

# Corporate Governance Report

Good corporate governance is about ensuring that a company is managed as efficiently as possible on behalf of the shareholders. Corporate governance determines how rights and responsibilities are distributed among a company's various bodies in accordance with internal processes and the laws and regulations in effect. Pandox is a Swedish public limited company with its registered office in Stockholm. The B shares have been listed on Nasdaq Stockholm since 18 June 2015. Corporate governance within Pandox is based on Swedish laws, the Articles of Association, the Nasdaq Stockholm Rule Book for Issuers and the Swedish Corporate Governance Code ("the Code"). The Code describes good practice in the stock market for all Swedish companies whose shares are listed for trading on a regulated market in Sweden. The Code is to be applied from the date of the market listing.

The Code has been revised and the revised version went into effect on 1 December 2016.

The Company does not need to follow all of the rules in the Code as the Code itself allows companies to deviate from the rules provided that any such deviations as well as the alternative solutions chosen are described and the reasons for them explained in the Company's corporate governance report (according to the so-called "comply or explain principle").

All companies are, however, obliged to comply with the Code's Chapter 10 Information on Corporate Governance. In the Corporate Governance Report published on the Company's website, the Board is to provide information to shareholders and

the capital market on an annual basis about the Company's corporate governance and how the Company is applying the Code.

Pandox complies with the Code with no deviations.

## SHAREHOLDERS AND THE SHARE

The active participation of the shareholders at shareholders' meetings promotes a good balance of power between the owners, the Board and Group management.

The Company's share capital amounted to SEK 393,749,998 as of 31 December 2016; 75,000,000 are A shares and 82,499,999 are B shares. Each A share entitles the holder to three votes at shareholders' meetings, while each B share entitles the holder to one vote at shareholders' meetings.

Pandox' Articles of Association contain a conversion clause and a pre-emption clause for Pandox's A shares. All B shares are transferable without restriction.

The following shareholders have direct or indirect ownership representing 10 percent or more of the voting rights for all shares in the Company:

Holding on 31 December 2016	% of votes
Eiendomsspar Sverige AB	39.0
Christian Sundt AB	19.5
Helene Sundt AB	19.4

At year-end the Company's market capitalization amounted to MSEK 22,240 (23,385). Based on the authorisation the Board of Directors received from the Annual General Meeting on 3 May 2016, Pandox implemented a directed share issue

on 8 December 2016 of 7,499,999 B shares, raising MSEK 1,012 before transaction costs.

See page 74 in the Administration Report for a description of the standard change of control clause.

## Shareholders' meeting

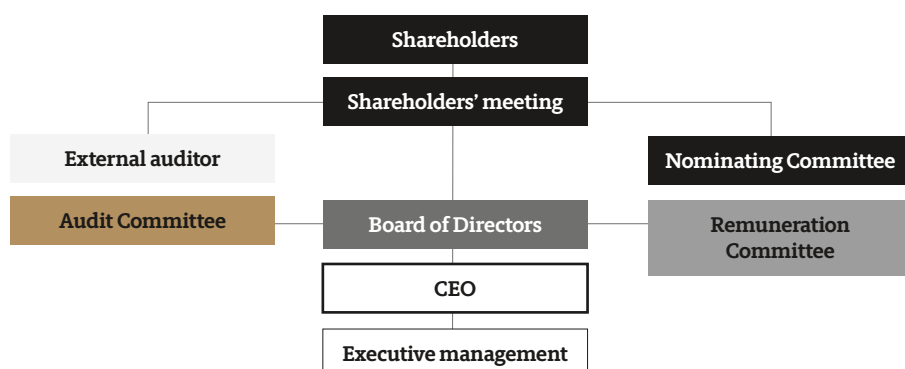
At the shareholders' meeting the shareholders exercise their right to vote on key issues, such as adoption of the income statement and balance sheet, appropriation of the Company's profits, discharging the board members and the Chief Executive Officer from liability, election of board members and auditors, and fees for board members and auditors.

