

SAS

CORPORATE GOVERNANCE REPORT 2014/2015



CORPORATE GOVERNANCE REPORT

This Corporate Governance Report for the 2014/2015 fiscal year and has been prepared pursuant to the Swedish Annual Accounts Act and the Swedish Corporate Governance Code (the Code) based on the revision of the Code issued in February 2010.

PARENT COMPANY

SAS AB, which is the Parent Company for operations at SAS, is a Swedish public limited company headquartered in Stockholm, Sweden. Since July 2001, SAS AB has been listed on the Nasdaq Nordic in Stockholm with secondary listings in Copenhagen and Oslo.

Three share classes

SAS AB has three classes of shares: common shares, preference shares and subordinated shares. At October 31, 2015, there were 329 million common shares and seven million preference shares issued with a quotient value of SEK 20.10, which together constituted a total registered share capital of MSEK 6,754. There are no subordinated shares issued or outstanding. Common shares and subordinated shares entitle the holders to one vote each. Each preference share entitles the holder to one-tenth of a vote.

The maximum number of common shares and subordinated shares that may be issued is limited to a number that corresponds with 100% of the company's share capital. The maximum number of preference shares that may be issued is limited to 10% of the share capital. Common shares and preference shares provide shareholders with the rights set out in the Swedish Companies Act and the Articles of Association.

Subordinated shares provide shareholders the right to participate in and vote at the company's shareholders' meetings. Subordinated shares do not entitle shareholders to dividends or participation in bonus issues. If subordinated shares are redeemed or the company is dissolved and its assets distributed, holders of subordinated shares are treated as common shares and receive an equal share in the company's assets, although not at an amount higher than the quotient value of the subordinated shares index-adjusted from the first date of registration of the subordinated shares until the date of the distribution with an interest-rate factor corresponding to STIBOR 90 days plus two percentage points. For more information on subordinated shares, see Note 21.

SHARE PRICE PERFORMANCE

SAS AB's common share increased 45.4% to SEK 16.50 from November 1, 2014 to October 31, 2015. Over the same period, the preference share rose 20.7% to SEK 501.

PROTECTION OF THE GROUP'S AIR TRAFFIC RIGHTS IN THE ARTICLES OF ASSOCIATION

For aviation policy reasons, the company's Articles of Association authorizes, in part, the mandatory redemption of common shares by means of a reduction of share capital and, in part, should redemption not be possible or be adjudged adequate, an option to issue subordinated shares for subscription with the support of previously issued warrants.

A precondition for these actions is an assessment by the company's Board that a direct threat exists against the air traffic rights of the company or any of its subsidiaries when the company or its subsidiaries infringe or risk infringing provisions on ownership and control in bilateral aviation agreements or in laws or regulations pertaining to permits for air traffic in the EU/EEA.

Mandatory redemption

In that case the Board may decide to mandatorily redeem a sufficient number of common shares not owned by shareholders domiciled in Denmark, Norway or Sweden along with common shares that are controlled, directly or indirectly, by a person or company outside of these three countries, so as to ensure continued Scandinavian ownership and control. Primarily, such mandatory redemption of common shares is performed on shares owned or controlled by a person or company outside the EU/EEA. Prior to redemption, the shareholders are given an opportunity to sell their common shares voluntarily within a prescribed period. Redemptions are made subsequently without refund to the shareholder since the reduction is to be transferred to the company's statutory reserve.

Subordinated shares

Should the Board deem the action of redeeming common shares not possible or inadequate, the Board may propose a shareholders' meeting to decide whether to issue subordinated shares in such number so as to safeguard continued Scandinavian ownership and control. Such a decision must be approved by at least half of the votes cast at the meeting. The subordinated shares thus issued are subscribed for with the support of previously issued warrants, which are currently held by a subsidiary of SAS AB but which the Board of SAS AB has the right to decide to transfer to one or more appropriate legal entities domiciled in Denmark, Norway or Sweden as soon as this is judged necessary for aviation policy reasons.

In total, there are 75,000 warrants issued, which provide entitlement to subscription of a total of 150,000,000 subordinated shares, which would increase the company's share capital by a maximum of SEK

LEGAL FRAMEWORK GOVERNING THE SAS GROUP

External rules

- Swedish legislation
- The Swedish Corporate Governance Code (the Code)
- NASDAQ Nordic in Stockholm and Copenhagen and Oslo Børs rule book for issuers
- The recommendations issued by relevant Swedish and international organizations

Internal rules

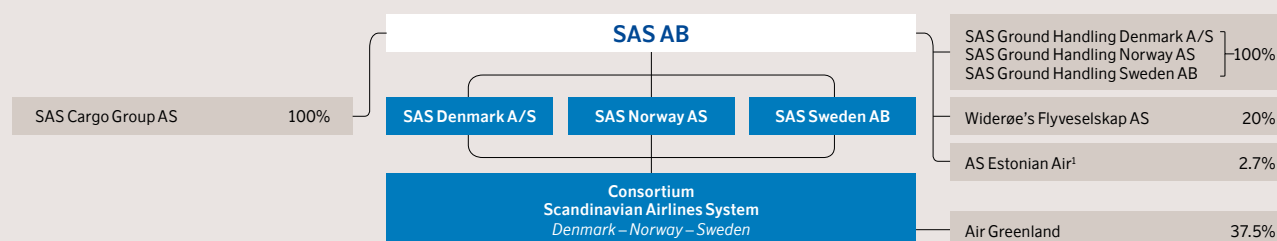
- The Articles of Association
- Information/IR policy
- The Board's work plan
- The Board's instructions to the President
- Internal policies and guidelines including the Code of Conduct

No breaches of the relevant stock exchange rules or of good stock market practices have been reported by Nasdaq's Disciplinary Committee, Oslo Børs or the Swedish Securities Council during the fiscal year.

ORGANIZATION AND CONTROL



SAS GROUP'S LEGAL STRUCTURE, FEBRUARY 2016



3,015,000,000. As soon as the threat no longer exists, the Board shall ensure that the subordinated shares thus issued are redeemed.

