

NOTE 15

OTHER LIABILITIES TO CREDIT INSTITUTIONS, LONG-TERM

	2017	2016
Maturity date, 1–5 years from the balance sheet date	469,719	371,746
Maturity date, after five years from the balance sheet date	587,636	509,618
	1,057,355	881,363

The item refers in its entirety to a liability to the Swedish Export Credit Corporation. In order to limit the company's currency risk and interest-rate risk in connection with lending in foreign currency, lending was hedged through corresponding borrowing with the Swedish Export Credit Corporation. The borrowing is, in its entirety, pledged a liability to the Swedish Export Credit Corporation.

NOTE 16

OTHER ITEMS NOT INCLUDED IN CASH FLOW

	2017	2016
Revaluations- and impairments, assets	99,254	83,454
Unrealised exchange rate differences	- 13,204	- 4,671
Provisions, pensions	- 152	- 167
	85,899	78,616

NOTE 17

PLEGGED ASSETS AND CONTINGENT LIABILITIES

ASSETS PLEDGED FOR LIABILITIES TO CREDIT INSTITUTIONS	2017	2016
Bonds and other securities	1,246,466	1,257,518
Bank accounts	227	137
	1,246,693	1,257,655

OTHER PLEDGED ASSETS AND SECURITIES	2017	2016
Pledged endowment insurance	1,217	1,369

CONTINGENT LIABILITIES	2017	2016
Contract portfolio obligations not disbursed	1,012,861	832,414
	1,012,861	832,414

NOTE 18

APPROPRIATION OF PROFITS

The following profits in SEK are at the disposal of the Annual General Meeting:

ACCUMULATED PROFIT/LOSS	CAPITAL INJECTION
3,554,651,729	400,000,000
PROFIT/LOSS FOR THE YEAR	TOTAL AVAILABLE FUNDS
25,854,371	3,980,506,100

The Board of Directors proposes that the profits be appropriated so that SEK 3,980,506,100 is carried forward.

NOTE 19

EVENTS AFTER THE BALANCE SHEET DATE

The approved capital injection of SEK 600 million is expected to be disbursed during spring 2018. The capital injection is an important condition for the company's ambition to develop and expand its operation in the long term.

CORPORATE GOVERNANCE REPORT**1.1 CORPORATE GOVERNANCE WITHIN SWEDFUND**

Swedfund belongs to the group of companies with a special social mission. Swedfund's governance is subject to both external and internal regulations. The Board of Directors has established directives for the company's operation for the purpose of guiding the organisation and its staff. Swedfund applies the Swedish Code of Corporate Governance ("the Code") and reports deviations for the financial year below. The principal reason for deviations of this kind is Swedfund's ownership, as Swedfund is one of the state's wholly-owned companies and is not, therefore, a listed company with diverse ownership. The company's auditors have carried out the statutory review of the Corporate Governance Report.

The Swedish state's ownership policy, the company's Owner's instructions and policy documents, as well as the Annual General Meeting and the objectives set by the Board, govern the operation. During 2017, the Board adopted a position on the environment and climate. All Swedfund's policies are available on the company's website. Read more on the further development of policies during the year on page 38. The company's policies are an important part of the company's values, and are continuously incorporated into approach and agreements. Regular training is provided for Swedfund's personnel and external members of the Boards of portfolio companies. The company is also governed by a number of international conventions and rules which, in various ways, influence the way it works. See the overview of Swedfund's policies, international obligations, directives and transparency undertakings on pages 38–39.

1.2 CORPORATE GOVERNANCE IN THE PORTFOLIO COMPANIES

The governance of Swedfund's portfolio companies is carried out through Swedfund's policies being incorporated into the investment agreements as appropriate. Read more on Swedfund's requirements on pages 46–51. Monitoring takes place through Board work, self-evaluation and ESG advocacy. Read about Swedfund's work on ESG issues in the portfolio companies and on how Swedfund creates value, on pages 27–29.

The company holds only non-controlling interests in the portfolio companies. Swedfund endeavours to have an active dialogue with a range of stakeholders, including owner, business partners, organisations in civil society, trade unions and media representatives. Read about Swedfund's Stakeholder and materiality analyses on pages 40–41.