The Annual General Meeting (AGM) must be held within six months of the end of the financial year. In addition to the AGM, extraordinary shareholders' meetings may be convened. The Board of Directors is to convene extraordinary shareholders' meetings if a group of minority shareholders holding at least one tenth of all shares in the Company requests such a meeting. The same applies if the Company's auditor's request an extraordinary shareholders' meeting. The Board of Directors may also convene an extraordinary shareholders' meeting on its own initiative. Resolutions at shareholders' meetings are normally passed with a simple majority. In certain matters, however, the Swedish Companies Act states that a qualified majority is required. According to the Articles of Association, notice to attend shareholders' meetings is to be issued through an announcement in Post- och Inrikes Tidningar (Sweden's official gazette) and published on Pandox's website. An announcement is also to be placed in the Swedish national daily newspaper, Svenska Dagbladet, to inform the public that a notice has been issued.

When the date and location of the shareholders' meeting has been established, the details are to be published on Pandox's website in advance of the AGM no later than in connection with the third quarter interim report.

Shareholders wishing to participate in a meeting must be listed in the register of shareholders maintained by Euroclear Sweden five days before the meeting, and must register with Pandox to participate in the shareholders' meeting by the deadline indicated in the notice to attend the meet-

## Overall corporate governance structure



ing. Shareholders may attend the meetings in person or by proxy and may also be assisted by no more than two people (the number of assistants is to be indicated when registering to attend). Shareholders may normally register in a number of ways to attend shareholders' meetings. This is described in more detail in the notice of the meeting. Shareholders are entitled to vote for all of the shares they hold.

Shareholders wishing to have a matter placed on the agenda of the shareholders' meeting are required to submit a written request to the Board of Directors. Requests are normally to be received by the Board of Directors no later than seven weeks before the shareholders' meeting

### Annual General Meeting 2016

The last Annual General Meeting (AGM) took place on 3 May 2016 in Stockholm when the following resolutions were passed:

- Adoption of the income statement and balance sheet, and of the consolidated income statement and consolidated balance sheet.
- Appropriation of the Company's earnings according to the adopted balance sheet and a decision on a dividend to the shareholders of SEK 3.80 per share.
- Discharging the members of the Board and the CEO from liability.
- Fees for the Board and the Company's auditors. SEK 600,000 to the Chairman of the Board and SEK 400,000 to each of the other elected members of the Board.
- Fees for the Audit Committee. SEK 130,000 for the Chairman of the Audit Committee and SEK 70,000 to each of the other members.
- Fees for the Remuneration Committee. SEK 50,000 is to be paid to each of the two members of the Remuneration Committee.
- Fees for auditors payable according to approved invoices.
- Re-election of board members and auditors as well as deputy auditors.
- Re-election of Christian Ringnes as Chairman of the Board.
- Authorisation for the Board of Directors to issue new shares amounting to a maximum of 10 percent of the total number of outstanding shares.
- Adoption of guidelines for remuneration for senior executives.
- Adoption of principles for appointing the Nominating Committee in advance of the 2017 Annual General Meeting.

The full minutes of shareholders' meetings are available on Pandox's website.

### Board of Directors

The Board of Directors is Pandox's second highest decision-making body, after the shareholders' meeting. According to the Swedish Companies Act the Board of Directors is responsible for the administration and organisational structure of Pandox. This includes establishing targets and strategies, ensuring that routines and systems are in place to evaluate performance in relation to established targets, and ongoing evaluation of Pandox's financial performance and position as well as operational management. The Board is responsible for ensuring that the Annual Report and interim reports are prepared at the right time. The Board also appoints the Chief Executive Officer. The Board may delegate tasks to individuals within or outside the Board, but may not relieve itself of ultimate responsibility for the Company's organisational structure and administration, nor of its responsibility to ensure satisfactory control of the Company's financial situation.

