Directors decided there was no need to establish any sub-committees of the Board for now.

### Internal controls and risk management

The Company’s objective is to ensure that internal controls and risk management processes are effective and efficient. Internal control and risk management are essential in protecting the Company’s assets, ensuring accurate financial reporting and achieving our strategic goals. The Company’s Board of Directors maintains a dialogue with the Company’s Chief Executive Officer (CEO) to identify, describe, and manage the financial business risks to which the Company might be exposed. Significant financial risks are outlined in the notes of the 2022 consolidated financial statements.

To ensure that the company’s accounting is applied in accordance with international accounting standards the company emphasizes well defined responsibilities, normal job segregation along with monthly reporting and transparent operations. Standard operating procedures and work instructions are in place to ensure monitoring of correct revenue reconciliation and operating cost. Risk management is reviewed and assessed on a yearly basis with the company’s Quality team and VP of Finance with the purpose of minimizing risks and creating a reaction. All employees of the company are obligated to complete a training regarding their operating procedures and general work rules for the company.

Monthly reporting is submitted to the Board of Directors for their review.

### Internal controls and financial risk management

The Chief Financial Officer (CFO) is responsible for ensuring that the Company’s financial processes and reporting are transparent, accurate, and compliant with applicable laws and regulations. The CFO reports to the CEO.

## **External audit**

An independent auditing firm is appointed annually at the Annual General Meeting (AGM). The external auditor examines the consolidated financial statements in accordance with generally recognized auditing standards and inspects accounting records and other materials relating to the Company's operation and financial position, and expresses an opinion on the financial statements. The external auditor reports any significant findings on accounting matters and internal control deficiencies to the Board of Directors.

KPMG ehf. was elected as auditor of the Company at the AGM held on 22 June 2022. The auditor representing KPMG ehf. is Jon Arnar Oskarsson, certified public accountant. He has audited and endorsed the Company's 2022 consolidated financial statements.

## **Composition and activities of the Board of Directors, the CEO, and the Executive Team**

The senior management structure of the Company consists of the Board of Directors and the Executive Team, led by the CEO. The two bodies are separate, and no person serves as a member of both, except for Erlingur Brynjulfsson, Chief Technology Officer, who serves as reserve director but did not take seat on the Board of Directors during 2022.

### **Board of Directors**

The Board of Directors has ultimate authority over Company matters between shareholder meetings. The Board of Directors is elected by the shareholders, ordinarily at the AGM, for a one-year term and operates in accordance with Icelandic laws and regulations, the Company's Articles of Association and the Rules of Procedure adopted by the Board of Directors. The Board of Directors comprises of five directors, elected at the AGM on 22 June 2022. In line with Icelandic law, the Board of Directors allocates responsibilities between its members. The Board of Directors elects a Chairman and Vice-Chairman and is responsible for the Company's organization, for setting the long-term objectives, and for ensuring the proper conduct of its operations. The Board of Directors has the authority to make decisions on all significant matters in accordance with the statutory division of responsibilities among the Board of Directors, the CEO, and the Executive Team. To achieve these objectives, the Board of Directors sets strategic goals and targets, and closely evaluates the performance of the CEO. At least once a year, the Board of Directors conducts an evaluation of the CEO's performance and decides on any necessary actions. The Chairman and the CEO discuss the results of this evaluation and any proposed actions.

The Board of Directors conducts a performance evaluation each year of the Boards performance and practices in the form of self-assessment. The conclusions of the Board performance evaluation for 2022 were discussed at a Board meeting in January 2022, key risks and strategic priorities for the year 2022 identified and ways to improve the Boards work discussed. The highlights being general satisfaction with the alignment between Board members and high level of trust and mutual respect both within the Board and between the Board and management.

The Board of Directors visits company locations in Iceland and abroad on a regular basis and meets with customers and investors to the extent required. Decisions of the Board of Directors are decided by a majority of votes. In the event of a tied vote, the Chairman has the casting vote, and in his or her absence the Vice-Chairman.

Considering the guidelines on corporate governance published by the Iceland Chamber of Commerce, Nasdaq Iceland, and the Confederation of Icelandic Enterprises, all five members of the Board of Directors are considered independent of the Company and its major shareholders.

