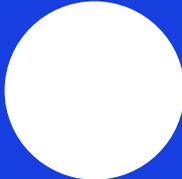
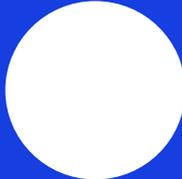
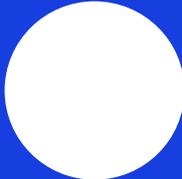


# Corporate Governance Report 2024



**Transcom**

# Corporate Governance Report 2024

## Overview

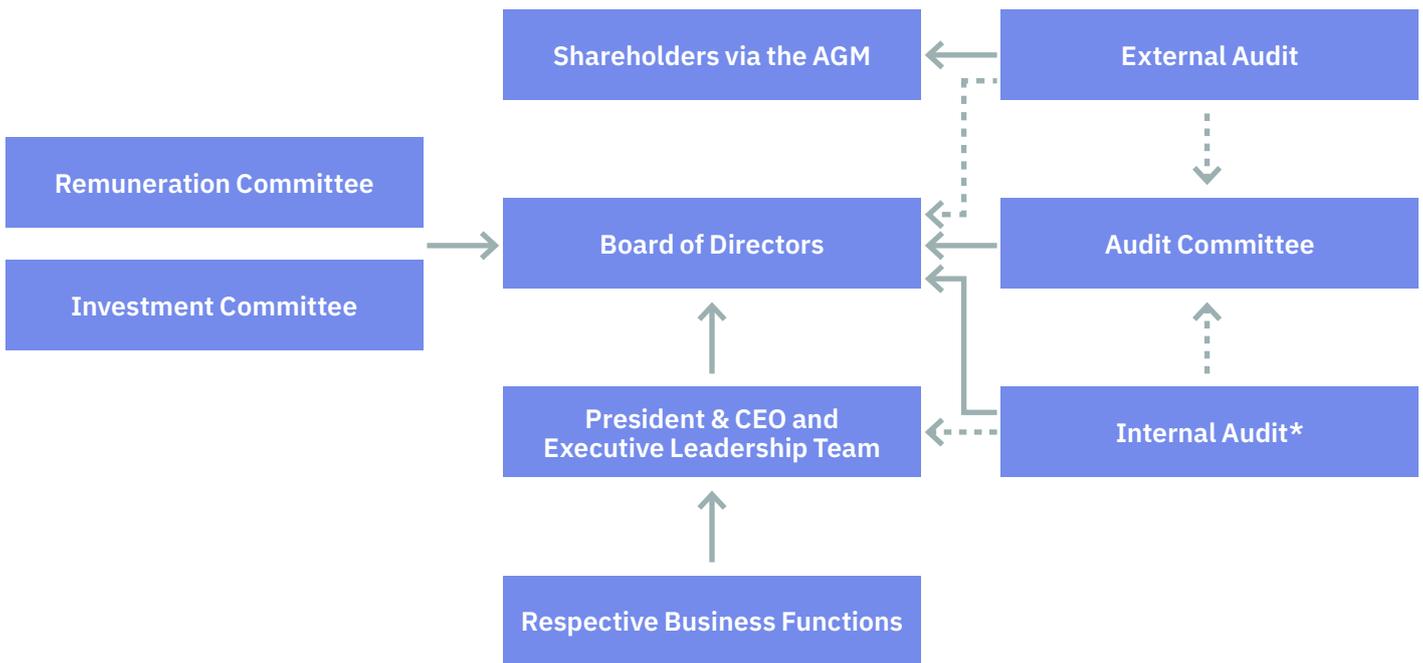
Transcom Holding AB (publ) (“Transcom” or the “Company”) is a Swedish public company, with a corporate bond listed on the International Stock Exchange located in Guernsey.

As a Swedish public company Transcom is subject to the Swedish Companies Act, the Annual Accounts Act and other applicable Swedish and foreign laws and regulations. In addition, to ensure compliance with all applicable legal requirements, Transcom has adopted internal instructions

and guidelines, including the Code of Business Conduct, Supplier Code of Business Conduct as well as several internal policies as explained further below. The Board of Directors has also approved and implemented rules of procedures for the work of the Board of Directors including instructions for the CEO.

This report is prepared in accordance with the Swedish Annual Accounts Act.

## Transcom’s Corporate Governance structure



\* Internal audit, control and compliance are managed by Group Finance.