1.3 GENERAL MEETINGS AND OWNER

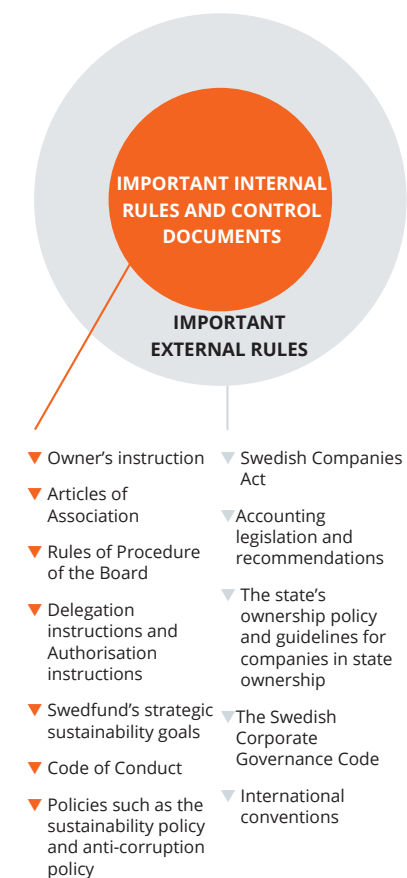
Swedfund is a limited liability company which is 100 percent owned by the Swedish state. The Annual General Meeting is Swedfund's highest decision-making forum, and it is through the Annual General Meeting that the owner exercises influence over the company. Sweden's Ministry of Enterprise and Innovation takes responsibility for administration of the Swedish state's ownership of Swedfund, while the Ministry of Foreign Affairs is responsible for the company's development policy mission. Notification of the Annual General Meeting or Extraordinary General Meeting where changes to the articles of association are to be addressed shall be submitted at the earliest six weeks and at the latest four weeks before the Meeting. Notification is given through publication in Post- och Inrikes Tidningar [The Official Swedish Gazette], and on Swedfund's website. Members of Sweden's parliament have the right to attend and address questions to the company. The Meeting is usually open to the public.

The function of the Annual General Meeting is to take decisions on a range of matters, including:

- adoption of the income statement and balance sheet
- appropriation of the company's profit or loss
- discharge from liability of the Board of Directors and the CEO
- appointment of the Board, the Chairman of the Board and the auditors
- determination of the remuneration of the Board and the auditors
- changes to the articles of association for the financial targets set by the Meeting
- Owner's instructions for the operation
- guidelines for remuneration for senior executives

DEVIATIONS FROM THE CODE

In respect of financial year 2017 Swedfund deviated on the following points from the provisions of the Code: (i) Nomination Committee Due to its owner structure, Swedfund does not have a Nomination Committee. The nomination process for Board members, selection of chairman for the Annual General Meeting and the appointment of auditors is performed in accordance with the principles stated in the Swedish state's ownership policy; (ii) the Board's independence of the owners. Swedfund does not report, in accordance with the State's Ownership Policy, whether Board members are independent of the owner; (iii) Audit and Remuneration Committees. These assignments are instead performed by the Board.



1.4 ANNUAL GENERAL MEETING 2017

Swedfund's annual general meeting was held on 28 April 2017. Minutes of the Meeting are available on Swedfund's website. At the Annual General Meeting, Torgny Holmgren and Mikael Sandström were elected as new members of the Board. Björn Börjesson, Charlotte Salford, Hanna Lagercrantz, Göran Barsby, Kerstin Borglin and Fredrik Arp were re-elected as members of the Board. Stefan Isaksson declined re-election and left the Board. Göran Barsby was appointed Chair of the Board by the Annual General Meeting. The Annual General Meeting reappointed the firm of Ernst & Young AB as auditors, with Jennifer Rock-Baley as the lead auditor. In addition, the Meeting adopted the income statement and balance sheet dated 31 December 2016 and approved discharge from liability for the Board and CEO for 2016. The Meeting approved the proposed appropriation of profit and the proposed directives for the remuneration of senior executives.

1.5 AUDITORS

The state's ownership policy prescribes that responsibility for selection of auditors appointed by the Annual General Meeting for state-owned companies rests with the owner at all times. Auditors are normally appointed for a period of one year. The auditors are accountable to the owner at the Annual General Meeting and submit an audit report on Swedfund's Integrated Report and the Board's administration. The auditors submit a summarised report of the audit to the Board in connection with the January to September interim report and again in connection with the financial statement.

