

## NO BULLSHIT POLICY

On open critical dialectics at Esmailzadeh Holding AB (publ)

## INTRODUCTION

Esmailzadeh Holding AB (publ) ("EHAB") is an entrepreneurial investment company that invests in, and develops, long-term sustainable companies within niche-specialised industries. We put the entrepreneur in the center of our efforts, providing them with the right conditions and tools for creating profitable and resilient companies.

EHAB and our portfolio companies operate in a constantly changing society and environment. To enable long-term development, it is therefore important that we are an active part of the society in which we operate and are in turn influencing. EHAB needs to be engaged and credible in our analysis of the culture, environment, and corporate governance that significantly affect us at EHAB, as well as our stakeholders, and that help us drive our vision forward.

EHAB is aware that our environment is at present filled with bullshit (BS). From societal debates and media coverage to our work environments there proliferates unsubstantiated claims that confuse, rather than improve, our understanding of the world, ourselves, and our business services. Therefore, for EHAB, it is relevant to formalize the three modes of operation by which we address BS: openness, critical thinking, and a dialectical approach to problems and solutions. Together, these three form the basis of EHAB's No Bullshit Policy (NBSP).

NBSP is a sovereign policy as it is created to make EHAB vigilant of BS from the surrounding world and where it occurs within the business itself. The policy paraphrases historian Robert Conquest's second law of organizations, that any organization not explicitly against BS will sooner or later do BS. NBSP is in this sense a means to be vigilant against BS in EHAB's other policies, and against the emergence of supplementary activities that risk stealing focus from our core tasks. In addition to this vigilant function, NBSP serves the constructive function of challenging and developing pre-existing ways of working within the company. We have therefore designed EHAB's three modes of operation – openness, critical thinking, and dialectics – and illustrated them in a model below, along with a description of how their implementation contributes towards the continuous development of our corporate culture.

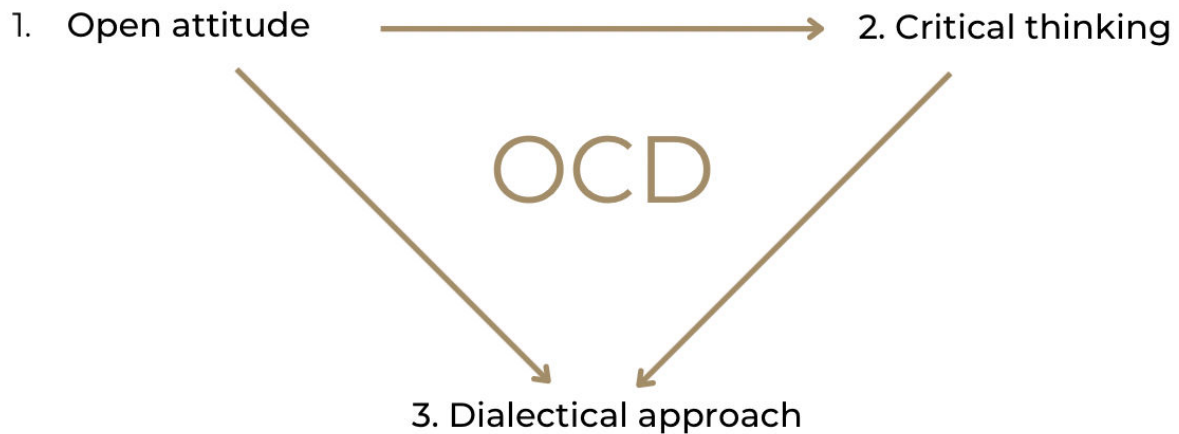
## PURPOSE

The purpose of NBSP is to describe what BS is, why it affects our business, and the methods we use to address BS. The ambition is to intuitively summarize our approach for employees, partners, and investors. The long-term goal of NBSP is to make our corporate culture free from BS and provide EHAB with preconditions for sustainable, resilient, and measurable economic growth.

