

# Corporate Governance Report

Good corporate governance aims to create favourable conditions for shareholder involvement. This is done through well-defined and well-balanced assignment of responsibilities between the company's executive and shareholder functions. This ensures that accurate information is being presented to the market. The Corporate Governance report is part of the company's administration report and is reviewed by the company's auditors.

The aim of corporate governance is to ensure that the company is run as efficiently and effectively as possible in the interest of its shareholders, and that Hoist Finance complies with corporate governance and other rules prescribed by regulatory and supervisory authorities. Corporate governance also aims to create order and a systematic approach for the Board of Directors and management. With a clear structure and well-defined rules and procedures, the Board of Directors can ensure that management and employees are focused on developing the business and, accordingly, on creating shareholder value.

Hoist Finance is a Swedish public limited liability company with corporate identification number 556012-8489. The company has its registered office and headquarters in Stockholm.

## Application of Swedish Corporate Governance Code

All companies with shares listed on NASDAQ Stockholm or NGM Equity, regardless of market capitalisation, have been required since 1 July 2008 to apply the Swedish Corporate Governance Code. The Code is based on the "comply or explain" principle, meaning that a company's deviation from the Code's provisions is not deemed a breach thereof if the company explains its reason for doing so. Hoist Finance currently complies with all Code provisions. The corporate governance report is part of the company's administration report and is audited by the company's auditor.

## Corporate governance within Hoist Finance

Hoist Finance is subject to external and internal control systems.

The external control systems, which serve as the framework for Hoist Finance corporate governance, are the Swedish Companies Act, Annual Accounts Act, Banking and Financing Business Act, the Swedish Financial Supervisory Authority's regulations and general guidelines, NASDAQ Stockholm's Rule Book for Issuers, other relevant laws and regulations, and the Swedish Corporate

Governance Code. Governance, management and control are allocated between the shareholders at the Annual General Meeting (AGM), the Board of Directors and the Chief Executive Officer pursuant to Swedish corporate law, the Swedish Corporate Governance Code and the Hoist Finance Articles of Association.

The internal control instruments include the Articles of Association adopted by the AGM. The Board has also adopted policies and instructions that clarify the division of responsibilities within the Group. The following are of particular importance in this context:

- » Rules of procedure for the Board;
- » Instructions for the CEO;
- » Policy for internal governance and control;
- » Remuneration policy;
- » Risk management policy;
- » Policy regarding operational risks;
- » Instructions on measures against money laundering and financing of terrorism;
- » Instruction for the risk and audit committee;
- » Instructions for the remuneration committee;
- » Instructions for the board investment committee;
- » Insider policy.

## Articles of Association

The Articles of Association are adopted by the general meeting of shareholders and contain basic compulsory information about the company.

The Articles of Association specify the type of business activities the company will operate, limits on share capital and the number of shares, and the number of Board members allowed. The Articles include no special provisions for amendments thereto or for the appointment or dismissal of Board members. The Articles of Association are available in their entirety at [www.hoistfinance.com](http://www.hoistfinance.com).



## Governance structure

### Shareholders

As at 31 December 2015 the total number of shares was 78,532,684 and the share capital was SEK 26,177,561.33. Each share carries one vote. The company had 1 523 shareholders at the turn of the year. The fifteen largest shareholders held an aggregate of 73.4 per cent of total share capital at the close of 2015. Read more about the company's largest shareholders at [www.hoistfinance.com](http://www.hoistfinance.com).

### Annual General Meeting

The AGM is the Hoist Finance highest decision-making body. All shareholders have an opportunity at the AGM to influence the company by exercising their voting rights. The Swedish Companies Act and Hoist Finance's Articles of Association include rules that govern the AGM and its agenda.

Hoist Finance's financial year runs from 1 January to 31 December. Pursuant to the Swedish Companies Act, notice must be given no more than six weeks and no fewer than four weeks prior to the AGM. The AGM resolves on adoption of the year's balance sheet and income statement, dividends, election of Board members and auditors, fees to Board members and auditors, and other items of business as prescribed by the Swedish Companies Act and the Articles of Association. All shareholders listed in the shareholders' register on the day prior to the AGM who have provided timely notification of their participation are entitled to participate at the AGM, either in person or by proxy.