1.5 BOARD OF DIRECTORS

Composition of the Board of Directors

In accordance with the articles of association, the Board shall comprise of at least six, and at most nine, members, with no deputies. The General Meeting shall appoint the Chair of the Board. If the Chair leaves the post during the term of office, the Board shall elect a Chair for the period until the end of the General Meeting when the new Chair is appointed by the General Meeting. As of 31 December 2017, the Board of Directors comprised of eight members, of whom three were women and five men. None of Swedfund's management team are members of the Board. Information about Board members is presented on pages 112-113.

The Board of Directors' responsibility and duties.

The Board shall endeavour to ensure the best possible long-term development in the value of the company and that business is conducted in such a way that it favours sustainable development, financially, socially, environmentally and with respect to climate. The Board is responsible for the company's organisation and administers the company's

affairs in the interest of the owner. The Board has responsibility for ensuring that the company sets a good example in the field of sustainable business and otherwise acts in ways that earn public trust. The Board appoints the Chief Executive Officer (CEO) and sets the CEO's salary and other benefits. The Board shall regularly assess the company's financial position and ensure that the company is organised in such a manner that the book-keeping, management of resources and other economic circumstances are controlled satisfactorily. The Board shall ensure that the company has an effective system for following up and controlling the business and shall keep itself informed of how the company's system for internal control functions, and evaluate this system. The Board is responsible for determining strategic targets for the company's sustainability work and ensuring that these strategic targets are integrated into the company's business strategy. The Board shall ensure that sustainability work is reported in accordance with the Global Reporting Initiative (GRI) and otherwise in accordance with the Government's ownership policy. When it comes to monitoring the reliability of non-financial reporting from the portfolio companies, the Board relies on the portfolio companies self-declarations, the organisation's specialist expertise and the auditors' process monitoring. The Board is responsible for the company's risk management and judicial compliance. This means the Board shall ensure that the risks associated with the company's business are continually identified, analysed and managed appropriately and that there is satisfactory internal control of compliance with those laws and regulations that cover the company's operations, including internal rules such as policies and instructions. The Board is further responsible for determining, implementing and monitoring policy documents necessary for the business and of other forms of control documents such as rules of procedure for the Board and audit committee and instructions for the CEO. These policy documents describe how responsibility and authority are divided between the Board, Chair and the CEO.

During 2017, the Board established an audit committee for the purpose of quality-assuring Swedfund's external reporting and ensuring that the company's risk management is fit for purpose, that the established policies for external reporting and internal controls are being observed and that Swedfund has a competent, effective and independent audit. The audit committee normally meets five times per year, and consists of three members of the Board, who are appointed annually by the Board.

Chair of the Board

The Chair is responsible for the annual evaluation of the Board's work and that relevant parts of this evaluation are reported to the individual responsible for nominations within the ownership unit at the Ministry of Enterprise and

PRINCIPAL MATTERS FOR THE BOARD DURING 2017



Innovation. The 2017 Board evaluation was carried out internally and included individual and collective assessments of the Board's work and competence. The Chair reported relevant parts of the evaluation results to the individual responsible for nominations within the ownership unit at the Ministry of Enterprise and Innovation. When necessary the Chair meets important contacts and represents the company in ownership matters. In addition, the Chair of the Board has maintained contact with representatives of the company's owner with the aim of coordinating his view with the owner's on a few issues, when the company has been facing particularly important decisions.

The Board's work during 2017

During 2017, the Board met on 11 occasions, see note 1 page 96 for the attendance of members of the Board at meetings during the year. The meetings considered business activities in terms of the three pillars – Impact on society, Sustainability and Financial viability, and addressed the financial statement and interim reports, other reports, strategic issues, business targets, business plan, budget, organisation and staffing issues and the evaluation of the Board's performance.