Furthermore, for aviation policy reasons, the Articles of Association contain certain suitability and qualification requirements for Board members to ensure that the Board will at all times have the composition it needs to ensure that the company and its subsidiaries are able to retain their air traffic rights. These requirements include citizenship, domicile and knowledge and experience of the social, business and cultural conditions prevailing in the Scandinavian countries. Beyond these requirements and the regulations contained in the Articles of Association, there are no restrictions or voting rules pertaining to the appointment or removal of Board members.

OWNERSHIP AND CONTROL

On October 31, 2015, SAS AB had a total of 58,626 shareholders. The major shareholders are the three Scandinavian governments, who represent 49.9% of the votes. The next largest shareholders are the Knut and Alice Wallenberg Foundation, Avanza Pension, Unionen, Robur Försäkring and the funds of various banks. The share of voting rights in Scandinavia was about 89%, with Sweden accounting for 46%, Denmark 27% and Norway 16%. Non-Scandinavian shareholders held about 11% of the voting rights in SAS AB. Institutional owners held 30–35% of the voting rights and private individuals 15–20%.

No restrictions exist in the Articles of Association concerning the voting rights of shareholders at shareholders' meetings and pursu-

ant to the Swedish Companies Act, shareholders may vote for the entire number of shares they own or represent by proxy. Nor are there any special plans, such as employee-benefit plans or the like, through which company or Group employees own shares with restricted voting rights. SAS AB has no knowledge of any agreements between shareholders that would restrict the capacity of shareholders to vote at a shareholders' meeting or their right to freely transfer such shares.

EFFECTS OF A PUBLIC TAKEOVER BID

The SAS Group is currently party to a number of agreements in which the counterparties are entitled to terminate the agreement, in the event of changes in the majority stake or control of the company.

DEPARTURE FROM THE SWEDISH CORPORATE GOVERNANCE CODE

Since the implementation of the Code, SAS has followed the Code with the exception of the following instances:

- SAS conducts shareholders' meetings in Swedish, Norwegian and Danish, which departs from clause 1.5 of the Code. The reason for the departure is that the Articles of Association for SAS AB specify that the language used at shareholders' meetings is to be Swedish, Danish or Norwegian, and, if the Board so decides, other languages as well. The reason all three Scandinavian languages are used at shareholders' meetings is due to the strong Scandinavian nature of

SAS with the largest number of shareholders in Denmark as well as a management and Board comprising citizens of all three Scandinavian countries. Meeting deliberations in SAS AB are held primarily in Swedish and meeting materials are available in Swedish. In view of the above, the Board believes that any one of the Scandinavian languages may be freely used at shareholders' meetings in the company in view of the similarity of the three Scandinavian languages.

- The slides in the President's presentation are written in English, which departs from clause 1.5 of the Code. The President's presentation at meeting deliberations is held in Swedish, but SAS has decided to provide the presentation material in English (available for download from the website) to enable the broader capital market to understand the President's presentations at shareholders' meetings.

SHAREHOLDERS' MEETING

At shareholders' meetings of SAS AB, one common share is equal to one vote with no restrictions on the number of votes any one shareholder is entitled to cast at such a meeting. Each preference share entitles the holder to one-tenth of a vote. The shareholders' meeting may be held in Stockholm, Solna or in Sigtuna. Notice convening the Annual General Shareholders' Meeting is issued no earlier than six and no later than four weeks prior to the meeting. Notice is published in daily newspapers in Sweden, and announced in press releases as well as published on the company's website. SAS also e-mails notices to shareholders who have requested this service via Shareholder Service on the company website: www.sasgroup.net.

The Articles of Association contain no special provisions regarding the election and discharge of Board members or regarding changes to the Articles of Association. Currently, no authority has been provided by the shareholders' meeting to the Board empowering the Board to issue new common and/or preference shares or to buy back treasury shares.

NOMINATION COMMITTEE

The Nomination Committee represents shareholders of SAS and is appointed by the AGM and tasked with preparing the meeting's resolutions on nomination and remuneration issues, as well as matters of procedure for the next nomination committee. An instruction for the Nomination Committee was adopted in conjunction with the 2015 AGM. The Nomination Committee is tasked with making proposals for the election of the Chairman of the AGM, the number of Board members and Directors' fees, broken down among the Chairman, Vice Chairman, other Board members and any remuneration for work on Board committees, election of Board members and Chairman of the Board, election of the company's auditors, auditors' fees and the Nomination Committee ahead of the 2017 AGM.

THE NOMINATION COMMITTEE, SEVEN MINUTED MEETINGS (FOR THE PERIOD FEBRUARY 20, 2015 TO FEBRUARY 1, 2016)

- Magnus Skåninger, Swedish Ministry of Finance, for the Swedish government (Chairman) (from June 2015)
- Rasmus Lønborg, Danish Ministry of Finance, for the Danish government
- Jan Tore Føsum, Norwegian Ministry of Trade, Industry and Fisheries, for the Norwegian government (from July 2015)
- Peter Wallenberg Jr, Knut and Alice Wallenberg Foundation
- Niklas Johansson, Swedish Ministry of Finance, for the Swedish government (until June 2015)
- Knut J. Utvik, Norwegian Ministry of Trade, Industry and Fisheries, for the Norwegian government (until July 2015)

REMUNERATION POLICIES AND OTHER TERMS OF EMPLOYMENT FOR COMPANY MANAGEMENT

The Remuneration Committee prepares remuneration policies applicable to the Group Management, which are subsequently addressed by the Board, which presents the motion to the AGM for resolution. Remuneration policies for company management are to be formulated and presented by the Remuneration Committee to the Board, which submits the proposal to the AGM for adoption. Total remuneration must be market-based and competitive and must be in relation to responsibility and authority.

Remuneration consists of fixed salary, other benefits and pension. The fixed salary is to reflect the position's requirements pertaining to skills, responsibility, complexity and the manner in which it contributes to achieving the business objectives. The fixed salary is to also reflect the executive's performance and can therefore be both individual and differentiated.

Other benefits, including company car and health insurance, must be market-based and only constitute a limited part of the total remuneration. Pension benefits are to be defined-contribution, with premiums not exceeding 30% of the fixed annual salary. Agreements concluded previously with some senior executives that contain partially deviating conditions governing pensions, notice periods and severance pay will be respected until they cease or are renegotiated. The Board deems that particular circumstances exist for deviation from the remuneration policies in one

case and, accordingly, decided to allow variable remuneration to the member of Group Management responsible for Commercial.