Every shareholder is entitled to request that a matter be addressed by the AGM.

A shareholder who wishes to do so must submit a written request to the Board no later than one week before the earliest date on which notice of the meeting may be published (i.e. the request must be received no later than seven weeks prior to the AGM). Pursuant to Chapter 7 § 32 of the Swedish Companies Act, all shareholders are entitled to ask the Board of Directors and CEO questions about matters addressed during the AGM and about the financial situation of the company and the Group.

### 2015 Annual General Meeting

The most recent AGM was held on 25 February 2015 in Stockholm. All shares and votes were represented at the AGM. Among other things, the AGM resolved:

- » To adopt the balance sheet and income statement
- » Not to distribute a dividend
- » To discharge Board members and the CEO from liability
- » To re-elect Board members Ingrid Bonde (chair), Liselotte Hjorth, Jörgen Olsson, Annika Poutiainen, Per-Eric Skotthag, Costas Thoupos and Gunilla Wikman
- » On fees for the Board chair and other Board members
- » To re-elect KPMG, represented by Anders Bäckström, as auditor for the period through the close of the next AGM and to pay the auditor's fee based on approved invoice
- » To appoint a Nomination Committee
- » To, pursuant to the Board's proposal, adopt guidelines for remuneration for senior management
- » To amend the limits for share capital and number of shares and to delete the pre-emption clause from the Articles of Association

- » To issue new shares in the company
- » To conduct a share split

The complete minutes of the 2015 AGM are available at [www.hoistfinance.com](http://www.hoistfinance.com).

### 2016 Annual General Meeting

The 2016 AGM will be held on Friday 29 April 2016 at 15:00 at the IVA Conference Centre, Grev Turegatan 16, Stockholm.

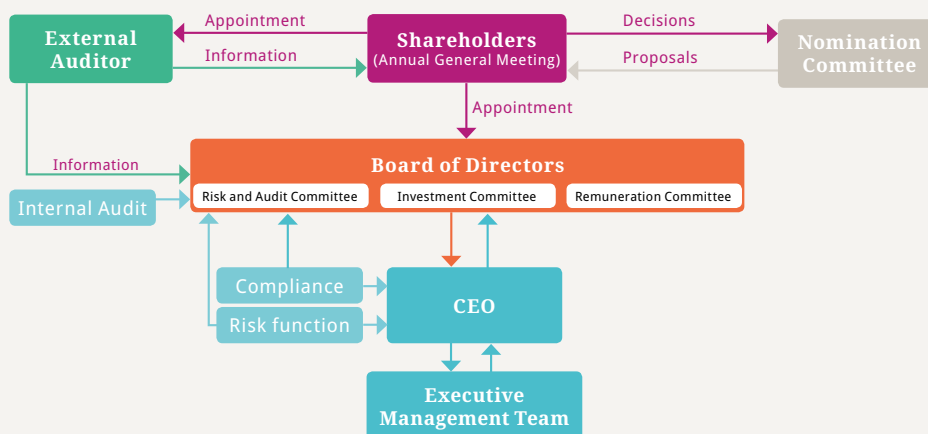
### Nomination Committee

The Nomination Committee is comprised of representatives of the three largest shareholders, as recorded in the shareholders' register as at the final banking day in August of each year, and the Chairman of the Board, who is also responsible for convening the committee's first meeting. If a shareholder who is offered to serve on the Nomination Committee declines, the inquiry shall instead be offered to the largest shareholder in line. The committee's composition will be changed to reflect any changes to shareholder structure.

The Nomination Committee submits proposals for the election of the AGM chairman, members of the Board of Directors and Chairman of the Board, and for Board member compensation and election of auditors. The committee conducts its work in the interest of all shareholders. Instructions for submitting suggestions to the committee are available on the company's website [www.hoistfinance.com](http://www.hoistfinance.com)

The Nomination Committee is comprised of the following members: Ingrid Bonde (Chair of the Board of Hoist Finance), Jan Andersson (representing Swedbank Robur Fonder AB),

## Governance structure



Per Josefsson (representing Carve Capital AB) and Ola Sandersson (representing Olympus Investment S.à.r.l.). The committee held four recorded meetings ahead of the 2016 AGM and maintained regular contact between meetings. The committee also held individual interviews with current and proposed Board members.