1.7 CHIEF EXECUTIVE OFFICER

The CEO shall oversee the operational management of the company and coordinate activities with due care to the extent required for performing these assignments in accordance with current legislation, the articles of association, CEO instruction and the ownership policy of the Swedish state. The CEO acts as the authorised signatory within the framework of the established budget. Actions taken within the remit of the CEO are reported to the Board at the following meeting. When members of the management team have signed for the company, this is also reported to the Board at the following meeting. Department heads may order consultancy services costing a maximum of SEK 200,000 without the CEO's prior approval. The CEO is not a member of the Board of Directors. Gerth Svensson, who was born in 1966, took up the post of Acting CEO in August 2017. Gerth has an MBA from the Stockholm School of Economics/Stanford Business School and a BSc in Business Administration & Economics from Jönköping International Business School. Since 2011, Gerth has owned and operated AlbaBlue Consulting. He has previously held several senior positions within the SEB

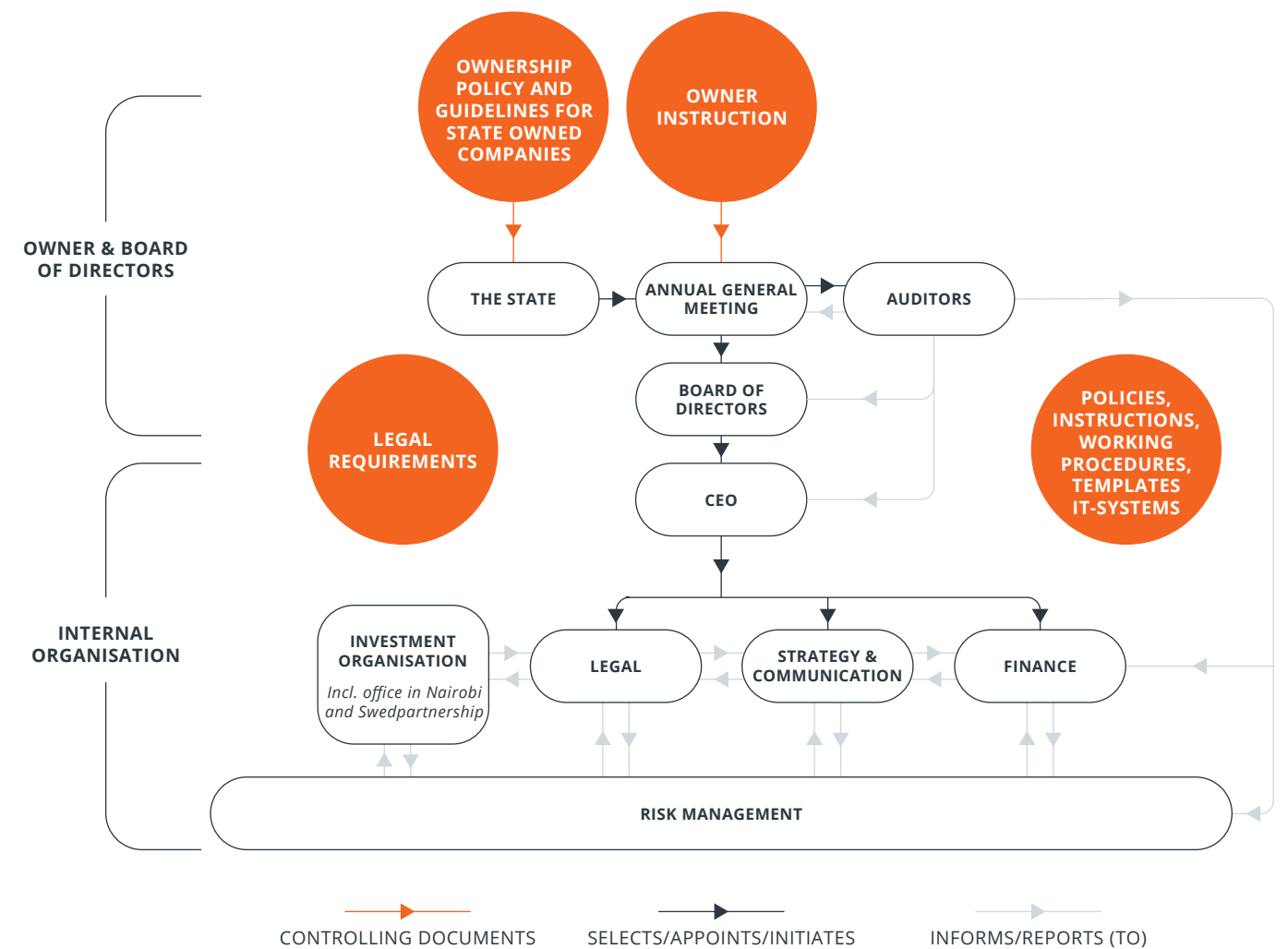
Group and Andersen. Gerth Svensson is also on the Boards of Directors of Confidence International AB and GES International AB.