Remuneration of the President is to be decided within the framework of policies approved by the Board of SAS AB and after preparation and recommendation by the Remuneration Committee established by the Board. Remuneration of other members of Group Management is to be decided by the President within the framework of approved remuneration policies after consultation with the Remuneration Committee. The 2014/2015 AGM adopted the remuneration policies for senior executives. The remuneration policies for 2014/2015 remained unchanged compared with those that applied in 2013/2014. Pursuant to the resolution of the AGM, no variable remuneration is payable to senior executives, except for the Executive Vice President Commercial, and no share-related incentive programs exist at SAS.

The detailed guidelines are available on the company's website www.sasgroup.net under Corporate governance, 2015 AGM. For detailed information about remuneration and benefits for the Board, President and senior executives in 2014/2015 see SAS Group Annual Report Note 3, pages 61–62.

The guidelines to be proposed to the AGM on March 8, 2016 are unchanged in relation to the remuneration policies adopted at the 2015 AGM.

The Nomination Committee has evaluated the Board's work, qualifications and composition. The Chairman liaises closely with the Committee, and the result of the evaluation of the Board is made available to the Committee.

At least one meeting with the Chairman and Group CEO must be held before the Committee submits its recommendations to the AGM. The Committee's recommendations are published in the notice convening the AGM, on the company's website, and at the AGM. Committee members received no fees or other remuneration from SAS for their work on the Committee. When required for carrying out its assignment, the Committee utilizes recruitment consultants and other outside consultants, with SAS defraying the cost.

BOARD OF DIRECTORS

The Board's work is governed by the Swedish Companies Act, the Articles of Association, the Code and the formal work plan adopted by the Board each year. The Board members are elected by the AGM for the period until the next AGM has been held. The Articles of Association stipulate that the Board of Directors should consist of six to eight members elected by the shareholders' meeting.

During the year, the Board comprised eight duly elected members, no deputies and three employee representatives, each with two personal deputies. The employee representatives are appointed by the SAS Group's employee groups in Denmark, Norway and Sweden in line with governing legislation and special agreements.

Deputies attend Board meetings only in the absence of an ordinary member. Except for employee representatives, no Board member is employed by SAS AB or any other company in the SAS Group.

The elected Board members are appointed for the period until the end of the next AGM. No regulation exists that limits the period of time a Board member can serve as a member of the Board. The experience of the Board members and their independence in relation to the owners of the company are disclosed on pages 9–10.

The average age of members is 58 and two of the eight members elected by the shareholders' meeting are women. All members elected by the shareholders' meeting are regarded by the Nomination Committee as being independent of the company and company management. Owing to his position as President and CEO of Posten Norge AS, wholly owned by the Norwegian government, Dag Mejdell is not regarded as independent in relation to major shareholders. The other Board members are deemed to be independent of the company's major shareholders. SAS AB meets the requirements of the Code regarding Board independence vis-à-vis the company, com-

pany management and the company's major shareholders. Furthermore, the Nomination Committee believes that the Code's requirements for diversity, breadth and an even gender balance are satisfied in a relevant manner. However, the Nomination Committee has higher ambitions with regard to the Board's gender balance and, moving forward, will direct the Nomination Committee's efforts toward reaching a more equal gender balance. At the 2015 AGM however, the Committee chose to prioritize the Board's need for continuity and stability due to the extensive changes in the market, SAS's exposure to intense competitive pressure and changes in Group Management.

To streamline and enhance the work of the Board, there are two committees:

- The Remuneration Committee
- The Audit Committee

The members of these Committees are appointed by the Board. The main duty of the committees is to prepare issues for decision by the Board. These committees do not imply any delegation of the Board's or its members' legal responsibilities. Reports to the Board on issues discussed at Committee meetings are either in writing or given verbally at the following Board meeting.

The work on each Committee follows written instructions and a formal work plan stipulated by the Board. The General Counsel of SAS serves as the secretary to the Committees and minutes of Committee meetings are provided to all Board members. Remuneration for work on Board committees is determined by the AGM.

THE BOARD'S WORK 2014/2015

The Board's work follows a yearly agenda with regular business items as well as special topics. The formal work plan regulates the division of the Board's work between the Board and its committees and among the Board, its Chairman and the President. Working closely with the President, the Chairman of the Board monitors the company's performance, plans Board meetings, takes responsibility for ensuring that the other members of the Board always receive high-quality information about the Group's finances and performance, and ensures that the Board evaluates its work and that of the President each year.

The formal work plan also contains provisions for meeting the Board's needs for information and financial reporting on an ongoing basis as well as instructions for the President and the company's Board committees. This process is evaluated each year. The Board appoints from among its own members the members of the Board's two committees, the Remuneration Committee and the Audit Committee.

ATTENDANCE AT BOARD MEETINGS, NOVEMBER 2014–OCTOBER 2015¹

	Dec 3	Dec 17	Jan 19	Feb 19 ²	Mar 4	Mar 26	Apr 23	May 13	May 20	Jun 16–17	Sep 7	Oct 23
Fritz H. Schur, Chairman	●	●	●	●	●	●	●	●	●	●	●	●
Jacob Wallenberg, Vice Chairman	●	●	○	●	●	●	●	●	●	●	●	●
Dag Mejdell, Second Vice Chairman	●	●	●	●	●	●	●	●	○	●	●	●
Monica Caneman, member	●	●	●	●	●	●	●	●	●	●	●	●
Carsten Dilling, member	●	●	●	●	●	●	○	●	●	●	●	●
Lars-Johan Jarnheimer, member	●	●	●	●	●	●	●	●	●	●	●	●
Birger Magnus, member	●	●	●	●	●	●	●	○	●	●	●	●
Sanna Suvanto-Harsaae, member	●	●	●	●	●	●	●	●	●	●	●	●
Jens Lippestad, employee representative	●	●	●	○	●	●	●	●	●	●	●	●
Bo Nielsen, employee representative	●	●	●	●	●	●	●	●	○	●	●	●
Sven Cahier, employee representative	●	●	●	●	●	●	●	●	●	●	●	●

● Present ○ Absent

¹) The Board also held two meetings per capsulam in November 2014 and May 2015.