## Articles of association

Transcom's Articles of Association (as defined below), which form the basis of the governance of the Company's operations, set forth the Company's name, the seat of the Board, the object of the business activities, the shares and share capital of the Company and contain rules with respect to the shareholders' meetings. The Articles of Association don't contain any limitations as to how many votes each shareholder may cast at shareholders' meetings, nor any provisions regarding the appointment and dismissal of Board members or amendments to the Articles of Association.

## Share

The share capital of Transcom is composed of ordinary shares. Each share regardless of series represents one vote. Transcom is a privately owned company. Altor Funds IV (No 1 and 2) are the majority owners, alongside significant minority investor Gunilla von Platen (founder and previous owner of Xzakt Kundrelation), as well as key people from the Transcom management team.

## Board of Directors

As per the applicable Swedish laws, the Board of Directors is elected by the shareholders' at the Annual General Meeting (AGM) or an Extraordinary General Meeting (EGM), and can be removed at any time, with or without cause, by a resolution in the aforementioned shareholders' meetings. The Board of Directors of the Company (the "Board of Directors") is ultimately responsible for the organization of Transcom and the management of its operations.

### **Composition of the Board of Directors of the Company**

The Board of Directors as of 31 December 2024 is comprised of seven directors whereof:

- Three directors are independent vis-à-vis major shareholders and
- Seven directors are independent vis-à-vis the management and the Company.

In the AGM 2024, it was resolved that the Board of Directors shall consist of seven directors and two Deputy Directors.

It was resolved to elect Julius Höh as new Director of the Board and to re-elect Fredrik Cappelen, Mattias Holmström, Brent J Welch, Alfred von Platen, Donald Hicks and Christine Timmins Barry as Directors of the Board. It was resolved to re-elect Gunilla von Platen and Vemund Wöien as Deputy Directors.

### **Remuneration of the Board of Directors**

The remuneration of the members of the Board of Directors is approved by the AGM. The proposal is based on benchmarking of peer group company compensation and com-

pany size. The members of the Board of Directors do not participate in the Company's short-term incentive schemes. Furthermore, Transcom did not grant any loan to any member of its Board of Directors.

The total amount of remuneration and other benefits granted directly or indirectly by the Company to the members of its Board of Directors is provided in note 6 in Transcom's Annual Report 2024.

### **Responsibilities and duties of the Board of Directors**

The Board of Directors oversees the overall governance and strategic direction of the Company, providing effective support for, and control of, the activities of the Transcom Executive Leadership Team. It is responsible for the performance of all acts of administration necessary for accomplishing the Company's purposes, except for matters reserved by Swedish law to the general meeting of shareholders.

The Board of Directors has adopted rules of procedures for its internal activities which include rules pertaining to the number of Board meetings to be held, the matters to be handled at such regular Board meetings, and the duties of the Chairman (the "Rules of Procedure"). The work of the Board is also governed by rules and regulations which include the Swedish Companies Act, and the Articles of Association, as well as internal policy documents.

To carry out its work more effectively, the Board of Directors has created an Audit Committee, a Remuneration Committee, and an Investment Committee. The Rules of Procedures specify the duties that the Board has delegated to the Committees and how the committees are to report to the Board. The committees handle business within their respective areas and present recommendations and reports on which the Board of Directors may base its decisions and actions. However, all members of the Board of Directors have the same responsibility for decisions made and actions taken, irrespective of whether issues have been reviewed by such committees or not.

### **Internal control**

The Board of Directors has overall responsibility for Transcom's risk and internal control systems and for monitoring their effectiveness. The Board of Directors monitors the ongoing process by which critical risks to the business are identified, evaluated and managed.

Transcom's internal control systems are designed to manage and mitigate rather than eliminate risks that might affect the achievement of its objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. In assessing what constitutes reasonable assurance, the Board of Directors and the Executive Management considers the materiality of financial and nonfinancial risks and the relationship between the costs of, and benefit from, internal control systems.

The principal features of the Group's systems of internal control are designed to:

- Maintain proper accounting records
- Provide reliable financial information
- Identify and manage business risks
- Maintain compliance with appropriate legislation and regulation
- Identify and adopt best practice; and
- Safeguard assets.

Each year the Audit Committee assesses the effectiveness of Transcom's risk management and internal controls system on the basis of:

- Established policies, including those already described, which are in place to manage perceived risks
- The continuous enterprise-wide process for identifying, evaluating and managing the significant risks to the achievement of the Group's objectives
- Reports to the Audit Committee on the results of External auditors' work and Internal audit reviews, both including action plans from the concerned Management.