1.8 ORGANISATION

During the third quarter of 2017, Gerth Svensson took up the post of Acting CEO. No other significant organisational changes were implemented. The management of the company is coordinated in a management team. At the end of the year, in addition to the CEO, this consisted of the Chief Legal Counsel, the Director of Finance and Administration, the Director of Strategy and Communication and two Directors of Investment Operations. The role of the management team is to prepare and implement strategies, handle corporate governance and organisational issues and monitor Swedfund's financial performance and sustainability work.

1.8 REMUNERATION OF SENIOR EXECUTIVES

The company applies the Government's Guidelines for remuneration and other terms of employment for senior executives for Senior Executives. The CEO's and senior executives' remuneration and benefits are reported in Note 1.



THE BOARD'S REPORT ON INTERNAL CONTROL IN FINANCIAL REPORTING

Under the Swedish Companies Act and the Swedish Corporate Governance Code, the Board is responsible for internal control. This report has been prepared in accordance with Chapter 6, § 6 of the Annual Accounts Act and with sections 7.3-7.4 of the Swedish Code of Corporate Governance, and is limited to the internal control in financial reporting.

Effective Board practices are the foundation for good internal controls. Internal control at Swedfund is described below and based on five key areas.

CONTROL ENVIRONMENT

The base for internal controls regarding financial reporting is the control environment.

Swedfund's control environment is defined by its organisational structure, the clearly documented delegation of decision-making responsibilities from the Board to the CEO and other senior executives, various steering documents such as policies, directives, manuals and reporting instructions that give clear guidance within important areas to managers, as well as the business plan and budget.

Employee competence and the values that the Board and the management team work from and communicate are also a part of the control environment, and the task of the CEO is to establish directives to enable all employees to understand the requirement to uphold ethical values, and the role of each individual in achieving this. This is also regulated by the Code of Conduct that all employees must observe.

RISK ASSESSMENT

Swedfund works proactively in a structured way to identify, quantify, prevent and handle strategic, operational and financial risks. Significant strategic and operational risks once identified are reported at each Board meeting. The company's financial risks are managed according to the Financial Policy and reports concerning financial risks are submitted to the Board each quarter. Read more about Swedfund's risk management on pages 34-37. Risk assessments concerning financial reporting include the identification and assessment of significant risks in the aforementioned areas that could mean the company not meeting requirements for accurate financial reporting in terms of completeness, correctness, evaluation and disclosure, and the risk of irregularities.

CONTROL ACTIVITIES

To ensure that the basis for financial reporting maintains the desired quality,

various control activities are included in Swedfund's processes. These include a review of the budget, liquidity, forecasts and outcomes. A review is performed on a quarterly basis of portfolio companies where the companies are evaluated based on the three pillars of impact on society, sustainability and financial viability. Authorizations, verifications, reconciliations and IT systems, with backup procedures and permissions are also control activities. Swedfund has developed a comprehensive investment manual to ensure that the quality is high during the appraisal of investments.

In the portfolio companies, control is ensured through evaluation and follow-up of the regular financial reports received. In companies in which Swedfund is a shareholder, control is exerted through active participation in the work of the company's Board of Directors. Internal control and management by senior managers of the company are evaluated annually by the company's external auditors. In the light of the company's size and turnover as well as the management and control system already in place, the Board finds in the current situation no need to set up any special audit function in the form of an internal audit.

INFORMATION AND COMMUNICATION

For internal controls to work correctly it is essential that all employees have access to up-to-date and relevant information about what needs to be controlled and how control shall be exercised. All Swedfund's employees have access to the company's policies, directives and manuals. At regular information meetings with company employees, the importance of complying with rules and processes is stressed and changes to rules and procedures are presented in detail. Within the various departments of the company and through internal training sessions there are continuous updates on the application of these documents. Formal and informal communication between staff and managers is helped by the low number of staff who are in principle all based in the same office.

The Board and the audit committee regularly review the management's reports on financial performance with analysis and comment on outcome, budget and forecasts.