The members of the Board are normally elected at the Annual General Meeting for the period until the conclusion of the following AGM. According to Pandox's Articles of Association, the Board of Directors, to the extent it is elected by the shareholders' meeting, is to consist of at least four and not more than seven members with no deputies.

According to the Code, the Chairman of the Board is to be elected by the AGM and has special responsibility for guiding the work of the Board and for ensuring that the Board's work is well-organised and performed efficiently.

The Board works according to the written work procedures, which are revised annually and adopted at the statutory board meeting every year. The work procedures regulate, among other things, board practices, functions and distribution of duties between the board members and the CEO. In conjunction with the statutory meeting the Board also adopts instructions

for the CEO including financial reporting instructions.

The Board conducts an annual evaluation of its work methods and routines. The objective of this evaluation is to ensure that efficient processes are in place for gathering information, reporting, performing analysis, planning and decision-making. The result of the evaluation is reported to the Nominating Committee and provides substantive information on which the Committee can base its work.

The Board's work methods and routines were evaluated in 2016. The Board has continued its discussions on gender equality and diversity based on the understanding that these are essential considerations when deciding on the composition of the Board. The objective is for the Board to be composed of members of varying ages, genders and geographical origin, and to represent various educational and professional backgrounds.

A special analysis was performed of the Board's composition in preparation for the appointment of a new board member at the 2017 Annual General Meeting. Particular attention was paid to digital expertise, independence in relation to the principal owners and gender distribution on the Board.

The Board is to evaluate the work of the CEO on an ongoing basis.

The Board holds meetings based on a schedule established annually. In addition to these board meetings, other meetings may be convened by the Board to address matters that cannot wait until the next ordinary board meeting. In addition to the board meetings, the Chairman and the CEO meet on a regular basis to discuss Pandox's governance and management.

2016 was an active year for Pandox; one in which major acquisitions and divestments were implemented, hotel operations were taken over and leases were provided. All this required significant commitment and involvement by the Board of Directors.

### PANDOX'S BOARD OF DIRECTORS AND COMMITTEES IN 2016

Name	Fees, SEK 000s	Attendance at meetings				Independent of the Company <sup>1)</sup>	Independent of owners <sup>2)</sup>
		Board of Directors	Audit Committee	Remuneration Committee			
Christian Ringnes, chairman <sup>3)</sup>	650	13 of 16	—	2 of 2	Yes	No	
Leiv Askvig <sup>3)</sup>	400	13 of 16	—	—	Yes	No	
Olaf Gauslå <sup>3)</sup>	470	13 of 16	5 of 5	—	Yes	No	
Bengt Kjell	470	16 of 16	4 of 5	—	Yes	Yes	
Helene Sundt	400	13 of 16	—	—	Yes	No	
Mats Wåppling	450	16 of 16	—	2 of 2	Yes	Yes	
Ann-Sofi Danielsson	530	15 of 16	5 of 5	—	Yes	Yes	

<sup>1)</sup> Independent in relation to the Company and the executive management team.

<sup>2)</sup> Independent in relation to the Company's major shareholders.

<sup>3)</sup> The member did not participate in the (three) board meetings where preparations were being made for the new share issue due to their connection with shareholders who participated in the new share issue.

In 2016 the Board held 16 meetings, one of which was the statutory meeting. Three board meetings were held in connection with the directed share issue. Members with connections to the shareholders who participated in the new share issue were not present during meetings when the Board was making preparations for the issue.

The members of the Board have complementary and appropriate expertise for Pandox's operations.

*Audit Committee*

On 3 May 2016, Pandox appointed an Audit Committee consisting of Ann-Sofi Danielsson (chairman), Bengt Kjell and Olaf Gauslå. The Audit Committee's duties, which are not to affect the Board's general responsibilities and duties, include overseeing Pandox's financial reporting and the efficiency of Pandox's internal control and risk management. This involves staying informed about the audit of the annual accounts and consolidated accounts, reviewing and monitoring the auditor's impartiality and independence, and paying particular attention when the auditor is providing Pandox with services other than audit services, as well as assisting in drafting proposals for the election of auditors at the AGM. The Audit Committee also examines the Annual Report and interim reports and oversees the audit. The Audit Committee does not perform any auditing tasks.