²) Including the statutory meeting after the Annual General Shareholders' Meeting.

Between November 2014 and October 2015, the Board held 13 scheduled meetings, including a statutory meeting. The President and other senior executives in the company attended Board meetings to make presentations and the company's General Counsel served as the Board's secretary.

Main issues addressed at Board meetings

Dec 3	Acquisition of Cimber and the sale of slot pairs at London Heathrow.
Dec 17	Year-end report for 2013/2014 and the proposed disposition of earnings, the report from the external auditors, and adoption of the proposed budget for 2014/2015.
Jan 19	Adoption of the 2013/2014 Annual Report and the audit work plan, review of flight safety and sustainability and the notice of the 2015 AGM.
Feb 19	The meeting and work plan for 2015/2016 and review of PULS.
Feb 19	Statutory Board meeting following the AGM.
Mar 4	Adoption of the report for the first quarter of 2014/2015.
Mar 26	Status of collective agreement negotiations with pilots' labor unions.
Apr 23	Status of collective agreement negotiations with pilots' labor unions and review of earnings performance.
May 13	Status of collective agreement negotiations with pilots' labor unions.
May 20	Status of collective agreement negotiations with pilots' labor unions.
Jun 16–17	Strategy meeting, customer satisfaction review, long-haul aircraft fleet expansion, letter of intent with Widerøe Ground Handling on outsourcing the line stations in Norway, auditors' "hard close" report, adoption of long-term financial targets and the Q2 interim report for 2014/2015.
Sep 7	Review of the Board's formal work plan and instructions, corporate governance, sale of Blue1, letter of intent with Aviator on outsourcing of ground handling in Scandinavia and adoption of the Q3 interim report for 2014/2015.
Oct 23	Evaluation of the Board's and President's work and review and adoption of the budget for 2015/2016.

AUDIT COMMITTEE

The Audit Committee monitors the financial reporting and the effectiveness of the company's internal audit and risk management. The Committee keeps itself informed about the audit. The Board scrutinizes and approves the company's year-end and interim reports.

The Audit Committee is responsible for preparing the Board's quality assurance work regarding financial reporting. The Committee performs quality assurance through the discussion of critical auditing issues and the financial statements that the company submits. Issues discussed by the Committee include internal control, compliance, uncertainty in reported values, events after the closing date, changes in estimates and assessments, financial and legal risks, suspected irregularities, and other matters affecting the company's financial reporting.

The company's external auditors attend all meetings of the Committee. Without otherwise impacting the responsibilities and obligations of the Board, the Committee is tasked with scrutinizing and monitoring the impartiality and independence of the auditor including paying particular attention to any non-audit-related assignments provided to the company by the auditor as well as assisting in the preparation of proposals regarding the election of auditors and auditors' fees for resolution at AGMs.

All members of the Committee are independent in relation to SAS, the company management and the shareholders in line with the Code. Besides the Committee Secretary and the external auditor, the SAS Group CFO and, as required, representatives from SAS's accounting unit attend Committee meetings.

AUDIT COMMITTEE'S WORK 2014/2015 – FIVE MINUTED MEETINGS

Meeting date	Dec 17	Jan 19	Mar 4	Jun 16	Sep 7
Monica Caneman (Chairman)	●	●	●	●	●
Lars-Johan Jarnheimer	●	●	●	●	●
Birger Magnus	●	●	●	●	●

REMUNERATION COMMITTEE

The Remuneration Committee prepares issues for the Board's decision vis-à-vis remuneration policies and other employment terms for senior executives with a view to ensuring the company's access to executives with the requisite skills at a cost appropriate to the company. The Committee prepares proposals for policies for remuneration and other employment terms for resolution at the AGM.

The Code specifies that members of the Remuneration Committee must be independent of the company or company management. Fritz H. Schur, Jacob Wallenberg and Dag Mejdell are independent in relation to the company and company management.

REMUNERATION COMMITTEE'S WORK FOR 2014/2015 – FOUR MINUTED MEETINGS

Meeting date	Dec 17	Feb 9	Mar 26	Jun 16
Fritz H. Schur (Chairman)	●	●	●	●
Jacob Wallenberg	●	●	●	●
Dag Mejdell	●	●	●	●

AUDITORS

Auditors are elected by the AGM and tasked with scrutinizing the company's financial reporting and administration of the company by the Board and the President. An election was conducted to appoint an auditor at the 2015 AGM, whereby PricewaterhouseCoopers AB (PwC) was reelected for the period until the end of the 2016 AGM. The auditor in charge is Bo Hjalmarsson. In addition to SAS AB, he has audit engagements for companies that include Ericsson and Teracom.

On one occasion during the 2014/2015 fiscal year, the auditor in charge met with the Board, presenting the program for auditing work and reporting observations from the audit. The auditors also met with the Audit Committee on five occasions.

On one occasion during the fiscal year, the Board met with the company's auditor without the presence of the President or any other representative of the company management. PwC submits an audit report for SAS AB, the Group, and an overwhelming majority of the subsidiaries. Over the past year, in addition to its auditing work, PwC has performed advisory services for SAS Group companies in auditing-related areas for a total invoiced amount of MSEK 1 and tax advisory services for a further MSEK 1. Auditors' fees for work performed are in line with the resolution of the AGM. For more information about the auditors' fees in 2014/2015, see Note 39.

PRESIDENT AND GROUP MANAGEMENT

The Board appoints the President of SAS AB, who is also Group CEO. The Board has delegated responsibility for the day-to-day administration of SAS to the President. Each year, an instruction defining the division of duties between the Board and the President is determined by the Board who also evaluate the work performed by the President. The Board's instructions to the President contain detailed rules governing the President's authority and obligations.

The President liaises and works closely, and has regular meetings with the Chairman to discuss the operations and performance of SAS, and to plan Board meetings. To enable the Board to monitor the financial position of SAS on an ongoing basis, the President makes monthly reports to the Board.

Group Management comprised seven members, including the President, for the majority of 2014/2015. Mats Lönnkvist, Flemming Jensen and Joakim Landholm left Group Management during the fiscal year. Carina Malmgren Heander and Lars Sandahl Sørensen took office in January and May 2015. Mattias Forsberg also became a member of Group Management after the end of the fiscal year. The composition of the Group Management is shown on page 11.