The Board and the audit committee meet the auditors on a regular basis and review the audit reports. The work of the management team includes evaluating essential accounting policies and other issues surrounding financial reporting, as well as discussing interim reports, year-end reports and financial statements before

the audit committee is given the opportunity to submit its views and the documents are submitted to the Board for approval.

FOLLOW-UP

The Board's measures for checking that internal controls for financial reporting are functioning correctly may be summarised as follows. Control activities are followed up regularly to ensure that risks have been addressed and managed in a satisfactory way. The auditor reports to the Board observations from the general review of the interim report for January to September and from the review of the financial statement. Company managers ensure and check that appropriate measures are taken relating to the recommendations for measures submitted by the Board and/or by the auditors.

Assessments of policy documents and other control documents are performed annually. Following-up to ensure that financial reporting meets the desired quality and that reported deficiencies are rectified is carried out by the Board, the CEO, the senior management team, the department for portfolio analysis and within the investment organisation. This work focuses on the follow-up of financial outcomes and significant deviation from budget plans, investments, divestments and other key business events. As of 31 December 2017, it is considered that control activities relating to internal controls for financial reporting are adequate.

GRI STANDARDS CORE OPTION

Swedfund applies the Global Reporting Initiative's (GRI) reporting framework for sustainability reports, version Standards, and GRI G4 Sector Disclosures, Financial Services, at Core level. By committing to the UN Global Compact (GC), Swedfund is obliged to submit a

Communication on Progress (COP), which presents the work on implementing the GC's principles. In this GRI-/COP-index we describe where GRI and COP information can be found in this Swedfund Integrated Report 2017.

DISCLOSURE			COMMENTS	UNGC
102 GENERAL DISCLOSURES 2016				
ORGANISATIONAL PROFILE				
102-1	Name of the organisation	2		
102-2	Activities, brands, products, and services	16, 24-25		
102-3	Location of headquarters	86		
102-4	Location of operations	10-11, 25, 101-102		
102-5	Ownership and legal form	105		
102-6	Markets served	10-11, 25, 56-57, 101-102		
102-7	Scale of the organisation	89-91, 95		
102-8	Information on employees and other workers	87, 95		6
102-9	Supply chain	109	Swedfund primarily purchases services and products for office operations in Stockholm and Nairobi, and employs consultants for screening and monitoring the portfolio companies	
102-10	Significant changes to the organisation and its supply chain	85		
102-11	Precautionary Principle or approach	28, 38-39		7
102-12	External initiatives	2, 39		
102-13	Memberships of associations	39		
Strategy				
102-14	Statement from senior decision-maker	4-5		
Ethics and integrity				
102-16	Values, principles, standards, and norms of behaviour	6, 38-39		
Governance				
102-18	Governance structure	105-108		
Stakeholder engagement				
102-40	List of stakeholder groups	40-41		
102-41	Collective bargaining agreements	109	All employees are covered by collective bargaining agreements.	3
102-42	Identifying and selecting stakeholders	40-41		
102-43	Approach to stakeholder engagement	40-41		
102-44	Key topics and concerns raised	40-41		
Reporting practice				
102-45	Entities included in the consolidated financial statements	109	Swedfund has non-controlling interests in portfolio companies, and these are not consolidated in the accounts (covered only indirectly by reporting)	
102-46	Defining report content and topic Boundaries	40-41		
102-47	List of material topics	110-111		
102-48	Restatements of information	109	No significant changes during the year	
102-49	Changes in reporting	109	No significant changes during the year	
102-50	Reporting period	109	1 January - 31 December 2017: Financial data Swedfund International AB 1 January - 31 December 2016: Portfolio company data	
102-51	Date of most recent report	109	31 March 2017	
102-52	Reporting cycle	109	Annual presentation of accounts	
102-53	Contact point for questions regarding the report	117		
102-54	Claims of reporting in accordance with the GRI Standards	117		
102-55	GRI content index	109-111		
102-56	External assurance	117		

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 2017 except for the corporate governance statement on pages 105-108. The annual accounts of the company are included on pages 6-111 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 2017 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 1-5 and 112-119. 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 2017 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 105-108 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 23 March 2018

Ernst & Young AB

Jennifer Rock-Baley
Authorized Public Accountant