The Nomination Committee's proposals, report on committee work done in preparation for the 2016 AGM, and information on proposed Board members are published in conjunction with the AGM notice.

## Board of Directors

Pursuant to the Articles of Association, Hoist Finance's Board of Directors shall be comprised of at least three and no more than nine members. Members of the Board are appointed by the AGM for a one-year term. In accordance with the resolution of the 2015 AGM, the Board of Directors is comprised of Ingrid Bonde (chair), Liselotte Hjorth, Jörgen Olsson, Annika Poutiainen, Per-Eric Skotthag, Costas Thoupos and Gunilla Wikman.

At year-end 2015 the Board had four female and three male members. Two of the seven Board members were employed by the company with the exception of these two, all Board members were independent in relation to the company's and major shareholders, the company and the company's management.<sup>1)</sup> For further information on Board members, please see regarding pages 52–53.

## Work of the Board of Directors

The primary task of the Board is to serve the interests of the company and shareholders. The Board is responsible for the company's organisation and management of the company's affairs, and for ensuring that the Group is suitably structured to enable the Board to optimally exercise its ownership responsibilities with respect to Group subsidiaries. The Board is responsible for ensuring that the company complies with applicable laws and regulations, the Articles of Association and the Swedish Corporate Governance Code. The Board is obliged to regularly assess the company and Group's financial situation and ensure that the company's organisation is structured to enable satisfactory monitoring of its accounting, management of assets, and general financial situation.

The Board adopts financial targets for the company, decides on the company's strategy and business plans and ensures good internal control and risk management.

The Board's duties and working methods are regulated by the Swedish Companies Act, the Articles of Association and the Swedish Corporate Governance Code. The Banking and Financing Business Act (2004:297) also regulates the duties and work of the Board of Hoist Kredit (a regulated credit company) and, to a certain degree, the Board of Hoist Finance (the financial parent company).

The Board has adopted written rules of procedure and instructions on internal reporting for the Board that deal with:

1. The Board's duties and responsibility
2. Members of the Board
3. Chairman of the Board
4. Board meetings
5. Board committees

## Board meetings in 2015

A total of 16 recorded Board meetings were held in 2015: eight ordinary meetings, one statutory meeting and seven special meetings. All Board members attended these meetings, with exception of the Board meeting held on 21 December 2015, in which Annika Poutiainen did not participate. Hoist Finance employees and persons reporting on specific issues also participated in Board meetings.

The Board's work follows the presented structure pursuant to the rules of procedure. This may be adjusted, however, depending on the year's events and projects. Ordinary Board meetings also involve the adoption of governance documentation and instructions and reporting from the control functions and respective Board committee.

## Board committees

### Risk and Audit Committee

The Risk and Audit Committee serves in an advisory capacity and prepares issues for consideration and decision by Hoist Finance's Board of Directors. The committee is responsible for overseeing and ensuring the quality of financial reporting and the effectiveness of the company's internal control and tasks performed by the Internal Audit, Risk Control and Compliance functions. The committee also discusses valuation issues and other assessments pertaining to the annual accounts.

The Risk and Audit Committee also reviews and monitors the impartiality and independence of the company's external auditors and, notwithstanding the Board's other responsibilities and duties, regularly meets with and reviews reports from the company's external auditors in order to remain informed about the focus and scope of the audit and

<sup>1)</sup> Jörgen Olsson and Costas Thoupos are the two employed Board members. Jörgen Olsson is the company's CEO and is a member of the Executive Management Team. Costas Thoupos has an operational role in the company but is not a member of the Executive Management Team.

