

**LIFCO**

# CORPORATE GOVERNANCE REPORT

Lifco is a Swedish limited liability company whose shares began trading on the Nasdaq Stockholm Exchange on 21 November 2014. Lifco acquires and develops market-leading niche businesses with the potential to deliver sustainable profit growth and robust cash flows. The Group is governed by a clear philosophy that calls for the company to take a long-term perspective, focus on profitability and have a strongly decentralised organisation. Lifco has 124 companies in 28 countries.

Corporate governance at Lifco is aimed at ensuring that the company continues to grow strongly and thus also that the Group meets its obligations to shareholders, customers, employees, suppliers, creditors and society.

Lifco's corporate governance and internal regulations are consistently geared toward business objectives and strategies. The Group's risks are carefully analysed and risk management is integrated into the work of the Board and into the operations of the business. Because the corporate governance is so clearly focused on the business objectives, it brings a speed and flexibility to the decision-making process that is often crucial to success. Lifco's organisation is structured to allow agile responses to changes in the market. A strongly decentralised organisation and a strong degree of autonomy in the subsidiaries enable rapid operational decisions. Lifco's Board of Directors and Group management make overriding decisions concerning acquisitions, divestments, strategy and direction.

## EXTERNAL AND INTERNAL REGULATIONS

Lifco's corporate governance is based on Swedish legislation, primarily the Swedish Companies Act, the company's Articles of Association, Nasdaq Stockholm's Rules for Issuers and the rules and recommendations issued by the relevant organisations. Since its listing on Nasdaq Stockholm, Lifco applies the Swedish Corporate Governance Code ("the Code"). The Code is based on the "comply or explain" principle, meaning that companies applying the Code may deviate from regulations under the Code, but must provide explanations for each deviation.

Lifco deviates from the Code on one point, which is that the Chairman of the Board is also the Chair of the Nomination Committee. This deviation is explained below under the heading Nomination Committee.

Internal regulations that affect Lifco's corporate governance include the company's Articles of Association, the Board's rules of procedure, the instructions to the CEO, policy documents and the Group's Code of Conduct.

For more information:  
About the Code: [www.bolagsstyrning.se](http://www.bolagsstyrning.se)

Lifco's Code of Conduct and Articles of Association: [www.lifco.se](http://www.lifco.se)

## SHAREHOLDERS

At the end of 2015, Lifco had 6,635 shareholders, according to Modular Finance. As at 31 December 2015, Lifco's share capital comprised 90,843,260 shares. Of these, 6,075,970 were Class A shares, with ten votes per share, and 84,767,290 were Class B shares with one vote per share. As at 31 December 2015, Lifco had a market value of SEK 19.3 billion. The company's largest shareholder is Carl Bennet AB, with 68.9% of the total number of votes in the company. Further information about Lifco's shareholder structure, share performance, etc. is presented on pages 22-23.

## ANNUAL GENERAL MEETING OF SHAREHOLDERS 2015

At Lifco's Annual General Meeting on May 6, 2015, in Stockholm, 41 representatives attended. Together they represented 83.2% of the shares and 87.4% of the votes. The Board of Directors, CEO, CFO and the auditors attended the Annual General Meeting. The members of the Board Carl Bennet, Gabriel Danielsson, Erik Gabrielson, Fredrik Karlsson, Johan Stern and Axel Wachtmeister were re-elected. Ulrika Dellby and Ulf Grunander were new elections as members of the Board. Carl Bennet was elected Chairman of the Board. It was reported that the unions had appointed Annika Norlund and Hans-Eric Wallin as members of the Board and Stefan Håkansson and Peter Wiberg as deputy members of the Board. Minutes from the Annual General Meeting is available on [www.lifco.se](http://www.lifco.se).

The decisions by the Annual General Meeting:

- Adoption of the annual accounts for the mother company and the Group
- Dividend. According to the proposal in the summons, distribute a dividend of SEK 2.60 per share.
- Discharge the members of the Board and the CEO from liability for the financial year 2014.
- For the financial year 2015 grant the Board a remuneration of a total of SEK 5,100,000 including reimbursement for the committee work. More detailed information is to be found on page 28.
- Adopt the proposal for the remuneration of senior officers. More detailed information is to be found on page 28.
- Adopt the proposal to divest the subsidiary NETdent GmbH made by the Board in the summons.