In 2016, in addition to examining Pandox's external financial reporting, the

Audit Committee analysed and assessed Pandox's economic, financial and reporting risks, with a particular focus on revenue, investments and property valuation. Internal control, in terms of development, tools, structure and self-assessment, has also been examined.

In 2016 the Audit Committee held five meetings at which minutes were kept and reported to the Board of Directors.

*Remuneration Committee*

Pandox has a Remuneration Committee consisting of two members: Christian Ringnes and Mats Wäppling. Remuneration Committee duties:

- Preparing for board decisions on remuneration principles and on remuneration and other employment terms for the executive management team.
- Monitoring and evaluating ongoing programmes and programmes concluded during the year for variable remuneration for the executive management team.
- Monitoring and evaluating the application of remuneration guidelines for senior executives, on which the AGM is legally obligated to vote, and the applicable remuneration structures and compensation levels within the Company.
- Reviewing and preparing proposals on all share-related incentive schemes to put before the executive management team.

During the year the Remuneration Committee paid special attention to matters relating to salaries and other remuneration for the CEO and executive management team. In 2016 the Remuneration Committee held two meetings at which minutes were kept. The minutes were then presented to the Board of Directors.

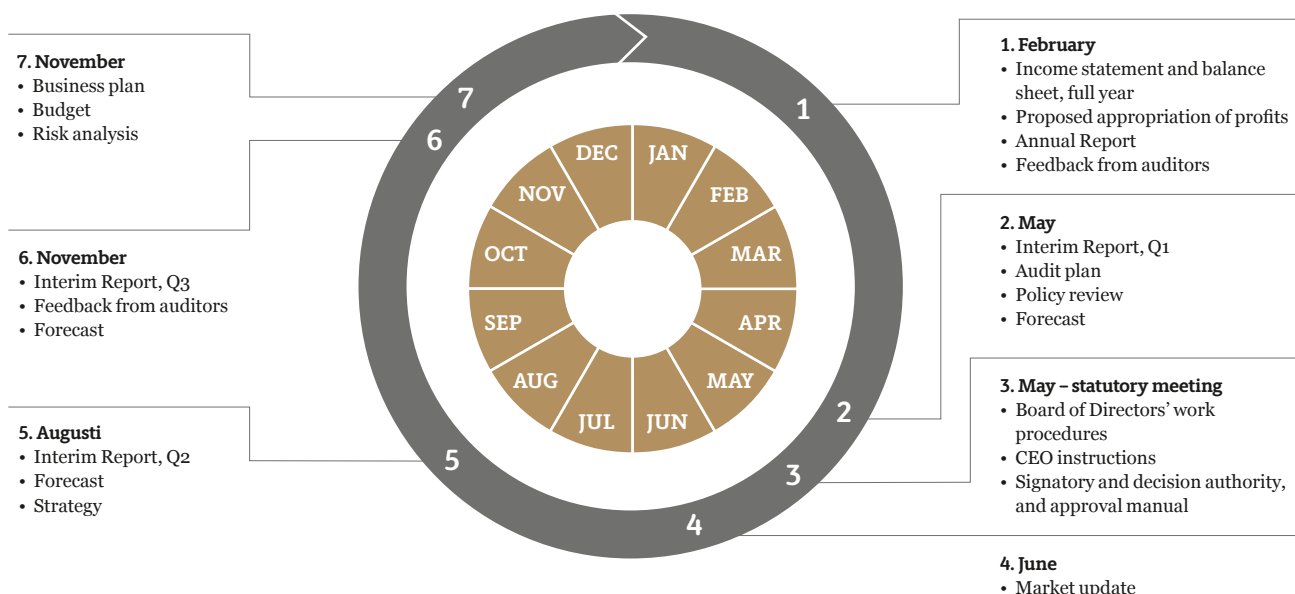
**Chief Executive Officer and other senior executives**

The Chief Executive Officer (CEO) reports to the Board of Directors and is responsible for Pandox's day-to-day administration and operations. Actions and measures which, taking into account the scope and nature of the Company's business, are of an unusual nature or of great significance, or do not fall under the category of day-to-day administration. The CEO is required to prepare information and report to the Board on matters that are outside the day-to-day administration of the Company.