### **Ásthildur Otharsdóttir (54), Chairman of the Board of Directors**

Ásthildur holds an MBA degree from Rotterdam School of Management in the Netherlands as well as a Bachelor of Business Administration degree from the University of Iceland. Ásthildur is a partner and investment manager at Frumtak Ventures and a Board member in various portfolio companies in the Frumtak portfolio, including the Chairman of the Board of Kaptio, Treble Technologies and Empower, as well as board member of Business Iceland. Frumtak Ventures, where Ásthildur is a partner and investment manager, is a shareholder of Frumtak 2 slhf. which holds 8.6% of shares in the Company at the date of these accounts.

Ásthildur has been a Director of the Board of the Company since 2021 and is considered independent of the Company and its major shareholders. Ásthildur has no ties with the Company's main customers or competitors.

### **Trausti Þórmundsson (52), member of the Board of Directors**

Trausti holds a M.Sc. degree in Electrical Engineering from the University of Iceland and a B.Sc. degree in Electrical Engineering from Stanford University. Trausti is a technology leader with 20+ years' progressive experience in R&D in voice processing, audio processing and digital communication, currently working full time as a Hardware Engineer at Google. Trausti holds 9,228,300 of shares in the Company through direct ownership.

Trausti is a co-founder of the Company and has been a director of the board since 2007. He is considered independent of the Company and its major shareholders and has no ties with the Company's main customers or competitors.

### **Kristín Friðgeirsdóttir (51), member of the Board of Directors**

Kristín holds a B.Sc. degree in Mechanical and Industrial Engineering from the University of Iceland, M.Sc degree in Financial Engineering and PhD in Philosophy from Stanford University. Kristín currently works full time as the CFO of Sýn hf. and was previously a Adjunct professor at London Business School as well as an independent management consultant. Kristín is the former Chairman of the Board of Hagar hf., former vice Chairman of the Board of TM hf. and Kvika banki hf. as well as being a former Board member of Distica hf. and Eik hf. Kristín owns 50% of shares Bolmagn ehf. which holds 416,600 shares in the Company.

Kristín has been a director of the Board of the Company since 2020 and is considered independent of the Company and its major shareholders. Kristín has no ties with the Company's main customers or competitors.

### **Frosti Ólafsson (40), member of the Board of Directors**

Frosti holds an MBA degree from London Business School and a B.Sc. degree in Economics from University of Iceland and Macquarie University in Sydney, Australia. Frosti currently works full time as the CEO of Olís ehf. and is a Board member of Íslandsbanki hf. and Garður ehf.

Frosti has been a director of the Board of Company since 2020 and is considered independent of the Company and its major shareholders. Frosti has no ties with the Company's main customers or competitors.

**Jørgen Rugholm (59), member of the Board of Directors**

Jørgen holds an M.Sc. in Economics from the University of Copenhagen and M.A. degree in Economics from the European University Institute. Jørgen is an independent advisor and investor and a Board member of multiple companies, including 22. November 2021 ApS, The Fiddlery ApS, Bactolife ApS, ADVANTAGE Investment Partners A/S, Cabris ApS, Fyryre Consumer Invest ApS, RUFRA INVESTR 1 K/S and OLIOLI Holding ApS. Previously, Jørgen was a senior partner Emeritus at McKinsey & Company, Inc. for over 28 years. Jørgen owns 6,535,100 of shares in the Company through his company, Future Consumer Invest Aps.

Jørgen has been a director of the Board of the Company since 2021 and is considered independent of the Company and its major shareholders. Jørgen has no ties with the Company's main customers or competitors.

The Board of Directors convened 14 times in 2022, with an average attendance of 97%.

**Board of Directors meetings in 2022:**

		<b>Attendance (%)</b>
Ásthildur Otharsdóttir	Chairman	100%
Frosti Ólafsson	Vice-Chairman	100%
Kristín Friðgeirsdóttir	Director	86%
Trausti Þórmundsson	Director	100%
Jørgen Rugholm	Director	100%
<b>Average attendance</b>		<b>97%</b>

**Chief Executive Officer**

Gísli Herjólfsson, (44) has been CEO since he co-founded the Company in 2007. Gísli is an Icelandic citizen, born in 1979. He has a master's degree in electrical engineering from the University of Iceland. Gísli is a member of the board of directors of several subsidiaries of the Company but does not hold any external directorships. As of 31 December 2022, Gísli holds 24,360,900 A-shares in the Company through his holding company HB6 ehf. and an option to purchase up to 875,000 A-shares.