## SCOPE

The policy clarifies methods and procedures for open critical dialectics (OCD) in EHAB's operations. The policy is initially intended for employees. The CEO is responsible for implementation. EHAB welcomes feedback and suggestions on how to improve the application of OCD (see Appendix 1. Implementation Plan).

## MODEL “OPEN CRITICAL DIALECTICS” FOR AN EHAB WITHOUT BS



### 1. OPEN ATTITUDE

EHAB's first mode of operation is an open attitude, a curiosity for new ideas and towards exploring them. By an open attitude, we refer here to the ability of describing ideas, the world around us, and ourselves, without preconceived notions. Different understandings are explored, and different opinions are tolerated, without assuming that any one perspective initially means more than another.

Philosopher Harry G. Frankfurt defines BS as statements about reality – how something is – without knowing or caring if it is true. BS occurs professionally in everything from marketing, where information needs to be packaged and simplified, to when we present ideas to each other. Within an open attitude there are of course opportunities for BS, but the two differ in their end goal. BS is a short-term effective conversation strategy to gain appreciation from other people. An open attitude is by contrast a conversation method where your information gathering develops so as to better understand one's surroundings.

EHAB's openness is a means for cultivating a conversational culture that encourages and tolerates new ideas. We strive to do so even when it challenges socially accepted norms, such as political correctness and conventions. These are topics which many people have strong opinions about, emotional reactions to, or are willing to fight for. For these reasons, our openness is often limited by confirmation bias, herd mentality, and unwillingness to express divergent opinions. Overall, the risk for EHAB is that our strategic analysis decreases, and thus our ability to discover new business opportunities.

As part of implementing NBSP, EHAB will organize a range of activities where our employees will have the opportunity to practice their skills in openly exploring and tolerating new ideas. There will, for example, be training opportunities for employees to practice defending ideas that do not necessarily reflect their own beliefs. The purpose is to explore how it feels to hear oneself talk about values and see others' reactions. Overall, these activities enable a higher degree of honesty, a willingness to experiment, and an adventurous approach to conversation topics, as well as a measure of irresponsibility as

the connection between ideas and identity is loosened. Through *EHAB Academy*, team-building panel discussions are organized with unconventional speakers on contemporary controversial topics. Employees are also continuously encouraged to provide feedback on NBSP through anonymous questionnaires from HR. In addition, the results are documented and reported as part of the *EHAB Playbook*.

## 2. CRITICAL THINKING

EHAB's approach is critical thinking. The starting point is that as individuals, we are often wrong, easily caught up in group thinking, and our understanding of the world is always limited, and our abilities to perform tasks are restricted.

The fundamentals of critical thinking were developed already during the 5th Century BC in Socrates' philosophy – "I know that I know nothing" – that what we understand to be true today may tomorrow be proven wrong, or irrelevant. Or vice versa. Our ability to spot the difference comes from examining statements and breaking down arguments into their various components. For example, how are key concepts defined? Are the purpose, perspectives, and basic assumptions clearly described? Are the questions posed relevant to the problems we want to solve? And can the conclusions be derived from the evidence presented?

To think critically is in this sense about detecting BS, especially in the ideas that we like or want to continue working on. Given the ease with which misleading or false information can be spread today, it is essential for EHAB that employees have the opportunity to develop their skills to counter propaganda, false claims, and pseudoscience that may affect our operations.

The goal is to cultivate a corporate culture where everything from work to decision-making is as evidence-based as possible. EHAB's operations should be motivated by a knowledge base that is regularly updated and reassessed. Critical thinking is then a necessary sibling of an open attitude, but it is also a relationship that involves more than just criticizing or questioning beliefs. EHAB's employees are expected to clarify for themselves and others wherein differences in views lie and to be able to argue both for and against the ideas currently being discussed.

Critical thinking is not malicious, just as BS does not have to be. BS is often inevitable when a person, due to their position of responsibility, feels compelled to speak on topics they lack sufficient knowledge of. Therefore, it is because of their morality and convictions, not despite them, that a person engages in BS. While BS undermines trust in communication, critical thinking is a method for increasing trust in the common search for truth. Therefore, those who think critically must also aim towards making themselves understood to those who are criticized, especially when they have psychological defense mechanisms against understanding criticism.

