

Corporate governance report

Corporate governance in Swedfund

Swedfund belongs to the group of companies which have a specifically adopted societal mission. Both external and internal regulations form the basis for Swedfund's governance. The board of directors has established guidelines for the company's operations with the aim of providing guidance for the organisation and its employees. Swedfund applies the Swedish Code of Corporate Governance ("the Code") and presents non-conformities for the financial year below. The main reason behind such non-conformities is Swedfund's ownership circumstances, with Swedfund being a wholly state-owned company and thus not a listed company with dispersed ownership. The company's auditors have conducted a statutory review of the corporate governance report.

The state's ownership policy, the owner's instruction for the company, the articles of association and the goals established by the general meeting and the board of directors govern the operation. Swedfund's strategy and policy documents form the starting point for the implementation of the mission. The company's policies form a key part of the company's values and are continually being incorporated into working methods and agreements. Read more about the further development of policies on pages 50-51. The training of Swedfund staff and external board members amongst the portfolio companies is ongoing. The company is also affiliated to a number of international conventions and regulations which impact on the working methods that are followed in different ways.

The Code of Conduct

The Code forms part of the state's corporate governance framework. Swedfund follows the Code of Conduct in accordance with the owner's guidelines.

Deviations from the Code

Swedfund deviated from the provisions of the Code during the 2018 financial year with regard to the following points:

- (i) Nomination committee. Due to its ownership structure, Swedfund has no nomination committee. Instead, the nomination process for board members, election of a chair for the meeting and the appointment of auditors are based on the principles set out in the state's ownership policy,
- (ii) The board of directors' independence in relation to the owner. In accordance with the state's ownership policy, Swedfund does not report whether or not board members are independent of the owner,
- (iii) Remuneration committee. The board of directors has instead opted to carry out this task.

Corporate governance amongst the portfolio companies

As regards equity investments, Swedfund has a role as a minority shareholder, but normally endeavour to ensure that it holds a board position. In connection with fund investments, Swedfund is often represented on the fund's advisory board. Through active ownership based on the three pillars, governance and monitoring take place through, amongst other things, board work, self-evaluations and ESG advocacy work. The management of Swedfund's investments involves incorporating Swedfund's requirements and policies in investment agreements as and where appropriate. Information on the development of the portfolio

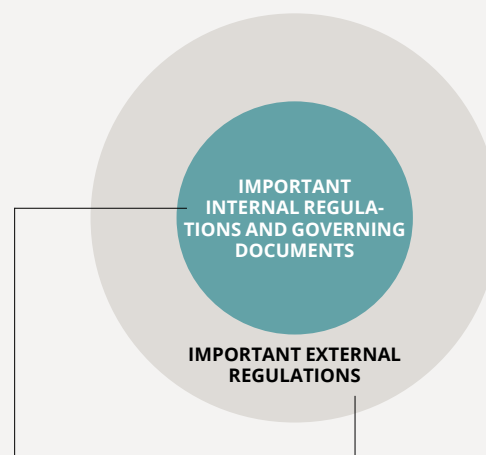
companies is obtained through regular owner dialogues, the follow-up of annual reports and other agreed information

Read about Swedfund's work relating to ESG issues in the portfolio companies and how Swedfund creates value on pages 44-45 and pages 14-15 respectively. Swedfund strives to maintain an active dialogue with various stakeholders such as owners, business partners, civil society organisations, trade unions and media representatives. Read Swedfund's stakeholder and materiality analysis on pages 142-143.

Votes and owners

Swedfund is a limited liability company which is wholly owned by the Swedish state. The general meeting is the supreme decision-making body within Swedfund, and it is through participation in this meeting that the Swedish state exerts its influence on the company. The Ministry of Enterprise and Innovation is responsible for managing the state's ownership of Swedfund, while the Ministry of Foreign Affairs is responsible for the company's aid policy. Invitations to the annual general meeting and extraordinary general meetings at which matters concerning the amendment of the articles of association will be considered must be distributed no earlier than six weeks and no later than four weeks before the meeting. Invitations are issued through publication in the Postal and Inrikestidningar gazette and on Swedfund's website. A Member of Parliament has the right to be present at the meeting and to ask the company questions during the meeting. The meetings are also normally open to the general public.