## ANNUAL GENERAL MEETING OF SHAREHOLDERS

The General Meeting of shareholders is the highest decision-making body. At the General Meeting, the shareholders exercise their voting rights in accordance with Swedish corporate legislation and Lifco's Articles of Association. The General Meeting elects the Board of Directors and auditors. The other tasks of the General Meeting include the adoption of the company's income statements and balance sheets, the appropriation of the company's profits, and granting discharge from liability for the Board members and CEO. The General Meeting also resolves on remuneration to the Board of Directors, auditors' fees and guidelines for remuneration to senior executives.

The Annual General Meeting of shareholders must be held within six months of the end of the financial year. In addition to the Annual General Meeting, extraordinary general meetings may also be convened. Lifco's Articles of Association state that a notice of a General Meeting is to be made through publication in the Swedish Official Gazette and on the company's website. The notice must also be published in the Dagens Industri newspaper. The General Meeting can be held either in Enköping or Stockholm.

## NOMINATION COMMITTEE

The duties of the Nomination Committee are to present proposals regarding the election of the Chairman of the Annual General Meeting, the Chairman of the Board and other members of the Board, the election of auditors, as well as fees for Board members and auditors.

The structure of the Nomination Committee for the 2016 Annual General Meeting was published in the nine-month report and on the company's website on 3 November 2015. All shareholders may contact the Committee with proposed nominations. The Nomination Committee conducts an evaluation of the Board and its work. A proposal for the new Board is subsequently drawn up and submitted with the notice of the forthcoming Annual General Meeting. For the 2016 Annual General Meeting, the Nomination Committee comprises the following representatives of the largest shareholders:

- Carl Bennet, Carl Bennet AB
- Anna-Karin Celsing, representative for minor shareholders
- Per Colleen, Fourth Swedish National Pension Fund
- Hans Hedström, Carnegie Funds
- Marianne Nilsson, Robur Swedbank Funds
- Adam Nyström, Didner & Gerge Funds

The Chairman of the Board, Carl Bennet, was appointed as the chair of the Nomination Committee for the 2016 Annual General Meeting, which deviates from the rules of the Code. The reason for this is that it seems natural that a representative of the largest owner by votes is the chair of the Nomination Committee, since this individual should have a decisive influence over the Nomination Committee's composition through his voting majority at the Annual General Meeting.

Evaluation: As a basis for its proposal to the 2016 Annual General Meeting, the Nomination Committee has made an assessment as to whether the current Board of Directors is suitably composed and meets the requirements placed upon the Board as a result of the position and future focus of the company. The Nomination Committee's proposal is published in conjunction with the notice of the Annual General Meeting at the latest.

## THE BOARD OF DIRECTORS

The Board of Directors is the company's second highest decision-making body after the General Meeting and is its highest administrative body. The Board is responsible for the organisation of the company and the management of its affairs. It is also the Board's duty to ensure that the organisations in charge of accounting and the management of assets are subject to satisfactory controls.

According to Lifco's Articles of Association, the Board shall consist of at least three and at most nine members, and a maximum of nine deputies. The Board members are elected annually at the Annual General Meeting to serve for the period up to the close of the following Annual General Meeting. The Annual General Meeting also appoints the Chairman of the Board. The Chairman's role is to head the Board's work and ensure that the work of the Board is carefully organised and performed in an effective and efficient manner.

The Board of Directors performs its work in accordance with written rules of procedure, which are revised annually and approved at the inaugural meeting of the Board each year. The rules of procedure regulate Board practice, functions and the division of responsibilities between the Board and the CEO. The rules of procedure require the Board to review its own procedures every year. At its inaugural meeting, the Board also approves instructions for financial reporting.

The Board meets according to an annually established schedule. In addition to these scheduled Board meetings, additional Board meetings may be convened to address issues that cannot be referred to an ordinary Board meeting. In addition to the Board meetings, the Chairman of the Board and the CEO maintain an ongoing dialogue about the management of the company. The Board meets the auditor every year without any members of company management being present.