The chairman of the Audit Committee informs the Board of Directors of the results of the above. The principal features of the control framework are detailed below. The external auditors also assess the overall internal control environment.

### **Control environment**

The Board of Directors reviews and approves the annual budget and three-year plan which includes a quantified assessment of planned operating and financial performance for the next financial year for each business unit, together with a strategic plan for the Group for the following two years.

Transcom has an established governance framework, the key features of which include:

- Rules of procedures for the Board of Directors and instruction for each of its committees
- A clear organizational structure, with documented delegation of authority from the Board to the CEO
- Board-approved Whistleblower policy, Environmental policy, Code of Business Conduct and Supplier Code of Business Conduct to promote ethical, sustainable and transparent business practices within the Group
- Board-approved key policies including Financial and Treasury policy, Instruction for financial reporting, Data Privacy policy and Communications policy; and
- Accounting manual and reporting instructions to ensure the completeness and correctness of financial reporting and its compliance with IFRS requirements.

Furthermore, a number of corporate functions are responsible for promoting effective internal control in separately defined areas. Among these, the Group Finance organization, including Group Financial Control and Group Business Control, as well as the Group Communications department play important roles in ensuring correct and timely financial reporting.

### **Risk assessment**

Transcom's risk management and internal control framework is designed to support the identification, assessment, monitoring, management and control of risks that are significant to the achievement of business objectives, ensure compliance and to provide reliable financial information.

The CEO and Executive Leadership Team (ELT) are responsible for reviewing and monitoring financial, strategic, human resources, operational, commercial, technological, compliance, ESG and other applicable risks. ELT monitors the Group's risk profile, which helps the Company to proactively identify the most important risks.

Risks are evaluated in terms of their potential impact and likelihood. The results of the risk assessment along with mitigation plans for key risks are presented to the Audit Committee and to the Board on a regular basis for review and follow-up.

The Group's business plans are based on key markets, client, economic and financial assumptions. The business planning process includes an assessment of the risk and sensitivities underlying the projections.

Transcom continuously works to improve the policies which govern the management and control of both financial and non-financial risks. The adoption of these policies throughout the Group enables a broadly consistent approach to the management of risk at business unit level.

For a summary of key risks Transcom faces while operating in a highly fragmented and competitive global industry, refer to pages 6–7.

### **Information and communication**

Policies and guidelines of significance to financial reporting are regularly updated and communicated to the employees concerned. Detailed reporting instructions are provided to Group companies periodically.

Transcom has taken initiatives to further strengthen information, training, awareness and communication related to policies and governance principles.

Furthermore, all employees are required to sign the Code of Business Conduct when starting their employment with Transcom and are given suitable training on the key values. In addition, Transcom has implemented a Supplier Code of Business Conduct to promote ethical business practices in our supply chain.

### **Control activities**

The Business Areas Managers, with support from their respective management teams, are responsible for the implementation of control activities in compliance with Transcom's policies and governance documents (including the Accounting policy) as well as for managing any further risks that they may identify. This includes controls in the financial reporting processes as well as controls in other processes which could be expected to impact financial reporting.

The Audit Committee, in addition to the Board, reviews interim and Annual Reports prior to publication.

### **Follow-up**

Monthly performance and financial reports are produced for each Business area, with comparisons to budget and rolling forecasts. Reports are consolidated for overall review by the CEO and CFO as well as top level business leaders and functional leaders together with forecasts for the income statement and cash flow.

The Board of Directors regularly reviews the actual performance of the business compared with budgets, forecasts and previous periods, as well as other key performance indicators. The Board of Directors reviews the effectiveness of established internal controls through the Audit Committee, as described above.

Transcom's Group Finance is responsible for following up on critical risks and action plans and reporting the status of action plans to the Audit Committee on a periodic basis. Further Transcom's annual audit plan, that is, the scope and the areas of operations to be reviewed during audits, is reviewed, and approved each year by the Audit Committee.

### **Sustainability**

Sustainability is an integral part of our corporate strategy, business culture, and day-to-day operations. We are committed to driving a sustainable agenda, and creating positive, lasting changes for the planet, its people, and the communities where we operate, thus creating value for all our stakeholders; clients, investors, employees, and local communities. Our overarching ESG framework Transcom Cares is aligned with our core business and covers our material topics; people development, inclusion & diversity, community engagement, environment, business ethics, security & privacy. Transcom's Code of Business Conduct is available in 20 languages and covers the four areas of the UN Global Compact; human rights, labor rights, environment and anti-corruption.