GOVERNING DOCUMENTS



- Owner's instructions
- Articles of association
- Board of director's rules of procedure
- Delegation of authority policy and authorisation policy
- Swedfund's strategic sustainability goals
- Code of Conduct
- Policies such as the Sustainability Policy and Anti-corruption Policy

- Swedish Companies Act
- Accounting legislation and recommendations
- State ownership policy and guidelines for companies with state ownership
- Swedish Code of Corporate Governance
- International conventions

The tasks of the annual general meeting include reaching decisions concerning:

- adoption of the income statement and balance sheet
- appropriation of the company's profit or loss
- discharge from liability for the board of directors and the CEO
- election of the board of directors, chair of the board of directors and auditors
- determination of fees to the board of directors and auditors
- amendments to the articles of association
- Owner's instruction for the organisation, including mission objectives and financial goals
- remuneration guidelines for the senior management

Annual General Meeting 2018

Swedfund's annual general meeting was held on 27 April 2018. Minutes from annual general meetings are available on Swedfund's website. Board members Björn Börjesson, Charlotte Salford, Hanna Lagercrantz Göran Barsby, Kerstin Borglin, Torgny Holmgren, Mikael Sandström and Fredrik Arp were re-elected as members of the board of directors. Göran Barsby was elected by the general meeting as chair of the board. The annual general meeting re-elected audit firm Ernst & Young AB as auditor, with Jennifer Rock-Baley as lead auditor. In addition, the annual general meeting adopted the income statement and balance sheet as at 31 December 2017 and discharged the members of the board of directors and the CEO from liability for the 2017 financial year. The annual general meeting also presented proposals for appropriation of the profit, as well as proposals concerning guidelines for the remuneration of the senior management.

Board of directors

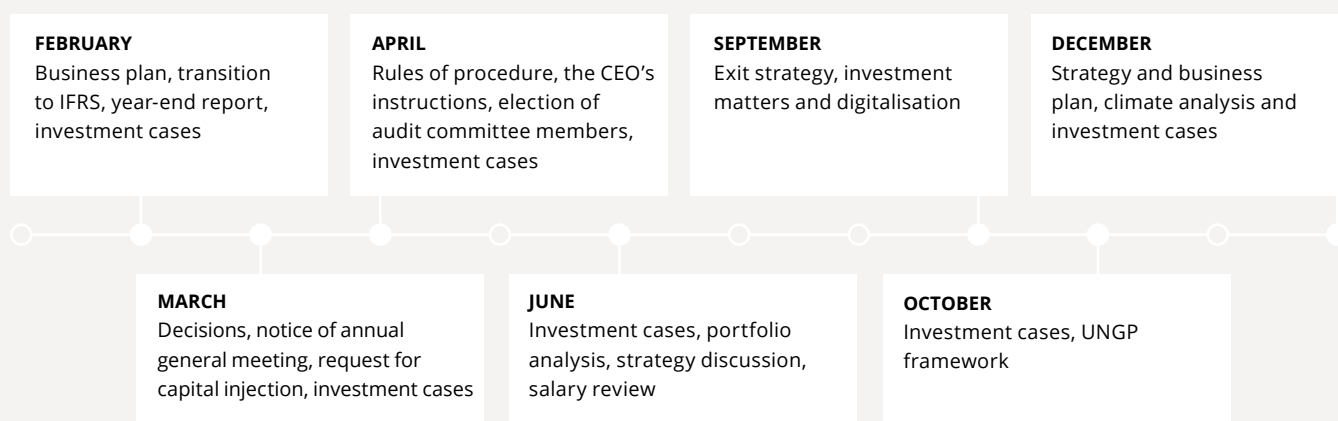
Composition of the board

According to the articles of association, the board of directors must consist of at least six and no more than nine members without deputies. The annual general meeting shall appoint the chair of the board. If the chair leaves his or her post during their term of office, the board of directors must elect a chair from amongst its members for the period through until the end of the general meeting when the new chair is elected by the meeting. As of 31 December 2018, the board of directors consisted of eight members, including three women and five men. No member of Swedfund's executive management is a member of the board of directors. Information about the members of the board of directors is given on pages 136-137.