The Board held its inaugural meeting on 6 May 2015. At the eight meetings held by the Board during the year, the average attendance of the members was 98%. With the exception of the CEO, no member of Lifco's Board holds an operational position in the company. A more detailed description of the Board of Directors and CEO is presented on pages 32-34.

**Independence:** Lifco fulfils the requirements for independent Board members as stipulated in the Code. It is the opinion of the company that Fredrik Karlsson, in his capacity as CEO, is not to be regarded as independent in relation to the company and executive management, and that Carl Bennet and Johan Stern, as representatives and Board members of Lifco's principal shareholder Carl Bennet AB, are not to be regarded as independent in relation to the largest shareholders. Erik Gabrielson, member of the Board, is a partner at the law firm Vinge, which provides legal services to Lifco AB, Carl Bennet AB and others. However, the Nomination Committee has made the assessment that Erik Gabrielson can be deemed independent in relation to the company, the Group management and the company's major shareholders. Other members - Gabriel Danielsson, Ulrika Dellby, Ulf Grunander and Axel Wachtmeister - are deemed independent in relation to the company and executive management, and to the largest shareholders.

The secretary at the Board meetings has been the CFO, Therése Hoffman. At its ordinary meetings, the Board addresses the scheduled items of business in compliance with the Board's rules of procedure, such as the business situation, budget, year-end financial statements and interim reports. The Board also addresses general matters concerning the economy and related cost issues, business acquisitions and other investments, long-

term strategies, financial matters, and structural and organisational matters.

As a part of enhancing efficiency and deepening the Board's work in certain matters, there are two committees: The Audit Committee and the Remuneration Committee. The Committees were appointed at the inaugural meeting of the Board of Directors. Delegation of responsibilities and the right of decision-making to these committees are presented in the Board's rules of procedure. The issues addressed and the decisions made at the committee meetings are recorded in minutes and reports are submitted at the next Board meeting. The Chairman of the Board ensures an annual evaluation of the Board of Directors' and the CEO's performance and provides the Nomination Committee with the outcome of the evaluation.

### AUDIT COMMITTEE

The Board annually appoints the Audit Committee. Without it having an impact on the other responsibilities and duties of the Board, the Audit Committee shall monitor the financial reporting, monitor the effectiveness of Lifco's internal control systems, internal audit and risk management, keep informed of the audit of the annual report and the consolidated financial statements, assess and monitor the auditor's impartiality and independence, and particularly observe whether the auditor provides the company with any other services than auditing. The Committee is also tasked with evaluating the auditing activities and passing this information on to the Nomination Committee and assisting the Nomination Committee in producing proposals for auditors and fees for auditing services.

After the 2015 Annual General Meeting, the Audit Committee comprised: Ulf Grunander, Chair, Ulrika Dellby, member, Erik Gabrielson, member and Johan Stern, member. In 2015, the Audit Committee had five meetings with minutes as well as contact in between meetings when needed. The average attendance was 95%. The Company's auditor has attended all of the Audit Committee's meetings. The Committee has, together with the auditor, discussed and agreed on the scope of the audit.

### REMUNERATION COMMITTEE

The Board annually appoints the Remuneration Committee. The Remuneration Committee shall prepare proposals regarding remuneration policies, remuneration and other terms of employment for the CEO and the senior executives.

After the 2015 Annual General Meeting, the Remuneration Committee comprised: Carl Bennet, Chair, Gabriel Danielsson, member, Johan Stern, member and Axel Wachtmeister, member. In 2015, the Remuneration Committee had two meetings with minutes as well as contact in between meetings when needed. All members attended the meetings during the year.

### CEO AND PRESIDENT

The CEO reports to the Board of Directors and is responsible for the company's day-to-day management and daily operations of Lifco. The division of responsibilities between the Board and the CEO is stated in the rules of procedure for the Board and the instructions to the CEO. The CEO is also responsible for preparing reports and compiling information from the management prior to Board meetings and presents this material at the Board meetings.