Group Management is not a corporate body in the sense of Swedish limited company law and as a collegial management body has no legal liability vis-à-vis the Board and shareholders. Only the Presi-

dent reports to the Board. Group Management normally holds minuted meetings every week. These meetings are chaired by the President, who reaches decisions after consulting with the other members of Group Management. The main business areas of SAS that are not themselves a separate legal entity are led by Group Management through representatives for the respective business area. Group Management's management and control of operations are based on guidelines and policies regarding financial management and follow-up, communication issues, human resources, legal issues, brands, business ethics and environmental matters.

BOARD FEES DECIDED AT THE 2015 ANNUAL GENERAL SHAREHOLDERS' MEETING

Name	Nationality	Independent	Board	Audit Committee	Remuneration Committee	Total, TSEK	Remuneration from SAS in addition to Directors' fees, TSEK ²
Fritz H. Schur	DK	Yes	410		49	459	
Jacob Wallenberg	SE	Yes	242		17	259	
Dag Mejdell	NO	No ¹	242		17	259	
Monica Caneman	SE	Yes	207	66		273	
Carsten Dilling	DK	Yes	207			207	
Lars-Johan Jarnheimer	SE	Yes	207	31		238	
Birger Magnus	NO	Yes	207	31		238	
Sanna Suvanto-Harsaae	FI	Yes	207			207	
Jens Lippestad	NO		207			207	1,226
Sven Cahier	SE		207			207	611
Bo Nielsen	DK		207			207	498
Total			2,550	128	83	2,761	2,335

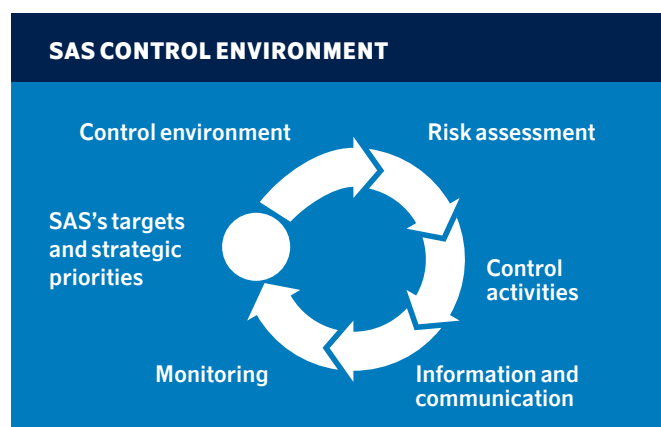
1) Owing to his position as President and CEO of Posten Norge AS, wholly owned by the Norwegian government, Dag Mejdell is not regarded as independent in relation to major shareholders (but is independent in relation to SAS and company management).

2) Pertains to the period between November 2014 and October 2015 and excludes social security expenses.

OUTCOME NOVEMBER 2014–OCTOBER 2015, RECORDED FEES FOR EMPLOYEE REPRESENTATIVES

Name	Period	Total
Kim Kalsås-Carlsen	November 2014–October 2015	8,000
Elin Rise	November 2014–October 2015	8,000
Erik Bohlin	November 2014–October 2015	8,000
Ulla Gröntvedt	November 2014–March 2015	3,000
Eva Dahlberg	March 2015–October 2015	5,000
Jean-Pierre Schomburg	November 2014–October 2015	8,000
Janne Wegeberg	November 2014–October 2015	8,000

INTERNAL CONTROL – FINANCIAL REPORTING



SAS applies COSO, the internationally recognized framework for internal control, to describe and evaluate the Group's control structure.

Internal control of financial reporting is a process involving the Board of Directors, company management and employees, and is designed to provide reasonable assurance regarding the reliability of external reporting. Internal control of financial reporting is described below in five areas that jointly form the basis of a sound control structure.

CONTROL ENVIRONMENT

The control environment comprises the basis for internal control and includes the culture in which SAS communicates and acts. The Group's ambition is that its values – reliability, openness, care and value-creation – will permeate the organization and the internal control environment. All actions, internal as well as external, are to reflect these basic values. The SAS Code of Conduct describes the desired

approach in various situations, including a structure for reporting deviations from the desired approach. The Group's control of operations includes clear leadership, competent employees and efficiently organized operations. Information concerning governance of the Group is available for all employees on the Group's intranet. These documents describe the Group's control philosophy, control model and entities as well as the company's roles and responsibilities, owner requirements, overall monitoring, internal business relationships and the allocation of tasks.

RISK ASSESSMENT

Every year, company management performs a risk assessment regarding financial reporting to ensure that operational goals are met. The assessment of risks in various major balance sheet and income items is graded where critical areas have been identified. SAS's internal audit function performs an ongoing overarching risk assessment that results in an annual audit plan. The audits performed by the internal audit are primarily aimed at operational auditing, but also focus on processes that impact financial reporting and the risk of irregularities, improper favoritism of another party at the company's expense, and the risk of loss or embezzlement. The audit plan is approved by the Audit Committee and the SAS Group's Board. Until May 2013, internal audit was managed by an internal function at SAS and, thereafter, has been carried out externally through Deloitte which has substantial knowledge of SAS from earlier extensive experience as auditors of the Group.

CONTROL ACTIVITIES

SAS aims to perform relevant control activities to manage risks that impact the financial reporting. This also includes control activities that prevent irregularities. Control activities cover, inter alia, internal control in each respective entity and subsidiary of the Group. Previously, SAS has prepared a questionnaire with defined control targets in the management process, accounting process, revenue process, purchasing process, payroll process and asset management process (the Internal Control Questionnaire). These control targets also include IT controls that safeguard change management, user administration and procedures and responsibilities.

In the 2014/2015 fiscal year, this questionnaire was reworked to further ensure relevant control activities and control targets, and the new questionnaire will be implemented in the next fiscal year. Instead, other control activities were performed in the 2014/2015 fiscal year to manage risks that impact financial reporting. These control activities included the following:

- Introduction of one new control function: The Revenue Committee, with the aim of which ensuring revenue control and deciding on strategic purchases.
- Establishing an improved and more appropriate financial reporting structure, which includes a new organization and new processes linked to financial modeling and simulation.
- The performance of capital leakage controls through an external party that primarily generated VAT refunds.