The distribution of duties between the board members and the CEO is described in the work procedures for the Board and instructions for the CEO. The CEO is also responsible for preparing reports and compiling information in advance of Board meetings and reporting on these materials at the board meetings.

According to the instructions on financial reporting, the CEO is responsible for Pandox's financial reporting procedures and must therefore ensure that the Board receives sufficient information on which to

**Board duties, annual cycle\***



\* In 2016 a total of 16 board meetings were held. The high number in relation to the normal annual cycle for the Board's work is mainly due to acquisitions and divestments, as well as the new share issue.

continuously evaluate Pandox's financial position.

The CEO is to keep the Board informed continuously on Pandox's performance, sales development, results and financial position, liquidity and credit status, important business events and on other events, circumstances or situations that may be assumed to be of material importance for Pandox's shareholders.

#### **Audit**

Pandox's auditors are appointed by the shareholders' meeting and are to examine the Company's Annual Report and accounting records as well as the administration of the Company by the Board and the CEO. After each financial year, the auditor must submit an audit report for the Company and the Group to the Annual General Meeting. The auditors are commissioned by and report to the shareholders' meeting and are not to allow themselves to be influenced in their work by the Board or the executive management team.

The auditors are also responsible for reporting on any instance where a board member or the CEO is guilty of neglect or has acted in a way that may result in a liability to pay compensation.

According to Pandox's Articles of Association, Pandox is to have two auditors and two deputy auditors or an authorised accounting firm. Pandox's auditors are Per Gustafsson and Willard Möller and the deputy auditors are Pär Olle Lövgren and Ulf Sundborg. Pandox's auditors and deputy auditors are presented in the section under the heading: Board, senior executives and auditors on pages 126–129.

At the request of the Audit Committee, Pandox has conducted an audit procurement process and the Nominating Committee will propose the election of new auditors at the 2017 Annual General Meeting.

The Board of Directors meets with Pandox's external auditors without executive management being present at least once a year to receive and discuss the auditors' opinions.

The Audit Committee also meets the auditors on a regular basis to be informed about and discuss their opinions on the interim reports and the Annual Report, the results of the auditor's scrutiny of internal control over financial reporting and to address other issues.

Pandox has no specific internal audit department. The Board evaluates the need for such a department on an annual basis.

#### **Nominating Committee**

The Nominating Committee is a body tasked by the shareholders' meeting to prepare for the meeting's decisions on election and fee-related issues, and where applicable, procedural issues for the next Nominating Committee to address.

The Nominating Committee is responsible for submitting proposals for the election of the Chairman and other members of the Board, as well as on fees and other remuneration for board assignments for each and every member of the Board. The Nominating Committee is also to provide proposals for the election and compensation of auditors in consultation with the Audit Committee.

In accordance with a decision at Pandox's 2016 AGM, the Nominating Committee, in advance of the 2017 AGM, is to consist of the Chairman of the Board of Pandox AB and representatives of the four largest shareholders in terms of voting rights as of 31 July 2016 according to the register of shareholders kept by Euroclear Sweden. The Chairman of the Board of Pandox AB is also responsible for convening the first meeting of the Nominating Committee. If a shareholder with the right to appoint a member of the Nominating Committee relinquishes the right to appoint a member, the right to appoint a member is transferred to the largest shareholder who has not previously had the right to appoint a member of the Nominating Committee. Helene Sundt AB and Christian Sundt AB are both represented by the same member of the Nominating Committee. The member representing the largest shareholder in terms of voting rights is to appoint the chairman of the Nominating Committee. The composition of the Nominating Committee is to be announced no later than six months before the AGM. No fees are payable.