## Work of the Board of Directors

January	February	March	April	May	June	July	August	September	October	November	December	
<ul style="list-style-type: none"> <li>» Financial report</li> <li>» Evaluation of the Executive Management Team</li> <li>» Evaluation of Board's work</li> <li>» Evaluation of CEO</li> <li>» Planning for annual accounts</li> <li>» Annual plan for internal audit, risk and compliance</li> </ul>	<ul style="list-style-type: none"> <li>» Financial report</li> <li>» Meeting regarding annual accounts</li> <li>» Q4 report</li> <li>» Annual report and meeting with auditors</li> <li>» Review of external credit facilities</li> <li>» Yearly plan for external auditors</li> <li>» Report from internal audit, risk and compliance</li> </ul>		<ul style="list-style-type: none"> <li>» Financial report</li> <li>» Q1 report</li> <li>» AGM and statutory meeting</li> <li>» ICAAP (Internal Capital Adequacy Assessment)</li> <li>» ILAAP (Internal liquidity adequacy assessment process)</li> <li>» Reporting from Remuneration Committee, decision on remuneration</li> </ul>		<ul style="list-style-type: none"> <li>» Strategy</li> <li>» General risk discussion</li> <li>» Report from internal audit and risk</li> </ul>	<ul style="list-style-type: none"> <li>» Financial report</li> <li>» Q2 report</li> <li>» Report from internal audit, risk and compliance</li> </ul>					<ul style="list-style-type: none"> <li>» Financial report</li> <li>» Q3 report</li> <li>» Report from internal audit, risk and compliance</li> </ul>	<ul style="list-style-type: none"> <li>» Financial report</li> <li>» Budget</li> <li>» Corporate calendar</li> </ul>

to discuss the co-ordination of the external and internal audit with the external auditor. The committee assists in the preparation of proposals for the AGM's election of external auditors and decisions on auditors' fees. The committee is required to meet at least four times per financial year.

The Risk and Audit Committee has at least three members appointed by the Board on an annual basis. At least two members must be independent in relation to the company and the company's management. One member is elected committee chairman. The chairman must be independent in relation to the company and the company's management and may not be the Chairman of the Board of Hoist Finance. Committee members in 2015 were Annika Poutiainen (chair), Ingrid Bonde and Per-Eric Skotthag. The company's employees and auditors may be summoned to committee meetings to provide details on specific reports or issues. Committee meeting minutes are recorded and available to all Board members. The committee chairman reports to the Board at Board meetings concerning the issues discussed and proposed at committee meetings. The committee held seven meetings in 2015, with all members in attendance at these meetings.

#### Remuneration Committee

The Remuneration Committee's primary task is to prepare the Board to make decisions on remuneration policies, benefits and other terms of employment for Executive Management Team members and control function employees. The Committee monitors and evaluates ongoing variable remuneration programmes for senior executives and those completed during the year, as well as the application of the remuneration guidelines for senior executives resolved on by the AGM and the Group's remuneration structure and remuneration levels.

The Remuneration Committee has at least two members appointed by the Board on an annual basis. All members must be independent in relation to the company, the company's management and the company's major shareholders. The committee meets at least twice per financial year. In 2015 the committee was comprised of Gunilla Wikman (chair), Ingrid Bonde and Per-Eric Skotthag. Company employees may be summoned to committee meetings to provide details on specific reports or issues. Committee meeting minutes are recorded and available to Board members. The committee chairman reports to the Board at all Board meetings concerning the issues discussed and proposed at committee meetings. The committee held five meetings in 2015, with all members in attendance at these meetings, with the exception of the committee meeting on 19 October 2015 in which Per-Eric Skotthag did not participate.

#### Investment Committee

The Investment Committee is a preparatory and decision-making committee. Its responsibilities include evaluating and approving standard investments valued at EUR 50 million or more, non-standard investments of EUR 15 million or more and investments that do not require approval of the Swedish Financial Supervisory Authority. The Committee is also responsible for continuous evaluation of the company's current holdings and evaluation of proposals for potential divestments of holdings. The Investment Committee has at least three members appointed by the Board on an annual basis. The chairman must be independent in relation to the Company and the Company's management, and may not be the chairman of the Board of Hoist Finance. The Committee meets at least four times per financial year and whenever a Committee decision or recommendation is required as per the Company's Investment Policy. In 2015 the Investment Committee was comprised of Liselotte Hjorth (chair), Jörgen Olsson and Costas Thoupos. Company employees may be summoned to Committee meetings to provide details on specific reports or issues. Committee meeting minutes are recorded and available to all Board members. The committee chairman reports to the Board at all Board meetings concerning the issues discussed, proposed and decided on at Committee meetings. The Committee held eleven meetings in 2015, with all members in attendance at these meetings.

#### Chair of the Board

Ingrid Bonde was re-elected Chair of the Board of Hoist Finance by the AGM held on 25 February 2015. Ingrid Bonde has served in this capacity since 16 November 2014.