- Strengthened compliance controls for the "No P.O. - No Pay" policy regarding purchases of indirect materials and implemented a more user-friendly purchasing system.
- Establishment of a management and employee model for ensuring the correct basic values and conduct among SAS employees and also securing the right capabilities and the provision of skills in both the short and long terms.
- Updating control frameworks to ensure robust and reliable controls for passenger revenue, including revenue settlement between airlines, agents and airports.

The assessment of these control activities was that the internal control of financial reporting was satisfactory.

In all cases, the audits performed by internal audit result in recommendations which are graded according to a risk perspective. These recommendations result in action plans that are jointly followed up by the SAS Group's management and Audit Committee.

INFORMATION AND COMMUNICATION

SAS's aim is that the information and communication paths pertaining to the internal control of financial reporting are known and appropriate. All policies and guidelines in the financial areas are on the intranet, under SAS Group Financial Guide. SAS's accounting policies as well as any changes are always communicated by direct dispatch and at regular meetings with those responsible for financial matters in the entities and subsidiaries. All entities and subsidiaries submit a monthly report on their activities, including their financial status and performance. To ensure that the external information is correct and complete, SAS pursues an information policy regarding disclosures to the stock exchange and an Investor Relations policy that has been laid down by the SAS Board. This policy is available on the SAS Group website under Investor Relations. SAS's published external reports are based on reporting from all legal entities in accordance with a standardized reporting procedure.

Regularly reported financial information includes the annual report, interim reports, press releases, presentations and telephone conferences focused on financial analysts, investors and meetings with the capital market in Sweden and abroad. The above information is also available on the Group's website www.sasgroup.net

MONITORING

Monitoring and continuous evaluation of compliance with policies and guidelines as well as monitoring reported deficiencies are conducted regularly. In connection with monitoring action plans for noted deficiencies in control activities and their control targets, these measures are tested as is their compliance. Recommendations from the external and internal audits and the status of ongoing measures are compiled and presented to Group Management and the Audit Committee. Financial reporting is discussed at each Board meeting and at meetings of the Audit Committee.

BOARD OF DIRECTORS

The Board is responsible for the organization and administration of the Group, for ensuring proper control of its accounting and other financial circumstances as well as for appointing and removing the President. All members elected by the shareholders' meeting are independent of the company and company management.

The 2015 AGM adopted the Nomination Committee's recommendation for reelection of Fritz H. Schur, Monica Caneman, Carsten Dilling, Lars-Johan Jarnheimer, Birger Magnus, Dag Mejdell, Sanna Suvanto-Harsaae and Jacob Wallenberg. Fritz H. Schur was re-elected Chairman of the Board.

The Board composition was based on SAS AB operating in a mar-

ket that, for a number of years, has been subject to significant pressure for change and ever increasing competition, at the same time as changes were made to the Group Management. In light of this, continuity in the Board was prioritized.

Furthermore, the Nomination Committee's opinion was that the Code's requirements for diversity, breadth and an even gender balance was satisfied in a relevant manner. However, the Nomination Committee has higher ambitions with regard to the Board's gender balance and will direct the Nomination Committee's efforts toward reaching a more equal gender balance. No share convertibles or options have been issued to the Board of SAS AB.



CHAIRMAN FRITZ H. SCHUR, BORN 1951

Chairman of the Board of SAS AB since April 2008. Member of the Board of SAS AB since 2001.

Directorships: Chairman of the companies in the Fritz Schur Group, F. Urenholt Holding A/S and C.P. Dyvig & Co. A/S. Vice Chairman of the Board of Brd. Klee A/S. Board member of WEPA Industrie-holding SE.

Education: B.Sc. Economics and Business Administration.

Earlier directorships/positions: Chairman of Det Danske Klasselotteri A/S, SN Holding A/S, CVI A/S, PostNord AB and Post Danmark A/S, Chairman of DONG Energy A/S and Vice Chairman of Interbank A/S. Board member of De Post NV/La Poste SA, Belgium, and others.

Shareholding: 40,000 common shares and 2,888 preference shares through legal entities.

Shareholding of related parties: 0.

Independent of the company, the company management and the company's major shareholders.



FIRST VICE CHAIRMAN JACOB WALLEMBERG, BORN 1956

Vice Chairman of the Board of SAS AB since 2001.

Directorships: Chairman of Investor AB. Vice Chairman of ABB Ltd, FAM AB, Patricia Industries and Telefonaktiebolaget LM Ericsson, and Board member of the Stockholm School of Economics, the Knut and Alice Wallenberg Foundation and the Confederation of Swedish Enterprise.

Education: B.Sc. Economics and MBA Wharton School, University of Pennsylvania.

Earlier directorships/positions: Chairman of SEB. Vice Chairman of Stockholms Handelskammarens Service AB, Electrolux AB and Atlas Copco, as well as Board member of the Coca-Cola Company, Stora and WM-data. President and CEO of SEB, Deputy President and CFO of Investor AB.

Shareholding: 10,000 common shares.

Shareholding of related parties: 0.

Independent of the company, the company management and the company's major shareholders.



SECOND VICE CHAIRMAN DAG MEJDELL, BORN 1957

Second Vice Chairman of the Board of SAS AB since 2008. President and CEO of Posten Norge AS.

Directorships: Chairman of Arbeidsgiverforeningen Spekter, International Post Corporation and Norsk Hydro ASA.

Education: MBA, Norwegian School of Economics and Business Administration.

Earlier directorships/positions: President and CEO of Dyno Nobel ASA. Chairman of Svenska Handelsbanken, Region Norway and Vice Chairman of Evry ASA. Board member of DYWIDAG System International GmbH. Industrial advisor IK investment Partners.

Shareholding: 4,214 common shares.

Shareholding of related parties: 0.

Independent of the company and the company management. Owing to his position as CEO of Posten Norge AS, wholly owned by the Norwegian government, Dag Mejdell is not regarded as independent in relation to major shareholders.



MONICA CANEMAN, BORN 1954

Member of the Board of SAS AB since 2010.