On 6 September 2016 Pandox announced that the Nominating Committee had been appointed in accordance with principles adopted by the AGM and consisted of the following:

- Anders Ryssdal, Eiendomsspar Sverige AB (Nominating Committee chairman).
- Christian Ringnes, Chairman of the Board of Pandox AB.
- Jakob Iqbal, Helene Sundt AB and Christian Sundt AB jointly.
- Lars-Åke Bokenberger, AMF.
- Marianne Flink, Swedbank Robur Fonder.

Shareholders wishing to submit proposals to the Nominating Committee can do so by e-mail to [valberedningen@pandox.se](mailto:valberedningen@pandox.se) or by letter to Pandox AB, Valberedning, P O Box 15, SE-101 20 Stockholm no later than 8 February 2017. Nominating Committee proposals:

- Proposal for election of members of the Board of Directors.
- Principles for appointing the Nominating Committee in advance of the 2018 Annual General Meeting
- Proposal for the election of auditors

The Nominating Committee's proposals have been published in the notice to attend the 2017 AGM and on Pandox's website. The AGM will be held on 29 March 2017 in Stockholm.

#### **INTERNAL CONTROL AND FINANCIAL REPORTING**

According to the Swedish Companies Act and the Code, Pandox's Board of Directors is responsible for the Company's internal control. This report has been prepared in accordance with the Annual Accounts Act and the Code and is mainly intended to describe internal control with respect to financial reporting.

The framework used as a basis for Pandox's work on and description of internal governance and control is provided by COSO, the Committee of Sponsoring Organisations of the Treadway Commission. COSO provides a structure for internal control based on five components: control environment, risk assessment, control activities, monitoring activities, and information and communication.

#### **Control environment**

The Board of Directors has overall responsibility for ensuring good internal control and effective risk management. Every year the Board of Directors adopts work procedures that define the Board's responsibilities and the distribution of duties among the board members. The Board exercises its control by annually adopting policy documents, CEO instructions, delegation rules, instructions for financial reporting, business targets and strategies, as well as business plans and a budget.

The basis for good internal control over financial reporting is based on the control environment. In 2016 Pandox focused on defining, documenting and implementing an organisational structure, decision paths, responsibility and powers. These efforts have strengthened Pandox's corporate

culture and control environment. This has resulted in a number of updated Group-wide governing documents:

- Work procedures for the Board and its committees
- CEO instructions, including instructions for financial reporting
- Decision and authorisation manual
- Financial Handbook
- Financial Policy
- Insider Policy
- Communication policy
- IT Policy
- Environmental Policy
- Code of Conduct

These governing documents form the basis for ensuring correct financial reporting.

The Board's and executive management's actions, demonstrating solid expertise and an ethical approach, have great significance for establishing a sound control environment and are an important aspect of Pandex's corporate culture.

In 2016 Pandex strengthened the Company's expertise by recruiting a Group Counsel.

#### Risk assessment

The Group's business segments are exposed to a number of risks. See the risk section on page 64.

Risk assessment with respect to financial reporting involves identifying the procedures and income statement and balance sheet items in which there is a risk that errors, incomplete information or irregularities may arise if control built into the routines is insufficient. Risk assessment includes analysing if any errors could occur and if so, how they may occur and in which

part of the process. Pandex's risk assessment has identified items where the risk of significant errors is the highest. These are items involving substantial transactions or where the processes are highly complex and require strong internal control.

An assessment of the risk of errors in financial reporting is performed annually for each line in the income statement, statement of financial position and cash flow statement. For items that are significant and/or associated with an elevated risk of errors, special procedures are employed to minimise the risks. The three main areas of risk are:

- Property valuation
- Investment and renovation programmes
- Financing activities

Pandex has a well-established operational risk model called the Pandex Model. It is used to evaluate and document identified risks associated with the hotel properties. The Model's methods increase cash flow and limit the risk associated with each of the hotels.