The Chairman of the Board supervises the Board's work and fulfilment of its duties, and has specific responsibility for ensuring that the Board's work is well-organised, efficiently run and aligned with operational developments. The Chairman of the Board verifies that Board decisions are effectively executed, and ensures that the Board's work is evaluated annually and that the Nomination Committee is informed of the evaluation results. The purpose of the evaluation is to gain an understanding of the Board members' views on the Board's performance and the measures that can be taken to make the Board's work more efficient.

#### The Chairman's particular duties are to:

- » in consultation with the CEO, decide the matters to be considered by the Board, prepare meeting agendas and issue meeting notices when needed
- » organise and lead the Board's work, while overseeing that the Board addresses the matters that rest with the Board pursuant to law, the Articles of Association and the Swedish Corporate Governance Code

- » serve as the Board's spokesperson towards Hoist Finance shareholders
- » ensure that the CEO provides sufficient information for Board decisions and oversee that Board decisions are executed

#### Board evaluation

In accordance with the Board's rules of procedure, the Chairman of the Board initiates an evaluation of the Board's performance once per year. For the 2015 evaluation, all Board members were able to give their views on issues including working methods, Board material, work done by the Board and management during the year, and Board and management structure by responding to a written questionnaire sent by the Chairman. The survey is designed to generate understanding of the Board members' views on how the Board's work should be carried out and measures that can be taken to make such work more efficient, as well as the type of issues the Board thinks should be given more scope and areas that may require additional Board expertise. The results of the survey were reported and discussed at the Board meeting held on 15 December 2015 and have been provided to the Nomination Committee.

#### CEO and Executive Management Team

The CEO is appointed by the Board and runs the business in accordance with instructions adopted by the Board. The CEO is responsible for the company and Group's day-to-day administration pursuant to the Articles of Association. The CEO also works with the Chairman of the Board to decide on matters that will be dealt with at each Board meeting. The Board adopts instructions for the CEO each year and evaluates the CEO's duties on a regular basis.

Jörgen Olsson has been CEO of Hoist Finance since 2012. For additional information on the CEO and the CEO's shareholdings, see the presentation of the Board of Directors and Executive Management Team and on the website [www.hoistfinance.com](http://www.hoistfinance.com).

Hoist Finance's CEO heads, sets the meeting schedule for and appoints the members of the Executive Management Team. The Executive Management Team's role is to prepare and implement strategies, manage corporate governance and organisational issues and monitor the company's financial development.

The CEO is responsible for ensuring that Board members receive essential information and decision data and for presenting reports and proposals at Board meetings on issues dealt with by management. The CEO keeps the Board and Chairman updated on the company and Group's financial position and development. The CEO's work is evaluated by the Board on a continuous basis.

**The CEO's main duties include:**

- » ensuring that the company's financial reporting is carried out in accordance with applicable law and that assets are managed prudently
- » serving as Group Chief Executive, which involves managing and co-ordinating Group companies in accordance with the Board's guidelines and instructions
- » ensuring that Board resolutions are executed and keeping the Board updated on the development of the company and Group's operations, performance and financial position

See note 5 for details on the CEO's remuneration.

**Executive Management Team**

Pontus Sardal has been Chief Financial Officer (CFO) of Hoist Finance since 2011. For information on the CEO and other members of the Executive Management Team, see the section regarding the board and the EMT and the company's website [www.hoistfinance.com](http://www.hoistfinance.com)

**Auditor**

The external auditors are responsible for examining the company's annual report and accounting records and the Board and CEO's administration of the company. The auditors submit an Auditor's Report to the AGM at the close of each financial year.

The 2015 AGM re-elected registered public accounting firm KPMG AB as the company's auditor for the period through the close of the next AGM. Authorised public accountant Anders Bäckström, born in 1966 and the company's auditor since 2013, is chief auditor.

**Financial reporting**

The Board of Directors is responsible for ensuring that the company's organisation is structured in a way that enables its financial situation to be satisfactorily monitored, and that financial reports (i.e. interim reports and annual accounts) to the market are prepared in accordance with applicable law, accounting standards and other requirements. The committee addresses not only the Group's financial reports and significant accounting issues, but also issues concerning internal control, compliance, significant uncertainty in reported values, events after the balance sheet date, changes in estimates and assessments, and other conditions affecting the quality of the financial statements.