According to the instructions for financial reporting, the CEO is responsible for financial reporting in the company and must ensure that the Board receives adequate information enabling it to evaluate the financial position of the company.

The CEO shall keep the Board updated on the development of the company's operations, sales

growth, earnings and financial position, liquidity and credit situation, key business events and any other event, circumstance or condition that may be of material significance to the company's shareholders.

### FINANCIAL REPORTING

The Board of Directors monitors the quality of the company's financial reporting through instructions to the CEO and the Audit Committee and by establishing requirements for the content of the reports relating to financial circumstances, which are regularly submitted to the Board through instructions for financial reports. The Board examines and assesses financial reports, such as the year-end reports and annual report, and has delegated to the executive management the task of ensuring the quality of press releases containing financial information and presentation material in conjunction with meetings with the media, shareholders and financial institutions.

### EXTERNAL AUDITORS

The Auditor-in-Charge at PricewaterhouseCoopers AB is Magnus Willfors, Authorised Public Accountant. Magnus Willfors holds no shares in the company. When PricewaterhouseCoopers is engaged to provide services other than auditing, this takes place in accordance with the Audit Committee's regulations for approval of the nature and scope of the services and the remuneration for such services. Lifco is of the opinion that the performance of these services has not jeopardised the independence of PricewaterhouseCoopers. Total remuneration to the auditors over the past two years is presented in Note 9. Lifco's auditor attended all of the Audit Committee's meetings in 2015 and one Board meeting. In conjunction with the Board meeting, the auditor had a meeting with the Board without presence of Group management.

According to the Articles of Association, Lifco shall have one or two auditors and a maximum of two deputies. An Authorised Public Accountant or a registered public accounting firm shall be appointed as the auditor.

### OPERATING ACTIVITIES

The CEO and other members of Group management hold regular meetings to review monthly results, update forecasts and plans, and to discuss strategic matters. Lifco's Group management comprises three individuals, who are presented on page 35. Group management deals with Group-wide issues, in addition to operative matters, related to each business area. Group management consists of the CEO, the head of the Dental business area and the CFO. The Board is responsible for ensuring that an effective system for internal control and risk management is in place. The CEO has been delegated the responsibility of creating the necessary prerequisites to work with these issues. Both Group management and managers at various levels in the company hold this responsibility in their respective areas. Authorities and responsibilities are defined in policies, guidelines and descriptions of responsibilities.

### DIRECTORS' REMUNERATION

The remuneration for the Board of Directors was approved by the 2015 Annual General Meeting and amounted to SEK 4.4 million, of which SEK 1.1 million is payable to the Chairman and SEK 550,000 to each of the members who are not employed by the company. The Annual General Meeting further approved remuneration for members of the Audit Committee of 160,000 SEK to the Chair and 80,000 SEK to each of the members and remuneration for the members of the Remuneration Committee of 120,000 SEK to the Chair and 60,000 SEK to each of the members.

## SHARE AND SHARE-PRICE INCENTIVE SCHEMES

There are no outstanding share or share-price incentive schemes for Board members, the CEO or other senior executives.

## SENIOR EXECUTIVE REMUNERATION

The guidelines for remuneration to senior executives, approved by shareholders at the 2015 Annual General Meeting, involve the following. The fundamental principle is that remuneration and other terms of employment for senior executives shall be on market terms and competitive in each market in which Lifco has a presence, to make it possible to attract, motivate and retain competent and skilful employees.

The total remuneration to senior executives shall consist of a basic salary, variable remuneration, pensions and other benefits. Fixed remuneration, the basic salary, shall be based on the areas of responsibility, authorities, expertise and experience of the individual executive. Basic salary and variable remuneration must be in proportion to the responsibility and authority of the executive concerned. Variable remuneration shall be linked to predetermined and measurable criteria, aimed at promoting long-term creation of value for the company. The variable remuneration of the CEO shall be capped at 70% of the basic salary. The variable remuneration shall be based on the individual targets proposed by the Remuneration Committee and approved by the Board. Targets may include earnings, growth in volume, working capital and cash flow. The variable remuneration for other senior executives shall be based partly in the outcome in their own area of responsibility and partly on individual targets. In addition to the above variable remuneration, share and share-price related incentive schemes may arise from time to time. The Board is entitled to make exceptions to the guidelines if, in individual cases, there are compelling reasons to justify this.