The Pandex Model has four phases:

- Market analysis
- Market strategy
- Profitability optimisation
- Contract optimisation

Twice a year a review of all of the hotels and properties is performed and updates are made based on the Pandex Model. Recurring business risk areas are: hotel occupancy, property management, contract issues and asset management. The most significant risks are documented in a "Hot Pile" and are followed up at monthly

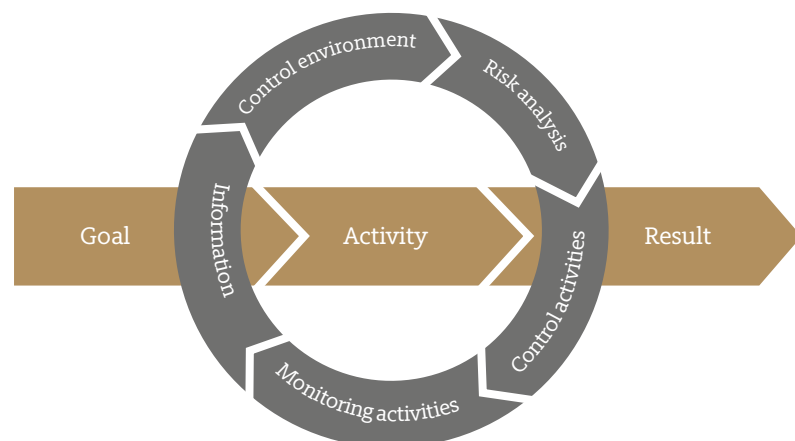
executive management meetings. Topics discussed at the meetings include any impact from macroeconomic forces, the hotel market cycle, geography, diversification, demand, supply, competitors etc.

Pandex performs an internal valuation of its property portfolio every quarter. In addition, a valuation is made of all properties every year by external professional property appraisers who are independent of Pandex. Their assumptions and valuations form an important element in the process of establishing the internal valuation. The valuation model consists of an accepted and proven cash flow model, where the future cash flows the hotel properties are expected to generate are discounted. The valuation is based on the business plan for the hotel concerned, which is updated at least twice a year, and takes into consideration, among other things, developments in the underlying operator activities, market development, the contract situation, operating and maintenance, and investments aimed at maximizing the hotel property's cash flow and return over the long term.

In its role as an active hotel property owner, Pandex makes every effort to develop and position its hotels through a programme of investment and renovation. Pandex has made substantial investments in recent years. Pandex has a long-term investment management perspective for the property portfolio and works according to three to five year maintenance plans. For investments exceeding MSEK 6, a memorandum is submitted to the Board for approval. An investment budget is established every year in connection with the preparation of the budgets and business plan for adoption by the Board of Directors. The outcome of the investments is monitored in relation to the budget and reported at board meetings.

Interest expense is, and has in the past been, Pandex's largest expense item. Interest expense is affected by market interest rates and by credit institution margins, as well as by Pandex's strategy with respect to fixed interest rates. The majority of Pandex's credit facilities have a variable rate of interest. In order to manage interest rate risk and increase the predictability of Pandex's earnings, interest rate derivatives, mainly interest swaps, are used. Variable interest rates are partially swapped through interest-rate swaps, which gives Pandex fixed interest rates. Pandex's Board establishes the risk mandate. The risk mandate is reflected in Pandex's Financial Policy and

#### Pandex's model for internal control



ensures that the Company has access to long-term financing. The Financial Policy is updated annually by the Board of Directors. Pandox works closely with its lenders and external experts to ensure the Company plans well in advance with respect to its financing requirements.

In connection with Pandox's annual strategy and budgetary work, the executive management team presents a chart of the Group's top risks to the Board of Directors.