Interim reports are handled by the Board's Risk and Audit Committee and are issued by the Board as a whole. The semi-annual reports and the annual report are signed by all Board members and the CEO. The CEO is responsible for ensuring that the company's accounting is done in compliance with applicable law and that assets are managed prudently. Hoist Finance's CEO or CFO sits on the boards of all operating subsidiaries. The parent company's and the Group's books are balanced each month. The Board and the Executive Management Team receives information on a continuous basis on the financial situation of the parent company as well as the group. The Board assures the quality of financial reporting through its Risk and Audit Committee.

To safeguard financial reporting within the Group, monthly reports are issued directly to a joint inter-Group accounting system that includes quality controls. Detailed analyses and reconciliations are performed in connection with the periodic reporting. The consolidation process also includes a number of specific reconciliation controls. Hoist Finance has developed internal accounting and reporting guidelines, the "Hoist Finance Financial Framework".

**Internal reports**

The Board of Directors monitors the Group's financial development, ensures the quality of financial reporting and internal control, and follows up and evaluates the business on a regular basis. Internal reports (i.e., consolidated financial statements) are regularly prepared and submitted to the Board. An income statement, balance sheet and investment budget are prepared for each financial year and are adopted at the regular Board meeting held in December.

**Guidelines for remuneration for senior management, etc.**

Guidelines for remuneration for senior management were adopted by the AGM on 25 February 2015. The guidelines are presented in note 5. The new guidelines proposed by the Board of Directors are presented in the Administration report. Information about salaries and benefits are presented in note 5.

**Variable remuneration**

The variable remuneration to management employees shall as a principle not exceed 50 per cent of the fixed salary. The variable remuneration shall be based on various financial and non-financial criteria determined by the Board, and is connected to the individual performance by the employee and the Group's results. No variable remuneration is paid to control functions on the Group level.

The variable remuneration shall take into consideration all the risks of Hoist Finance's operations and shall be in proportion to the Group's earning capacity, capital requirements, profits and financial position. Payment of remuneration shall not impede the Group's long-term interests. Payment of variable remuneration is conditional upon the management employee being compliant with internal rules and procedures, including policies regarding conduct toward customers and investors and the employee not being responsible for any conduct resulting in significant financial losses for Hoist Finance or the business unit in question.

For management employees in the Executive Management Team, payment of at least 60 per cent of the variable remuneration shall be deferred for a period of at least three years. For management employees who are classified as employees whose duties have a material impact on the company's risk profile, payment of at least 40 per cent of the variable remuneration shall be deferred for a period of at least three years. The variable remuneration, including deferred remuneration, shall only be paid to the employee to an extent justifiable by the Group's financial situation and the performance of the Group, the business unit in question and the employee.



### Pensions

Pension and insurance are offered under national laws, regulations and market practices in the form of either collective or firm-specific plans, or a combination of the two. Hoist Finance has defined contribution pension plans and does not apply discretionary pension benefits.

### Warrant programme

The company has two outstanding warrant programmes for key executives.

The extraordinary general meeting held on 6 December 2013 resolved to issue warrants to key executives. Eleven employees acquired a total of 819,465 warrants within the scope of this programme. Since then, 82,276 warrants have been repurchased and cancelled by the company. Pursuant to the warrants' terms and conditions, the subscription price and the number of shares for which each warrant entitles the holder to subscribe have been restated. Each warrant now entitles the holder to subscribe for new shares at a subscription price of SEK 16.14 per share. The warrants may be exercised as from the first day after the company's shares were admitted to trading on NASDAQ Stockholm through 31 December 2016.