In 2015, remuneration to senior executives, which includes salaries and remuneration to the Board of Directors, Group Management Team as well as managing directors in the Group's subsidiaries, amounted to SEK 166 million (138). Please refer to Note 11 for further information.

The Board of Directors proposes that the guidelines for remuneration to senior executives be approved without change by the Annual General Meeting.

## AUDITORS' REMUNERATION

PricewaterhouseCoopers AB is the company's auditor. The auditing assignment refers to the auditing of the annual report and accounts, including the Board's and the CEO's administration of the company, other assignments that the company's auditors are required to perform, and advice or other guidance brought about by observations resulting from the audit or related tasks. Other assignments refer mainly to consultancy services related to auditing and taxation issues, as well as assistance in connection with company acquisitions. Fees payable for audit services in 2015 amounted to SEK 6 million (6) and fees for other services to SEK 2 million (6). Fees for other services in 2014 mainly relate to advice and reviews in connection with the IPO on the Nasdaq Stockholm Exchange.

## INTERNAL CONTROLS AND RISK MANAGEMENT IN THE FINANCIAL REPORTING

Internal control over financial reporting is an integrated part of the corporate governance in the Lifco Group. It comprises processes and methods to safeguard the Group's assets and accuracy in its financial reporting and thus aims to protect the shareholders' investment in the company.

## CONTROL ENVIRONMENT

Lifco's organisation is structured to allow agile responses to changes in the market. A strongly decentralised organisation and a high degree of autonomy in the subsidiaries enable rapid operational decisions. Lifco's Board of Directors and Group management make overriding decisions concerning acquisitions, divestments, strategy and direction. The internal control of financial reporting within Lifco is designed to manage these conditions. The basis of internal control in the financial reporting comprises the control environment, including the organisation, decision-making channels, authorities and the responsibilities that are documented and communicated in governing documents.

Each year, the Board establishes rules of procedure that regulate the duties of the Chairman and the CEO. The Board has set up an Audit Committee to increase awareness of transparency and control of the company's accounts, financial reporting and risk management, and a Remuneration Committee to manage remuneration to the company management. Each operational unit has one or more administrative centres that are responsible for the day-to-day handling of transactions and reporting. Each operational unit has a financial manager, who is responsible for the financial control of the unit and for ensuring that the financial statements are accurate, complete and submitted in good time for consolidated reporting.

## RISK ASSESSMENT

Risk assessment is based on the Lifco Group's financial targets. The overall financial risks have been defined and are mostly industry specific. Lifco conducts quantitative and qualitative risk analyses based on the consolidated balance sheet and income statement to enable it to identify key risks that could threaten the achievement of business and financial targets. Within each operating unit, a number of subsidiaries are analysed to obtain a more detailed understanding of the actual application of existing rules and regulations. Measures to minimise identified risks are then established centrally within the Group.

## CONTROL ACTIVITIES

The identified risks related to financial reporting are addressed through the company's control activities. For example, there are automated controls in IT-based systems that manage permissions and authorisation rights, as well as manual controls, such as duality in the day-to-day recording of transactions and closing entries. Detailed financial analyses of results and follow-ups of budgets and forecasts are performed to complement the operation-specific controls and generally endorse the quality of the reporting. The Group follows standardised templates and models to identify and document processes and controls.

## INFORMATION AND COMMUNICATION

Lifco has information and communication procedures to promote completeness and accuracy in the financial reporting. Policies and instructions are available on the company's intranet. Information about how efficiently the internal controls in the Group are working has been established and is reported regularly to the relevant parties in the organisation via implemented reporting tools.