Transcom has started the process of preparing for the implementation of the new Corporate Sustainability Reporting Directive. The preparation consists of all relevant measures in order to file a report in compliance with the regulations.

### **Whistleblower process**

The Board of Directors has established a whistleblowing process which enables personnel to report violations in accounting, reporting, internal controls, noncompliance with the Code of Business Conduct, Group policies, applicable laws, etc.

Employees are requested to report matters to their local manager, the local Human Resources manager, or to Transcom's internal whistleblower function at [whistleblower.reporting@transcom.com](mailto:whistleblower.reporting@transcom.com). The whistleblower reporting mechanism facilitates anonymous reporting. All allegations are taken seriously, and an enquiry is conducted to not only investigate the alleged violations, but also to identify root causes to facilitate further strengthening of internal control.

## Risks and risk management

Business risks	How it may impact Transcom	Transcom's management of risk
<b>Macro-economic risks</b>	Deterioration and/or sustained volatility in economic conditions in the markets in which Transcom operate may adversely affect its clients' businesses and the level of demand for Transcom's services which could have a material adverse effect on our revenue, profit ability & strategy.	We continuously monitor and analyze the economic development and evolution of our clients' business trends to align our strategy and goals in view of the ever-evolving economic condition.
<b>Disasters, disruption &amp; hazard risks (including IT or network failure)</b>	Continuity of our operations may be affected by natural disasters, wars, terrorist attacks, other civil disturbances, epidemics, technical failures etc. Any sustained disruption of our services may lead to deterioration in our profitability from the affected site/country/region. Information technology infrastructure failures can cause disruptions in our business activities.	We carry out detailed business impact analysis and have developed business continuity plans, which are periodically evaluated and updated. For technological risks, we have developed backup & disaster recovery plans and strategies. We have secured insurance against business interruptions.
<b>Client &amp; industry concentration</b>	37% of the Company's revenue is generated from the top 10 clients, and 47% of the revenue is generated by clients in the eCom&Tech sector. Any significant loss of work from one or more of these clients, or a prolonged downturn in one or more of these industry verticals, could adversely affect our business.	We continuously work on adding new clients to our portfolio to diversify the client concentration. The Company has a rigorous governance process for oversight and management of commercial risks.
<b>Capacity utilization &amp; productivity/ efficiency risks</b>	Our financial results depend on our capacity utilization and our ability to manage our workforce efficiently aligned with client demands. Any sustained failure in ensuring optimal capacity utilization and/or optimal efficiency may have a material adverse effect on the Company's overall profitability.	We have established a governance structure to review investments in capacity. Our core processes are designed to optimize the operation-critical KPIs. We systematically and continuously monitor capacity utilization and efficiency for each client, site, and program and continuously identify remediation plans and focus areas for improvement.
<b>Talent attraction and retention risks</b>	If Transcom is unable to attract and retain skilled staff, this may adversely impact the Company's business.	Transcom has deployed robust talent acquisition, management and career development programs to support talent attraction and retention. Furthermore, the Company carries out periodic employee satisfaction surveys and other benchmarking exercises to identify improvement areas and further strengthen our position as an employer of choice in our industry.
<b>Significant increase in input costs</b>	If we are unable to pass on significant increases in our key input costs – Human resources, technology, telecommunication, etc. to clients, our operating results could be adversely affected.	Transcom strives to apply bespoke pricing and/or commercial models with clients, where possible. We continuously evaluate new locations for our delivery centers in countries with stable and competitive wages and other input costs.
<b>Currency risks</b>	We are exposed to exchange rate fluctuations. In some contracts (mostly offshore delivery) we have costs and revenues in different currencies. A movement in the value of a currency relative to the Euro (Transcom's reporting currency) could impact on the results.	Transcom continuously monitors foreign exchange fluctuations. As a principle, we aim to avoid foreign exchange fluctuation risks by natural hedging, i.e. contracts with costs and revenues in the same currency. For cases where this is not possible, the Audit committee has established procedures and limits for foreign currency hedging through forward contracts.
<b>Impairment risk</b>	A substantial part of our assets consists of goodwill and any significant impairment would affect our results and shareholders' equity.	We annually evaluate the Goodwill on our balance sheet to identify any necessary impairment requirements, considering the best available information.