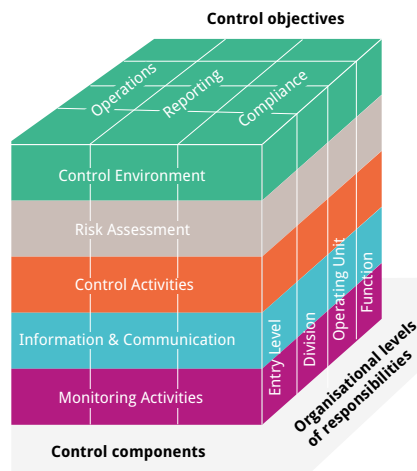
The extraordinary general meeting held on 22 October 2014 resolved to issue warrants to key executives. Twenty-six employees acquired a total of 222,041 warrants within the scope of this programme. Pursuant to the warrants' terms and conditions, the subscription price and the number of shares for which each warrant entitles the holder to subscribe were restated. For 194,748 of these warrants, holders are now entitled to subscribe for three new shares at a subscription price of SEK 63.40 per share. For the remaining 27,293 warrants, holders may subscribe for three new shares at a subscription price of SEK 55.47 per share. Of the original 194,748 warrants, 29,603 have been repurchased and cancelled by the company. The warrants may be exercised as from the first day after the company's shares were admitted to trading on NASDAQ Stockholm through 31 December 2017.

## Internal governance and control

The internal governance and control process is governed by law and regulations and supervised by the Board of Directors. In Sweden, where the Parent Company is domiciled, internal governance and control are regulated primarily through the Swedish Companies Act, Banking and Financing Business Act and Corporate Governance Code, the Swedish Financial Supervisory Authority's regulations and guidelines, and stock exchange laws regulating internal governance and control.

Hoist Finance has an internal governance and control framework aimed at creating the environment necessary to enable the entire organisation to promote effective, high quality corporate governance by providing clear definitions, assignments of roles and responsibilities and Group-wide tools and procedures.

Hoist Finance applies the COSO model for internal control of financial reporting. COSO focuses on developing a framework that can be directly used by a company's management team to evaluate and improve risk management in three inter-related areas: enterprise risk management (ERM), internal control, and fraud deterrence.



### Roles and responsibilities

The Board of Directors and the Risk and Audit Committee are responsible for establishing the main rules and guidelines for internal control.

The committee assists the Board by continuously monitoring the risks that may affect financial reporting and by producing manuals, policies and accounting principles. The committee interacts directly with the external auditors.

The CEO is responsible for the effective design and implementation of internal control within the Group. The CFO is responsible for the design, implementation and correct application of the internal control framework at the central level. Local management is responsible for design, implementation and correct application at the local level.

Hoist Finance roles and responsibilities with respect to internal control and risk management are structured in three lines of defence.

The **first line of defence**, comprised of the Board of Directors, the Chief Executive Officer and the business organisation, is responsible for conducting operations in accordance with the adopted internal control and risk management framework and pursuant to rules and regulations applicable to Hoist Finance.

The first line of defence has a well-functioning governance structure and effective processes to identify, measure, assess, monitor, minimise and report risks.

The **second line of defence** is comprised of the Risk Control function and the Compliance function, independent units that are not involved in business operations and that report independently of each other to the Board and the CEO.

The **third line of defence** is the Internal Audit function, which conducts independent audits and reviews and provides stakeholders with evaluations of internal control and risk management processes.

The three lines of defence jointly form the internal control framework, which is designed to develop and maintain systems that ensure:

- » effective and efficient business operations
- » adequate risk control
- » business management
- » reliable reporting of financial and non-financial information (internally and externally)
- » compliance with laws, regulations, supervisory authority requirements and internal policies and procedures

### Areas of responsibility

#### Risk Control function

The Risk Control function is responsible for providing relevant and independent information, analyses and expert opinions on the Company's risks. This involves:

- » Verifying that all risks that the Group is or can be expected to be exposed to are identified and managed by the relevant functions
- » Identifying risks arising from deficiencies in the Company's risk management
- » Providing information on risks to the Board and CEO on a regular basis
- » When the Company develops or changes its risk strategy and risk propensity, providing all relevant information that may constitute decision data for those issues, and evaluating proposed risk strategies and providing recommendations before decisions are made
- » Verifying that all relevant internal regulations, procedures and routines are complied with and are appropriate and effective, and proposing changes when necessary
- » Identifying, verifying and reporting risks of error in the Company's estimates and assumptions that form the basis of the financial statements

- » When the Company submits proposals or makes decisions that give rise to a potential significant increase in risk, evaluating whether these proposals or decisions are compatible with the Company's risk propensity
- » Prior to Company decisions on new or substantially changed products, services, markets, processes or IT systems and in the event of major changes to the Company's operations and organisation, assessing the risks these entail and evaluating the anticipated impact on the Company's aggregate risk propensity