## FOLLOW-UP AND MONITORING

The Group management and the finance department perform monthly analyses of the financial reporting at a detailed level. The Audit Committee follows up the financial reporting at its meetings and the company's auditors report on their observations and provide recommendations. The Board receives financial reports on a monthly basis and the company's financial position is dis-

cussed at every Board meeting. The efficiency of the internal control activities is regularly followed up at different levels in the Group and comprises an assessment of the structure and operative function of the key control elements that have been identified and documented.

The follow-up of the internal control has in 2015 been fulfilled by the Group management and Lifco's financial department, with the support of the external auditors. The Audit Committee also has an important role in the internal control process with the task of evaluating the audit activities and internal control. The follow-up showed that the documentation and control activities in all material respects are established in the Group. Given the work performed related to the internal control, the Board of Directors has come to the conclusion that there is no need for a special audit function (internal audit function).

## ONGOING PROCESS

The Lifco Group's ongoing internal control process will primarily focus on risk assessment, control activities as well as follow-up and monitoring over the next year.



Carl Bennet



Gabriel Danielsson



Ulrika Dellby



Erik Gabrielson



Ulf Grunander



Fredrik Karlsson



Johan Stern



Axel Wachtmeister



Annika Norlund



Hans-Eric Wallin



Stefan Håkansson



Peter Wiberg

# THE BOARD OF DIRECTORS

## CARL BENNET

Chairman of the Board

Date of birth: 1951. Appointed: 1998.

MBA, Honorary Doctor of Technology

Current appointments: CEO of Carl Bennet AB, Chair of Elanders AB and Getinge AB. Member of the boards of Holmen AB and L E Lundbergföretagen AB

Previous appointments: CEO and President of Getinge AB

Own holding and related party holding at 31 December 2015: 6,075,970 Class A shares, 39,587,290 Class B shares

Independent of the company and the company management: Yes

Independent of the majority shareholder: No

Attendance at Board meetings: 8/8

Attendance at Remuneration Committee: 2/2

## GABRIEL DANIELSSON

Member of the Board

Date of birth: 1954. Appointed: 2006.

Forest supervisor, businessman

Current appointments: CEO of Linköpings Skogstjänst AB and Slottstornet AB. Deputy member of Boxholms Skogar AB, Dylta Bruk Förvaltnings AB, Gustafsborgs Säteri AB, Kårehatt AB, Wanås Gods AB and Wasatornet AB.

Previous appointments: Businessman, land and forest owner

Own holding and related party holding at 31 December 2015: 34,000 Class B shares

Independent of the company and the company management: Yes

Independent of the majority shareholder: Yes

Attendance at Board meetings: 7/8

Attendance at Remuneration Committee: 2/2

## ULRIKA DELLBY

Member of the Board

Date of birth: 1966. Appointed: 2015.

MBA, Stockholm School of Economics

Current appointments: Member of the board of Cybercom Group AB, SJ AB and deputy Chair of Fastighetsaktiebolaget Norrporten. Partner in Fagerberg & Dellby Fund I AB

Previous appointments: Partner Boston Consulting Group, CEO Brindfors Enterprise IG (today Brand Union), member of the boards of Via Travel Group and OSM Group

Own holding and related party holding at 31 December 2015: 5,000 Class B shares

Independent of the company and the company management: Yes

Independent of the majority shareholder: Yes

Attendance at Board meetings: 5/8

Attendance at Audit Committee: 3/5

## ERIK GABRIELSON

Member of the Board

Date of birth: 1962. Appointed: 2001.

LL.M.

Position: Lawyer

Current appointments: Chair of Allegresse AB. Member of the board of Elanders AB, Advokatfirman Vinge AB, Advokatfirman Vinge Skåne AB, ECG Vignoble AB, ECG Vininvest AB, Generic Sweden AB, Rosengård Invest AB and Storegate AB. Deputy member of Lamiflex Group AB

Previous appointments: See above

Own holding and related party holding at 31 December 2015: -

Independent of the company and the company management: Yes

Independent of the majority shareholder: Yes

Attendance at Board meetings: 8/8

Attendance at Audit Committee: 4/5

## ULF GRUNANDER

Member of the Board

Date of birth: 1954. Appointed: 2015.