The board of directors is required to continuously assess the company's financial situation, and ensure that the company achieves the established goals and manages its resources appropriately. The board of directors must ensure that the company's organisation is such that accounting, financial management and the company's financial circumstances generally are subject to satisfactory controls. The board of directors must ensure that the company has effective systems in place for monitoring and controlling the company's operations, and shall keep itself informed and evaluate how the company's internal control systems are functioning. The board of directors is responsible for establishing goals and a strategy for the company's operations. It is the responsibility of the board of directors to integrate sustainable business into the company's business strategy and business development, and to establish strategic goals for sustainable business in accordance with the ownership policy. The board of directors is responsible for the company's risk management and compliance. This means that the board of directors is responsible for ensuring that risks associated with the company's operations are continually identified, analysed and managed appropriately, and that there is adequate control over the company's compliance with laws and other rules that apply to the company's operations. The board of directors is also responsible for establishing, implementing and following up the policy documents and other forms of governing documents relevant to the organisation, such as the rules of procedure of the board of directors and the audit committee, and the CEO's instructions. Amongst other things, these policy documents set out how responsibilities and authorities are delegated between the board of directors, the chair of the board and the CEO.

The board of directors has established an audit committee whose duties are aimed at the quality assurance of Swedfund's external reporting, and ensuring that the company has appropriate risk management in place, that established principles for external reporting and internal control are complied with, and that Swedfund undergoes qualified, effective and independent auditing. The audit committee consists of three board members appointed annually by the board of directors. The audit committee currently consists of Björn Börjesson (chair), Fredrik Arp and Hanna Lagercrantz.

KEY ISSUES FOR THE BOARD OF DIRECTORS DURING 2018



Attendance at board of directors and audit committee meetings during 2018

Member	Position	Board of directors meetings	Audit committee meetings
Göran Barsby	Chair of the board	11/11	
Fredrik Arp	Member	10/11	7/7
Kerstin Borglin	Member	9/11	
Björn Börjesson	Member, chair of the audit committee	11/11	7/7
Torgny Holmgren	Member	10/11	
Hanna Lagercrantz	Member	10/11	6/7
Charlotte Salford	Member	8/11	
Mikael Sandström	Member	10/11	

Responsibilities and duties of the board of directors

The board of directors is responsible for maximising the development of value in the company, and for ensuring that the operation is managed in a way which promotes sustainable development, financially, socially and environmentally and as regards climate. The board of directors is responsible for the company's organisation and management of its affairs in the interests of the company and the shareholder. The board of directors is responsible for ensuring that the company acts as a role model within the field of sustainable business and also otherwise operates in a manner that is worthy of public confidence. The board of directors appoints the chief executive officer (CEO) and determines the salary and other benefits of the CEO.