Directorships: Chairman of the Fourth Swedish Pension Fund, Arion bank hf, Bravida Holding AB, Viva Media Group AB and Big Bag AB. Board member of My Safety AB, Intermail A/S and Comhem AB.

Education: MBA, Stockholm School of Economics.

Earlier directorships/positions: Chairman of EDT AS, Allenex AB, Frösunda LSS AB and Interverbium AB. Board member of Schibsted ASA, Resco AB, Nocom AB, Akademikliniken AB, Nya Livförsäkrings AB, SEB Trygg Liv, XponCard Group AB, Lindorff Group AB, Citymail Group AB, EDB Business Partner ASA, Nordisk Energiförvaltning ASA and Svenska Dagbladet AB.

Shareholding: 4,000 common shares.

Shareholding of related parties: 0.

Independent of the company, the company management and the company's major shareholders.

Auditors: PricewaterhouseCoopers AB (PwC)

Auditor in charge: Bo Hjalmarsson. Authorized Public Accountant. Elected in 2013.

Other major engagements: Ericsson and Teracom.

Board secretary: Marie Wohlfart, General Counsel.



**CARSTEN DILLING,
BORN 1962**

Member of the Board of SAS AB since 2014.

Directorships: None.

Education: B.Sc. and M.Sc. in Economics and Business Administration, Copenhagen Business School.

Earlier directorships/positions:

Board member of Get AS, Traen A/S (Chairman), Gatetrade A/S, Columbus IT Partner A/S, Confederation of Danish Industry (DI) and Industrial Employers in Copenhagen (IAK) and a number of Board assignments for the TDC Group. President and CEO of TDC A/S.

Shareholding: 0.

Shareholding of related parties: 0.

Independent of the company, the company management and the company's major shareholders.



**LARS-JOHAN JARNHEIMER,
BORN 1960**

Member of the Board of SAS AB since 2013.

Directorships: Chairman of Qliro-Group, Eniro AB and Arvid Nordqvist HAB and Ingka Holding B.V (IKEA's parent company). Board member of Egmont International Holding AS and Elite Hotels.

Education: B.Sc. in Business Administration and Economics, Lund and Växjö universities.

Earlier directorships/positions: Chairman of BRIS. Board member of MTG ModernTimes Group AB, Millicom International Cellular S.A, Invik and Apoteket AB. President and CEO of Tele2.

Shareholding: 10,000 common shares, 2,520 preference shares.

Shareholding of related parties: 0.

Independent of the company, the company management and the company's major shareholders.



**BIRGER MAGNUS,
BORN 1955**

Member of the Board of SAS AB since 2013.

Directorships: Chairman of Storebrand ASA, Hafslund ASA, NRK A/S, XENETA A/S and Stiftelsen Aktiv mot Kreft. Board member of companies including Aschehoug AS, Kristian Gerhard Jebsen Group and Harvard Business School Publishing.

Education: MBA, INSEAD and M.Sc., University of Science and Technology.

Earlier directorships/positions: Chairman of Statoil Fuel and Retail ASA, Svenska Dagbladet, Aftenbladet, Aftenposten, VG, Media Norge and 20 Min Holding.

Shareholding: 0.

Shareholding of related parties: 0.

Independent of the company, the company management and the company's major shareholders.



**SANNA SUVANTO-HARSAAE,
BORN 1966**

Member of the Board of SAS AB since 2013.

Directorships: Chairman of Babysam AS, Sunset Boulevard AS, VPG AS and Best Friend AB, Best VPG AS, Altia OY and Footway AB. Board member of Paulig OY, Clas Ohlson AB, Altia OY, CCS AB and Upplands Motor AB.

Education: M.Sc. in Business and Economics, Lund University.

Earlier directorships/positions: Chairman of Health and Fitness Nordic AB and BTX AS. Board member of Jetpak AB, Duni AB, Candyking AB and Symrise AG.

Shareholding: 0.

Shareholding of related parties: 0.

Independent of the company, the company management and the company's major shareholders.



**EMPLOYEE REPRESENTATIVE
JENS LIPPESTAD, BORN 1960**

Employed at Scandinavian Airlines in Norway. Member of the Board of SAS AB since 2014.

Shareholding: 30,071 common shares.

Shareholding of related parties: 0.

Deputies: Kim Kalsås-Carlson, First Deputy.

Shareholding: 0.

Elin Rise, Second Deputy.

Shareholding: 0.



**EMPLOYEE REPRESENTATIVE
SVEN CAHIER, BORN 1951.**

Employed at Scandinavian Airlines in Sweden. Member of the Board of SAS AB since 2014.

Shareholding: 418 common shares.

Shareholding of related parties: 0.

Deputies: Erik Bohlin, First Deputy.

Shareholding: 0.

Eva Dahlberg, Second Deputy.

Shareholding: 0.



**EMPLOYEE REPRESENTATIVE
BO NIELSEN, BORN 1958**

Employed at Scandinavian Airlines in Denmark. Member of the Board of SAS AB since 2014.

Shareholding: 392 common shares.

Shareholding of related parties: 0.

Deputies: Janne Wegeberg, First Deputy.

Shareholding: 0.

Jean Pierre Shomburg, Second Deputy.

Shareholding: 0.

GROUP MANAGEMENT

Group Management is responsible for the company's business management, financial reporting, acquisitions/divestments, financing and communication and other corporate matters. The members of the Group Management are appointed by the President in consultation with the Board of Directors. Only the President reports to the

Board, although the other members of Group Management report to the President. Group Management's responsibilities are divided among its members with regard to managing the company's business affairs, and minuted meetings are normally held every week.



RICKARD GUSTAFSON, BORN 1964

President and CEO.

Member of SAS Group Management since February 1, 2011.

Previously: Executive positions at GE Capital, both in Europe and the US, and President of Codan/Trygg-Hansa from 2006–2011.

External directorships: Board member of FAM AB.

Education: M.Sc. Industrial Economics.

Shareholding: 40,000 common shares.

Shareholding of related parties: 5 common shares.

Rickard Gustafson and related parties have no significant shareholdings or part ownership in companies with which SAS conducts major business.



GÖRAN JANSSON, BORN 1958

CFO and Deputy President.