Business risks	How it may impact Transcom	Transcom's management of risk
<b>Risks of breach of data privacy</b>	Today's business environment is faced with the risk of data theft or data leakage (client, customer, and employee data). The challenge is to ensure that security controls and practices are sufficient to mitigate those risks. Data privacy is also subject to frequently changing rules and regulations, which sometimes conflict among the various jurisdictions and countries.	Transcom is continuously reviewing the Data Privacy framework in order to ensure full compliance with the General Data Protection Regulation (GDPR) and other Data Privacy regulatory frameworks. An external Data Processing Officer (DPO) supports the organization in the implementation process of regulations, as well as continuously giving guidance and solid advice in GDPR and Data Privacy related matters. We continue to monitor developments and new requirements to ensure that we have a strong and consistent data protection framework.
<b>Information security, technology and cyber-attacks</b>	We are exposed to the risk of inadequate information security from internal sources (Data leakage) and external sources (Cyber-attacks). Weak information security controls across entities expose the company to cyber-attacks. Data leakage may cause distrust amongst our clients and their customers, and could possibly have a negative monetary impact on Transcom.	We systematically and continuously monitor IT incidents and continuously identify remediation plans and focus areas for improvement. Our processes are continuously strengthened to ensure that cyber-attacks, if any, are averted, and they do not result in liability and reputational harm to the company.
<b>Risks associated with digital innovation and adoption</b>	Inability to successfully develop and implement automated, digital and technical solutions might adversely affect our ability to deliver value to clients and, in turn, have an impact on our client relationship, revenue and operating results.	Transcom services are enabled by leading digital capabilities and solutions, and our success depends on our ability to continue leveraging the latest technology and stay at the forefront of the digital development and automation in our industry. If Transcom lags behind, this could adversely impact on our client relationships and business, and ability to win new clients.
<b>Employee misconducts</b>	The Clients give Transcom and our employees great trust and responsibility. As a consequence, there is a risk that employees may be able to perpetrate frauds or other misconducts which could not only affect Transcom, but also its clients. Most of the client contracts hold Transcom liable for damages and/or liabilities arising due to fraud.	All employees receive mandatory training in Transcom's Code of Business Conduct. We collaborate with our clients continuously to identify and address fraud risks in a structured manner. We have secured insurance against such misconduct.
<b>Tax audits &amp; litigation</b>	The Group is subject to tax audits in the normal course of business. A negative outcome in respect of such audits or litigation may have a materially adverse effect on the Group's business, financial condition and results of operations, beyond what has already been provided for. Refer to note 10 for details.	We observe all applicable laws, rules, regulations and disclosure requirements. We ensure that decisions taken are supported by documentation to evidence the facts, conclusions and risks involved. We engage external tax experts for advice on complex matters to ensure that our interpretation and application of tax laws of the concerned jurisdiction is consistent and prudent. We follow tax litigations closely and create provisions in relation to tax risks for which management believes it is probable. All transactions we engage in must have business purposes or commercial rationale.
<b>Fraud, corruption and other unethical practices</b>	We have operations in countries that have been assessed as more exposed to corrupt practices. Any corrupt practices engaged in by our employee(s) may affect our goal to be a responsible corporate citizen.	We have zero tolerance towards any corrupt and unethical practices. Our Code of Business Conduct is available in 20 languages. All our employees sign this document when they start their employment. They are given suitable training on the key values of the Code. All managers receive relevant training regularly.
<b>Supply chain malpractices (Third-party risks)</b>	Through its business relationships, Transcom may be contributing to supply chain malpractices or violations against ethical business practices, respect for human and labor rights and environmental protection.	We have implemented the Supplier Code of Business Conduct (SCoBC) based on the 10 principles of the UN Global compact. The SCoBC covers ethical business practices, respect for human and labor rights, and environmental protection. All suppliers, including their employees, agents and sub-contractors are expected to adhere to the SCoBC and make a commitment by signing.

Stockholm  
The Board of Directors in Transcom Holding AB (publ)

Fredrik Cappelen  
*Chairman of the Board*

Julus Höh  
*Member of the Board*

Mattias Holmström  
*Member of the Board*

Alfred von Platen  
*Member of the Board*

Donald Hicks  
*Member of the Board*

Christine Timmins Barry  
*Member of the Board*

Brent J. Welch  
*Member of the Board*

Brian Johnson  
*President & CEO*

# Transcom

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