Chair of the board

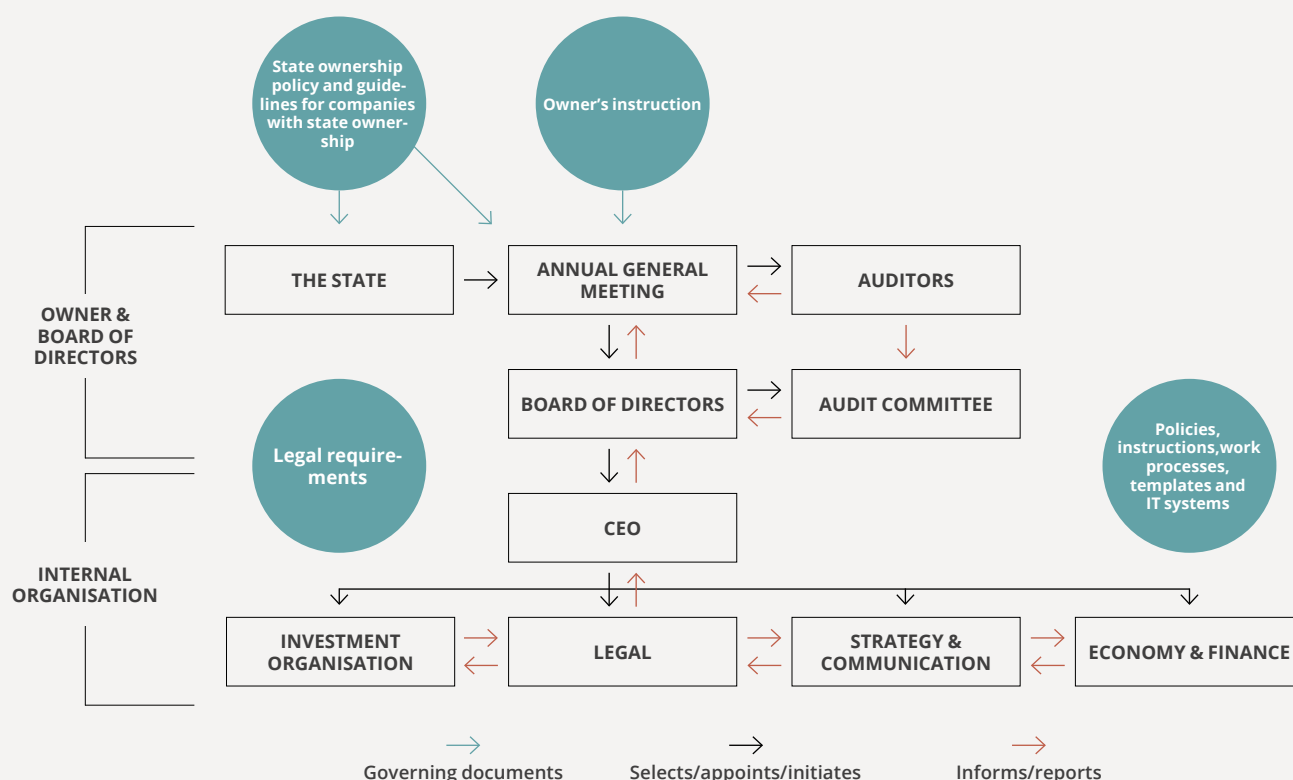
The chair is responsible for annually evaluating the work of the board of directors and for ensuring that the evaluation is report-

ed as and when relevant to the owner's nomination administrator. The 2018 board evaluation was carried out within the board and involved a collective evaluation of the work and expertise of the board of directors. Relevant results have been presented by the chair to the owner's nomination administrator. As and when necessary, the chair participates in connection with important contacts and represents the company in relation to ownership matters. The chair of the board is also responsible for maintaining contact with representatives of the company's owners with the aim of coordinating his or her views with these representatives when the company must make particularly important decisions.

Work of the board of directors and the audit committee during 2018

During 2018, the board of directors met on 11 occasions; see also Note 6 (pages 101-102) regarding the board members'

CORPORATE GOVERNANCE STRUCTURE



attendance at this year's meetings. Amongst other matters, the meetings considered the business operations based on the three pillars (impact on society, sustainability and financial viability), annual and interim financial statements and related reports, strategic issues, mission objectives, business plan, budgets, organisational and staffing issues, and evaluation of the work of the board of directors and the CEO.

The audit committee met on seven occasions during 2018. Amongst other things, the audit committee has prepared questions regarding interim reports and integrated reporting for 2017 (including the annual report, sustainability and corporate governance report), transition to IFRS, including valuation of the investment portfolio at fair value and cash management, including principles for the hedging of flows in foreign currency.

Chief executive officer

The chief executive officer (CEO) is responsible for ongoing management and coordination of the company's operations with the care and to the extent necessary to perform these tasks in accordance with applicable legislation, the articles of association, the CEO's instructions and the board of directors' instructions and the state's ownership policy. The CEO signs on behalf of the company's with regard to the ongoing administration of the company within the adopted budget. Decisions within the CEO's own decision-making remit are reported to the board of directors at the following board meeting. When a member of the management group signs on behalf of the company, this is also reported at the following board meeting. Orders for consultancy services with a value of up to SEK 200,000 may be placed by the heads of department without the CEO's approval. The CEO is not a member of the board of directors. Maria Håkansson was born in 1970 and took up the position of CEO in March 2018. Maria Håkansson has 20 years of experience within the telecom sector and has held a number of managerial positions within Ericsson. Before she became CEO of Swedfund, she served as Vice President Internet of Things (IoT) at Ericsson. Maria Håkansson has a degree in Business Administration, specialising in financial control and reporting from Stockholm University.

Auditors

The state's ownership policy states that responsibility for the election of elected auditors in state-owned companies always rests with the owner. Auditors are normally appointed for a term of one year at a time. The auditors are accountable to the owner at the general meeting and submit audit reports concerning Swedfund's integrated reports and the board of directors' management. The auditors submit a summary report on the audit to the board of directors through the general audit of the interim report for January to September and in connection with the audit of the annual accounts.