MBA, Stockholm University

Current appointments: Member of the board of Djurgården Hockey AB

Previous appointments: CFO of the Getinge Group

Own holding and related party holding at 31 December 2015: 2,000 Class B shares

Independent of the company and the company management: Yes

Independent of the majority shareholder: Yes

Attendance at Board meetings: 5/8

Attendance at Audit Committee: 3/5

## FREDRIK KARLSSON

Member of the Board

CEO and President

Date of birth: 1962. Appointed: 1998.

MBA and Master of Science

Current appointments: Member of the board of the Royal Swedish Yacht Club, German-Swedish Chamber of Commerce and Bijaka AB

Previous appointments: Management consultant at BCG, CEO of Mercatura GmbH

Own holding and related party holding at 31 December 2015: 331,500 Class B shares

Independent of the company and the company management: No

Independent of the majority shareholder: Yes

Attendance at Board meetings: 8/8

## JOHAN STERN

Deputy Chairman

Date of birth: 1951. Appointed: 2001.

MBA

Current appointments: Chair of Fädriften Invest AB, Healthinvest Partners AB and Skanör Falsterbo Kallbadhus AB. Member of the board of Carl Benet AB, Elanders AB, Estea AB, Getinge AB, Rolling Optics AB, RP Ventures AB, Stiftelsen Harry Cullbergs Fond and the Swedish-American Chamber of Commerce, Inc.

Previous appointments: Roles within SEB in Sweden and the US

Own holding and related party holding: 46,000 Class B shares

Independent of the company and the company management: Yes

Independent of the majority shareholder: No

Attendance at Board meetings: 8/8

Attendance at Remuneration Committee: 2/2

Attendance at Audit Committee: 5/5

## AXEL WACHTMEISTER

Member of the Board

Date of birth: 1951. Appointed: 2006.

MBA

Current appointments: Member of the board and CEO of Wästerslöv AB. Member of the board of Kilmartin Estate AB and Symbrio AB. Deputy member of HAWAJ Holding AB and Sydsvensk Form Reklam i Höör AB

Previous appointments: Land and forest owner

Own holding and related party holding at 31 December 2015: 16,200 Class B shares

Independent of the company and the company management: Yes

Independent of the majority shareholder: Yes

Attendance at Board meetings: 8/8

Attendance at Remuneration Committee: 2/2

## STEFAN HÅKANSSON

Employee Representative, Unionen

Date of birth: 1960. Appointed: 2011.

Own holding and related party holding at 31 December 2015: 400 Class B shares

Attendance at Board meetings: 8/8

## ANNIKA NORLUND

Employee Representative, Unionen

Date of birth: 1967. Appointed: 2013.

Own holding and related party holding at 31 December 2015: 300 Class B shares

Attendance at Board meetings: 8/8

## PETER WIBERG

Employee Representative, deputy member, Metall

Date of birth: 1960. Appointed: 2013.

Own holding and related party holding at 31 December 2015: 300 Class B shares

Attendance at Board meetings: 8/8

## HANS-ERIC WALLIN

Employee Representative

Date of birth: 1952. Appointed: 2006.

Own holding and related party holding at 31 December 2015: -

Attendance at Board meetings: 5/8

## AUDITOR

PricewaterhouseCoopers AB has been Lifco's auditor since 2010.

PricewaterhouseCoopers was re-elected at the 2015 Annual General Meeting as Lifco's auditor until the end of the 2016 Annual General Meeting.

Magnus Willfors (born in 1963) is the auditor-in-charge. Magnus Willfors is an authorised public accountant and a member of FAR (the Swedish Organisation of Certified Public Accountants).

PricewaterhouseCoopers' address is Torsgatan 21, SE-113 97 Stockholm, Sweden.

# GROUP MANAGEMENT



Fredrik Karlsson



Therése Hoffman



Per Waldemarson

## FREDRIK KARLSSON

CEO and President

Date of birth: 1962. Appointed: 1998. Employed: 1998.