The CEO is responsible for overseeing the daily operations of the Company and ensuring that they align with the policies and instructions set by the Board of Directors. The CEO is responsible for evaluating the performance of the Executive Team. To fulfill these responsibilities, the CEO conducts evaluations and discussions with each member of the Executive Team at least once a year. Furthermore, the CEO is accountable for ensuring that the Company's financial accounts comply with applicable laws and for ensuring safe and secure management of the Company's assets.

## Executive Team

The Executive Team of the Company consists of the following seven members, each with clear task allocation and accountability:

- Gisli Herjolfsson, Co-Founder, Chief Executive Officer (CEO)
- Erlingur Brynjulfsson, Co-Founder, Chief Technology Officer (CTO)
- Gudmundur Arnason, Chief Financial Officer (CFO)
- Anna Karlsdottir, Chief Quality Officer (CQO)
- Vally Helgadóttir, Chief Operating Officer (COO)
- Ella Björnsdóttir, Chief Human Resources Officer (CHRO)
- Martin Thaysen, Chief Commercial Officer (COO)

See [controlant.com](https://controlant.com) for profiles of the Executive Team.

## Diversity

The Company's vision is to unleash the power of people and technology to deliver zero-waste supply chains for our partners and the planet. To realize our vision and create long-term sustainable value for all our stakeholders, we need a diverse and engaged team that upholds and honors respect, diversity, equality, and inclusion. The best way to ensure this is to build up and maintain a diverse and inclusive culture, where all people feel valued and are treated with respect, dignity, and fairness. The Company's equality, diversity, and inclusion policy outlines the Company's principles regarding equality, diversity, and inclusion, as well as equal opportunity and equal pay. The purpose of the Policy is to ensure equal opportunities and fair advancement and remuneration as well as equality of genders and the importance to treat all with dignity and respect regardless of gender, race, ancestry, ethnic origin, color, religion, marital status, sexual orientation, age, physical or mental disability, pregnancy or childbirth. All harassment, violence, and bullying are prohibited. The policy is prepared in accordance with Icelandic Act No. 150/2020 on the Equal Position and Equal Rights of Women and Men.

The Board of the Company follows the provisions on gender equality set out in the Icelandic Companies Act No. 2/1995 and gender diversity within the Board of Directors remained stable at 40% (2021:40%). Following the extension of the Executive Team in 2022, gender diversity stood at 43% (2021: 50%).

<b>Gender diversity (female/male ratio)</b>	<b>2022</b>	<b>2021</b>
Board of Directors	40/60	40/60
Executive Team	43/57	50/50
Overall Organization	41/59	40/60

## Communication between shareholders and the Board of Directors

Shareholder meetings, as governed by the Company's Articles of Association and statutory law, serve as the highest authority within the Company and form the primary means of communication between

shareholders and the Board of Directors. The annual AGM shall, in accordance with the Articles of Association, be before the end of August, and other shareholder meetings are convened as deemed necessary.

Shareholder meetings, including the AGM, shall, in accordance with the Articles of Association, be called by electronic means with notice to the shareholders. The AGM is called no less than 14 days in advance and extraordinary meetings no less than 7 days in advance. The Chairman is the authorized spokesperson of the Board of Directors. The Board of Directors does not ordinarily engage in communication regarding the details of the Company's operational matters and financial results, which is the responsibility of the Executive Team and senior management.

Further information on the Company's policies can be found on [controlant.com](http://controlant.com).

### **Compliance with laws and regulations**

The Company has not been found in breach of any laws or regulations and has no ongoing legal disputes.

The Board of Directors annually reviews and approves the Corporate Governance Statement. This Corporate Governance Statement was examined and approved at a meeting of the Board of Directors on the 18<sup>th</sup> of April 2023.