Organisation

On 5 March 2018, Maria Håkansson was appointed CEO and succeeded Gerth Svensson, who has been acting CEO since August 2017. In August 2018, Lotta Jarleryd became interim CFO. Management tasks are coordinated by a management group which at the year-end consisted of the CEO, the Chief Legal Counsel, CFO, Director of strategy and Communication and Director of Investment Operations and ESG. The role of the management group is to prepare and implement strategies, manage corporate governance and organisational issues, and follow up Swedfund's financial development and efforts relating to sustainability.

Remuneration of senior executives

Swedfund applies the government's remuneration guidelines for employees in managerial positions. The remuneration conditions for the CEO and other senior executives are presented in Note 6 (pages 101-102).

Internal control regarding financial reporting

Under the Companies Act and the Code, the board of directors is responsible for ensuring that the company has good internal controls in place. This report has been prepared in accordance with Chapter 6 Section 6 of the Swedish Annual Accounts Act, and Articles 7.3 - 7.4 of the Code, and is limited to the internal controls regarding financial reporting.

Effective board work forms the basis for good internal control. Swedfund's internal controls can be described based on the following five main areas.

Governance and control environment

The basis for internal controls regarding financial reporting is the control environment. The board of directors has overall responsibility for financial reporting. Every year, the board of directors adopts a set of written rules of procedure for its work, and specifies the division of work between the board of directors, the audit committee and the CEO.

The audit committee appointed by the board of directors is tasked with preparing matters for decisions by the board. The audit committee works according to an annual schedule and is responsible for monitoring and quality assurance of the company's financial reports. This task covers areas such as the effectiveness of the company's internal control and assessments of estimates and reported values which could impact on the quality of financial reports. The audit committee also keeps itself informed concerning the auditing of the annual integrated reporting (including the annual report and reports regarding corporate governance and sustainability) and the management through attendance of the committee's meetings by the company's auditors. Swedfund's CEO and CFO are co-opted to the committee's meetings, but the committee's members are also in regular contact with these executives.

One aspect of the board of directors' work is to prepare, update and approve a number of fundamental policies which govern the company's work; see pages 50-51. The board of directors issues guidelines which set out the conditions for an organisational structure with the clear delegation of powers and responsibilities documented in a set of instructions for the work of the CEO and in a policy concerning the delegation of authority. Based on these, internal rules, processes and structures are created which form the basis for internal governance and control throughout the organisation. Financial policy, accounting and reporting instructions and an investment manual set out the framework and provide guidance in key areas for the company's financial reporting.

The competence of the employees and the core values that the board of directors and the management operate on the basis of and communicate also form part of the control environment. The CEO is tasked with establishing guidelines to ensure that all employees understand the requirements regarding the maintenance of ethical values and the role of the individual in this task, which is partly governed by the Code of Conduct, which all employees are required to follow.

Risk assessment

There may be a risk of material misstatement in the financial statements in connection with the accounting and valuation of

assets, liabilities, income and expenses, or deviations from information requirements. Other risks relating to financial reporting include fraud, loss or misappropriation of assets, or undue favouring of other parties at the company's expense. Accounting and financial reporting policies and directives cover areas of particular importance in order to promote accurate and complete accounting, reporting and information provision at the right time.

Identified risk types are managed through defined business processes with integrated risk management measures, as well as through the clear division of responsibility and tasks, and an appropriate decision-making policy. This means that specific approval is required for investments and other important transactions to ensure that assets are managed appropriately. The company's financial risks are managed in accordance with the board of directors' established financial policy, and reporting concerning financial risks takes place on a quarterly basis.

In connection with the evaluation of new investments, detailed analyses (due diligence) are carried out of factors such as developments in financial results and position. Based on the assessment of financial risks, the terms of the investment contracts are also included as and where necessary in order to reduce risk exposure.

Read more about Swedfund's management of financial risks in Note 21 (pages 112-114) and about Swedfund's other risks on pages 42-43.

Control activities

To ensure that financial reports present a true and fair picture of the business and maintain the desired level of quality, Swedfund's processes include various control activities. These control activities involve every level of the organisation, from the board of directors and the management to other employees, and are intended to prevent, detect and correct any errors and non-conformities.