MBA and Master of Science

Current appointments: Member of the board of the Royal Swedish Yacht Club, German-Swedish Chamber of Commerce and Bijaka AB

Previous appointments: Management consultant at BCG, CEO of Mercatura GmbH

Own holding and related party holding at 31 December 2015: 331,500 Class B shares

## THERÉSE HOFFMAN

CFO

Date of birth: 1971. Appointed: 2011. Employed: 2007.

Upper secondary economics, international marketing

Previous appointments: CFO of Nordenta AB

Own holding and related party holding at 31 December 2015: 300 Class B shares

## PER WALDEMARSON

Head of Business Area Dental

Date of birth: 1977. Appointed: 2009. Employed: 2006.

MBA

Previous appointments: Management consultant at Bain & Co, CEO of Brokk AB

Own holding and related party holding at 31 December 2014: 102,700 Class B shares

# PROPOSAL FOR PROFIT APPROPRIATION

Lifco AB (publ), Corporate Identity Number 556465-3185

THE FOLLOWING PROFIT IN LIFCO AB IS AVAILABLE FOR APPROPRIATION BY THE ANNUAL GENERAL MEETING:	MSEK
Profit brought forward	1,889
Profit for the year	267
<b>Total</b>	<b>2,156</b>
The Board of Directors and the CEO propose a final dividend to the shareholders of SEK 3.00 per share.	272
to be carried forward	1,884
<b>Total</b>	<b>2,156</b>

The Board of Directors is of the opinion that the proposed dividend is justifiable in view of the demands made on the Group by the nature, extent and risks associated with the business in terms of the amount of equity required and taking into account the need for consolidation, liquidity and financial position in other respects.

Further information regarding the financial performance and position of the Group and the Parent Company in other respects is presented in the Annual Report. The income statements and balance sheets will be presented to the shareholders for approval at the Annual General Meeting on 12 May 2016.

The Board of Directors and the CEO declare that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as approved by the European Union and give a true and fair view of the Group's performance and position. The Annual Report has been prepared in accordance with generally accepted accounting practice and gives a true and fair view of the Parent Company's performance and position.

The Directors' Report for the Group and Parent Company gives a true and fair view of the development of the Group's and Parent Company's business operations, financial position and performance and describes principal risks and uncertainties faced by the Parent Company and the companies included in the Group.

Enköping, Sweden, 8 April 2016

Carl Bennet  
Chairman of the Board

Gabriel Danielsson  
Board Member

Ulrika Dellby  
Board Member

Erik Gabrielson  
Board Member

Ulf Grunander  
Board Member

Fredrik Karlsson  
President and CEO,  
Board Member

Annika Norlund  
Board Member,  
Employee Representative for Unionen

Johan Stern  
Board Member

Axel Wachtmeister  
Board Member

Peter Wiberg  
Deputy Director,  
Employee Representative for Metall

Our Auditors' Report was submitted on 8 April 2016  
PricewaterhouseCoopers AB

Magnus Willfors  
Authorised Public  
Accountant Auditor-in-Charge

Martin Johansson  
Authorised Public Accountant

# AUDITOR'S REPORT

To the annual meeting of the shareholders of Lifco AB (publ), corporate identity number 556465-3185

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Lifco AB (publ) for the year 2015, except for the corporate governance statement on pages 27-35. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 8-70.

### Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director 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 Managing Director 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 Managing Director, 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 31 December 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 31 December 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 27-35. 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 Managing Director of Lifco AB (publ) for the year 2015. We have also conducted a statutory examination of the corporate governance statement.

### 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, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act and that the corporate governance statement 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 Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director 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 Managing Director be discharged from liability for the financial 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.

Enköping, 8 April 2016  
PricewaterhouseCoopers AB

Magnus Willfors  
Authorized Public Accountant  
Auditor-in-charge

Martin Johansson  
Authorized Public Accountant

**WWW.LIFCO.SE**

**LIFCO AB**

556465-3185

Verkmästaregatan 1  
SE-745 85 Enköping  
Sweden

Phone: +46 72 717 59 33

Email: [ir@lifco.se](mailto:ir@lifco.se)

[www.lifco.se](http://www.lifco.se)

Lifco acquires and develops market-leading niche businesses with the potential to deliver sustainable earnings growth and robust cash flows.