#### **Control activities**

To avoid errors, a number of control activities have been introduced to ensure that control objectives are achieved. In 2016 Pandox reviewed its processes and routines to guarantee a high standard in financial reporting. Pandox's most important financial processes, such as closing the accounts, consolidation, monitoring results and reporting, have been documented in a Financial Handbook. This has also involved identifying and documenting control activities linked to financial processes. The control measures involve guaranteeing the quality of financial reporting. Measures have been implemented at the general level in analysis of results and key ratios, as well as at the detailed level by incorporating a number of verification items in day-to-day processes and routine descriptions. Each month at financial meetings, the Company's performance is examined in relation to the budget, forecast and the outcome the previous year. The executive management team also holds monthly meetings. The Board and Audit Committee review financial reporting procedures.

The CFO and the business intelligence and control departments are all responsible for creating the environment required to achieve transparent and accurate finan-

cial reporting. Pandox's executive management and the Board also fill an important control function with respect to the external financial reporting process.

#### **Monitoring activities**

Pandox monitors performance in relation to both operational and financial goals on a monthly basis. The performance follow-up meeting is attended by the CEO, CFO, VP Business Intelligence, Group Controllers and Business Area Managers. Material differences are investigated immediately by the CFO and significant cases are reported to the Board. At least every quarter the Board follows up on any high risks identified. The Audit Committee always examines the external reports before they are published for the stock market.

These follow-up processes are the basis for guaranteeing the quality of Pandox's financial reporting.

The CFO reports annually to the Board on an evaluation of internal control over financial reporting.

In addition to this, Pandox's external auditors examine the Company's internal control over financial reporting and annual reporting, and perform a review of the third quarter interim report. Any shortcomings and/or errors identified by the auditors are reported to Pandox's executive management or, in the case of serious issues, directly to the Board.

#### **Information and communication**

One prerequisite for good internal control is that its various components and intentions are known throughout the organisation. In other words, clear and well-structured communication on internal control is very important.

To ensure that there is an efficient exchange of knowledge and experience among the financial departments, financial meetings are convened on a regular basis at which relevant issues are addressed. Governing guidelines, policies and instructions are available on the Group's intranet. Access to the documents for internal information on the intranet is regulated by rules of authorisation. The documents are updated on an ongoing basis as needed. Changes are communicated separately via e-mail and at meetings attended by controllers and financial managers. Access to financial data for the Group is also controlled at the central level based on rules of authorisation.

The Head of Investor Relations is responsible for all external information and communication, including the external website.

#### **Need for an internal Audit**

Pandox has a very dedicated and committed executive management team whose members are directly involved in many different issues at various levels within the Group. Pandox also has a strong central control department consisting of controllers with previous experience as auditors who work with the Business Intelligence department to analyse and monitor financial and operational development within all of the Group's business segments. The employees in the financial department have many years of experience in this area and significant experience of Pandox's business. Taking all of this into consideration, Pandox's Board has determined that at this time there is no need for a separate internal audit department.

## Auditors' report of the corporate governance statement

**To the annual meeting of the shareholders in Pandox Aktiebolag (publ), Corporate identity number 556030-7885**

The board of directors is responsible for the corporate governance statement for the year 2016, presented on pages 1–6 and for ensuring that it has been prepared in accordance with the annual accounts act.

Our review has been performed in accordance with FARs announcement *RevU 16 the auditor's review of the corporate governance statement*. This means that our statutory examination of the

corporate governance statement is different from and substantially smaller in scope than an audit, which is conducted in accordance with International Standards on Auditing and generally accepted audit standards in Sweden.

A corporate governance statement has been prepared. Information in accordance with chapter 6 section 6 second paragraph items 2–6 and chapter 7 section 31 second

paragraph of the annual accounts act is consistent with the annual accounts, the consolidated accounts and the annual accounts act.

Stockholm, 24 February 2017

Per Gustafsson  
Authorised  
Public Accountant

Willard Möller  
Authorised  
Public Accountant