Member of SAS Group Management since 2011.

Previously: CFO and Deputy CEO of Assa Abloy.

External directorships: Board member of SPP.

Education: Graduate in Business Administration from Stockholm University.

Shareholding: 1,330 preference shares.

Shareholding of related parties: 0.



MATTIAS FORSBERG, BORN 1972

Executive Vice President and CIO.

Member of SAS Group Management since January 1, 2016.

Previously: CIO at Systembolaget 2011–2015 and previously CIO at B&B Tools and strategy/management consultant at Accenture, including experience of Swedish and international assignments.

External directorships: None.

Education: M.Sc. in Engineering Physics and Business and Economics from Uppsala University.

Shareholding: 0.

Shareholding of related parties: 0.



CARINA MALMGREN HEANDER, BORN 1959

Executive Vice President and Chief of Staff.

Member of SAS Group Management since January 1, 2015.

Previously: Carina Malmgren Heander joined SAS from AB Electrolux where, for the past three years, she was Senior Vice President for the business unit, Electrolux Grand Cuisine. Previously, Carina Malmgren Heander has held a number of leading positions in HR and operations at Electrolux, Sandvik and ABB.

External directorships: Svedbergs AB and Scandinavian Track Group AB.

Education: MBA, Linköping University.

Shareholding: 0.

Shareholding of related parties: 0.



EIVIND ROALD, BORN 1966

Executive Vice President and Chief Commercial Officer.

Member of SAS Group Management since April 1, 2012.

Previously: Eivind Roald joined SAS from Hewlett Packard in Norway, where he spent his last seven years as President. He also has 16 years' experience from such companies as Accenture and Willi Railo Consulting, where he focused on the restructuring of sales and marketing functions.

External directorships: Crayon Group AS.

Education: Bachelor's degree from the Norwegian Business School (BI).

Shareholding: 84,000 common shares through legal entities.

Shareholding of related parties: 0.



LARS SANDAHL SØRENSEN, BORN 1963

Executive Vice President, Chief Operating Officer and Accountable Manager.

Member of SAS Group Management since May 1, 2015.

Previously: Lars Sandahl Sørensen has an international background from senior executive roles in ISS World (Group CCO), SAS Group (Group CCO & CEO of SAS International), Visit Denmark (CEO) and the Confederation of Danish Industry. Recently he has also been a partner in AIMS International and advisor to European large cap Active ownership funds.

External directorships: NKT Holding A/S, the Danish Industry Foundation, the Board of Management and Business Policy Committee at the Confederation of Danish Industry, IAK and Sport Event Denmark.

Education: Economics & management from Kansai Gaidai University & St. Cloud University and Stanford University.

Shareholding: 0.

Shareholding of related parties: 0.



KARL SANDLUND, BORN 1977

Executive Vice President and Chief Strategy Officer.

Member of SAS Group Management since February 1, 2014.

Previously: Karl Sandlund comes from a position as Vice President Network & Partners and previously worked in management roles with strategic assignments for SAS. Karl Sandlund worked for McKinsey before joining SAS in 2004.

External directorships: None.

Education: M.Sc. in Industrial Engineering and Management from Linköping University.

Shareholding: 2,000 common shares, 130 preference shares.

Shareholding of related parties: 0.

SIGNATURES

The Board of Directors and the President hereby give their assurance that this Annual Report has been prepared pursuant to the Swedish Annual Accounts Act and RFR 2, Accounting for Legal Entities, and provides a true and fair view of the company's financial position and earnings and that the Report by the Board of Directors provides a true and fair overview of the company's operations, financial position and earnings, and describes the significant risks and uncertainty factors to which the company is exposed.

The Board of Directors and President hereby give their assurance that the consolidated financial statements have been prepared pursuant to the International Financial Reporting Standards (IFRS) as adopted by the EU, and provide a true and fair view of the Group's financial position and earnings, and that the Report by the Board of Directors for the Group provides a true and fair overview of the performance of the Group's operations, financial position and earnings, and describes the significant risks and uncertainty factors to which the companies in the Group are exposed.

Stockholm, February 11, 2016

Fritz H. Schur
Chairman of the Board

Jacob Wallenberg
First Vice Chairman

Dag Mejdell
Second Vice Chairman

Monica Caneman
Board Member

Carsten Dilling
Board Member

Lars-Johan Jarnheimer
Board Member

Birger Magnus
Board Member

Sanna Suvanto-Harsaae
Board Member

Jens Lippestad
Board Member

Sven Cahier
Board Member

Bo Nielsen
Board Member

Rickard Gustafson
President and CEO

As stated above, the annual accounts and consolidated financial statements were approved for issuance by the Board of Directors on February 11, 2016. The consolidated statement of income and balance sheet and the Parent Company's statement of income and balance sheet will be subject to adoption by the Annual General Shareholders' Meeting on March 8, 2016.

Our auditors' report was submitted on February 11, 2016

PricewaterhouseCoopers AB

Bo Hjalmarsson
Authorized Public Accountant
Principal Auditor

Eva Medbrant
Authorized Public Accountant

AUDITOR'S REPORT

To the annual meeting of the shareholders of SAS AB
Corporate identity number 556606-8499

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of SAS AB (publ) for the November 1, 2014–October 31, 2015 fiscal year, except for the corporate governance statement on pages 37–46. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 26–88.

Responsibilities of the Board of Directors and the President for the annual accounts and consolidated accounts

The Board of Directors and the President are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the President determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the President, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

Opinions

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 the parent company as of October 31, 2015 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of October 31, 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 37–46. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the President of SAS AB (publ) for the November 1, 2014–October 31, 2015 fiscal year. We have also conducted a statutory examination of the corporate governance statement.

Responsibilities of the Board of Directors and the President

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the President are responsible for administration under the Companies Act and that the corporate governance statement on pages 37–46 has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the President is liable to the company. We also examined whether any member of the Board of Directors or the President has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Furthermore, we have read the corporate governance statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory 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.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President be discharged from liability for the fiscal year.

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and consolidated accounts.

Stockholm, February 11, 2016

PricewaterhouseCoopers AB

Bo Hjalmarsson
Authorized Public Accountant
Principal Auditor

Eva Medbrant
Authorized Public Accountant