Results are followed up with respect to budgets and/or forecasts on a monthly basis, along with liquidity monitoring. Examples of other control activities within Swedfund's operation include the approval and control of different types of accounting transactions, reconciliations, analysis of key ratios and relationships, as well as other analytical follow-up of financial information. The analytical follow-up is carried out on an ongoing basis by the corporate management and the finance function.

In addition to this, portfolio company reviews are conducted quarterly, where developments relating to the portfolio companies are evaluated based on the three pillars of impact on society, sustainability and financial viability. These meetings are attended by the management group, the sustainability manager and the responsible Senior Investment Manager.

Swedfund has developed an investment manual to ensure that quality levels are high during the preparation of investment cases. In the context of evaluating new investments, a special process has been established where an investment committee, comprising the management group, the sustainability manager and the person responsible for the specific project, evaluates a potential investment in two stages before it is presented to the board of directors for a decision.

The process of active ownership amongst the portfolio companies involves the investment organisation taking responsibility for continually monitoring financial developments by obtaining and analysing financial reports, conducting visits and actively participating in board work. Part of the aim of this is to ensure the assessment of developments in the value of investments, which are in turn reflected in Swedfund's income statement and balance sheet.

Internal control and the management of the company are evaluated annually by the company's external auditors. Given the size and turnover of the company and the governance and control systems that are in place, the board of directors currently sees no need to establish a special audit function in the form of an internal audit unit.

Information and communication

The company's information and communication channels must contribute to full and accurate financial reporting at the right time. All Swedfund employees have access to the company's policies, guidelines and manuals. During regular information meetings with employees, the importance of applying the rules and processes that exist is stressed, and the associated resultant changes are described in more detail. Within the company's various departments, reviews and updates are carried out concerning the application of these documents on an ongoing basis as and when necessary. Formal and informal communication between employees and management is facilitated by the fact that the employees are small in number and largely geographically concentrated on one office.

The board of directors and the audit committee regularly review the management's reports concerning financial developments with analyses and comments on outcomes, budgets and forecasts. The board of directors also regularly receives detailed portfolio reports which present developments for each investment.

Swedfund has established a process for reporting suspected infringements (a whistleblower function), which can be followed if the suspected infringement was carried out by an senior executive of Swedfund or its portfolio companies and concerns corruption, doubts over reporting, deficiencies in internal accounting controls or auditing, or otherwise seriously impacts on the company's interests or the health and safety of individuals.

Follow-up

Control activities are monitored on an ongoing basis by Swedfund's corporate management and employees to ensure that risks have been appropriately taken into account and managed. These procedures include the monitoring of results against budgets and forecasts, analyses and key ratios. Policy documents and other documents are evaluated on an annual basis. The company's financial situation is considered at each board meeting. Interim reports and annual integrated reports are submitted to the audit committee for preparation, and to the board of directors for approval.

The audit committee carries out preparations for the board of director's evaluation of the information provided by the corporate management and the company's auditors. The responsibilities of the audit committee also include ensuring that, on behalf of the board of directors, action is taken concerning deficiencies and proposed measures that have emerged from the external audit concerning financial reporting and internal control.

Every year, the audit committee reviews the auditors' audit plan and considers the auditors' observations on an ongoing basis. The board of directors and the audit committee also receive summary audit reports. The company's auditors participated in one board meeting and in seven meetings of the audit committee. At least once a year, the board of directors meets the company's auditor without the CEO or any other member of the management group being present.

As of 31 December 2018, the assessment is that the control activities relating to internal control of the financial reporting are adequate.

Auditor's report

To the general meeting of the shareholders of Swedfund International AB,
corporate identity number 556436-2084

Report on the annual accounts

Opinions

We have audited the annual accounts of Swedfund International AB for the year 2018 except for the corporate governance statement on pages 130-137. The annual accounts of the company are included on pages 52-129 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Swedfund International AB as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Swedfund International AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Information than the annual accounts

This document also contains other information than the annual accounts and is found on pages 1-51 and 141-149. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors and

the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of Swedfund International AB for the year 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the loss be dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Swedfund International AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, We exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 130-137 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16. The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm 22 March 2019

Ernst & Young AB

Jennifer Rock-Baley
Authorized Public Accountant