EHAB implements critical thinking by involving employees in the scrutiny of their own operations, such as proposed projects, products, and ultimately the formulation of NBSP itself. Among our planned training sessions is *Impossible Conversations* – inspired by philosopher Peter Boghossian's work – where one practices finding entry points for discussing topics on which people are already ideologically convinced, as well as training employees' courage and patience to conduct such conversations.

### 3. DIALECTICAL APPROACH

EHAB's third mode of operation is the dialectical approach. It is from the contradiction between an open attitude and critical thinking that new solutions can emerge. This line of reasoning is based partly on the Socratic method from ancient times, but has also been described during the 19th century by the German philosopher Georg Wilhelm Friedrich Hegel as the idea that a synthesis is created out of the meeting between a thesis and its antithesis.

For EHAB, the synthesis can come in the form of products, services, solutions, and new work processes within the company itself. The dialectical approach entails that something new emerges from the pendulum movement between two or more opposing perspectives, an alternative understanding of what the problem is and which resolves tensions inherent in the previous approaches. For example, while openness contributes with new information and critical thinking with scrutiny of such information, dialectics enables a movement between and beyond either method towards a solution that is possible within the time frames one works under. The pendulum movement of dialectics can in this sense not be said to have any end goal, other than as a response or reaction to new and changing needs in the public, political and commercial spheres of society.

While an open attitude and critical thinking are ideals to strive for, dialectics reminds us about the limitations of these methods. The approaches need to be combined and the pendulum movement between them constrained by the time and resources available for developing our solutions. No policy, product, or staff working on them can in this sense never completely eliminate all BS. But we can become good enough. Dialectics is in this sense a method for making EHAB's three modes of operation realistic.

Dialectics highlights the need for a corporate culture where employees are flexible and where strategies change based on putting perspectives against, and in comparison to, each other. There is a need for insight both at the individual and group level that different abilities and perspectives must be combined, and discussed, so as to arrive at new solutions. A dialectical approach is therefore not a negotiation between vying interests, but rather a struggle without hope of victory, an intellectual and intuitive movement through which previous ideas are overturned as part of enabling something entirely new.

### BACKGROUND

We believe that the policy, using the OCD model, reflects the modes of operation that have been consistently used over time to build EHAB's corporate group and for conducting its business. By formalizing these in NBSP, we ensure that our operations will become more sustainable, resilient, and measurable. This is essential as we have a long-term owner perspective and work together with our portfolio companies to promote sustainable economic growth, without BS. We view NBSP as value-generating and central for the operations we conduct and the role we play within society. It is essential to how we can strengthen EHAB's ability to deliver value for our investors, the customers of portfolio companies, as well as our partners. NBSP is also central for strengthening and using our most important resources, namely our knowledge- and competence supply, branding, skilled employees, structural capital, and social networks.



## DEFINITIONS

**Bullshit (BS):** BS in business can broadly be defined as misleading or irrelevant statements and information that are spread with (or without) the purpose of misleading or manipulating stakeholders. It can also include exaggerated claims about products, services and performance, or the use of obscure jargon to impress or conceal shortcomings. It is therefore important to be critical and carefully examine all information presented by companies and other actors within business so as not to blindly trust truth claims or the meaning of concepts.

**No bullshit:** The concept of "No bullshit" aims to avoid misleading or irrelevant statements and information that deceive or manipulate investors and other stakeholders. The term can also be used to further promote a culture of transparency and honesty within EHAB, where companies and organizations are encouraged to be clear and factual in their communication with customers, investors, and other stakeholders. By cultivating a healthy skepticism, EHAB can focus on real opportunities that yield returns.

## FOLLOW-UP

EHAB' board of directors follows up on the implementation of NBSP in connection with the annual report, in addition to internal control/internal audits. This work includes developing a systematic approach to follow-up. The policy was adopted by EHAB's board of directors at the regular board meeting on April 27, 2023.