### Compliance function

The Compliance function is responsible for supporting the Company's compliance with all legal, regulatory and other requirements for its licensed operations. This involves:

- » Identifying existing risks of the Company's failure to comply with its legal, regulatory and other duties with respect to its licensed operations, and monitoring and verifying that these risks are managed by the relevant functions
- » Overseeing and monitoring compliance with laws, regulations and other rules, as well as with relevant internal regulations
- » Providing counsel and support to the Company's personnel, CEO and Board of Directors regarding the laws, regulations and other rules applicable to the licensed operation, and regarding internal regulations
- » Informing and training relevant persons regarding new or amended regulations
- » Verifying that new or substantial changes to products, services, markets, processes and IT systems and major changes to the Company's operations and organisation comply with legal, regulatory and other requirements applicable to the Company's licensed operation
- » Providing recommendations to relevant persons based on the functions' findings

### Internal Audit function

The Internal Audit function is responsible for ensuring the independent review and oversight of work done by the first and second lines of defence. This involves the review and evaluation of:

- » Whether the Company's organisation, governance processes, IT systems, models and procedures are appropriate and effective
- » Whether the Company's internal control is appropriate and effective and whether the operation is run in accordance with the Company's internal regulations
- » Whether the Company's internal regulations are adequate and consistent with laws, regulations and other rules
- » The reliability of the Company's financial reporting, including off-balance sheet commitments
- » The reliability and quality of the work done within the Company's various control functions
- » The Company's risk management based on adopted risk strategy and risk propensity

### Internal control process

The Board of Directors holds ultimate responsibility for internal control.

Internal control is carried out by the Board of Directors, management and other Hoist Finance employees. It is designed to provide reasonable assurance regarding goal achievement, the economical and efficient use of resources, the reliability and integrity of operational and financial reporting, compliance with laws and regulations, safeguarding of assets, and risk management.

The internal control process is based on:

- » Control environment
- » Risk assessment
- » Control activities
- » Information & Communication
- » Monitoring

The **Control Environment** is the foundation of Hoist Finance's system of internal control and includes the corporate culture established by the Board of Directors and management, including the following components:

- » Commitment to integrity and ethical values
- » Independence and oversight
- » Establishing structure, authority and responsibility
- » Talent management
- » Maintaining accountability

**Risk Assessment** includes processes for identifying and analysing risk. Hoist Finance's risk assessment process is Group-wide and is independent from business activities. Risk assessment also covers the manner in which risks are managed and includes the following components:

- » Specification of suitable objectives
- » Identification and analysis of risks
- » Assessment of fraud risk
- » Identification and analysis of significant changes

**Control Activities** are the activities established by policies and procedures. Designed to reduce risks throughout all levels of the Hoist Finance organisation within business processes and the IT environment, these activities include preventive and detection controls as well as manual and automated activities. Examples of control activities are authorisation manuals, payment instructions, verifications, reconciliations, business performance reviews and division of responsibilities. Components include:

- » Defining and developing control activities
- » Defining and developing general IT controls
- » Deployment through policies and procedures

**Information & Communication** is both an internal tool to strengthen the internal control environment and a process to ensure accurate external information.

Policies and instructions have been established within the Group for the various areas of responsibility, and the Hoist Finance

Financial Framework includes instructions and guidance for accounting and financial reporting.

The policies, instructions and Hoist Finance Financial Framework are regularly updated and available to the entire organisation. Regular meetings are also held with accounting staff and local CFOs to provide information on internal control responsibility and new or updated rules and regulations applicable to Hoist Finance.

Management obtains, generates and uses relevant, high-quality information to support internal control components and the decision-making process. The key components are:

- » Use of relevant information
- » Internal communication
- » External communication

**Monitoring** is built into business processes at different levels. A monthly risk report is presented to the Board of Directors, the Risk and Audit Committee and the CEO. Monitoring includes the following components:

- » Conducting regular separate evaluations
- » Evaluating and communicating deficiencies

### Financial reporting competencies

The quality of financial reporting is largely controlled by the organisation's expertise in accounting matters and the way in which the Finance, Accounting and Treasury Departments are staffed and organised. The executive and local management teams are continuously involved in ongoing financial reporting and therefore always have insight into the preparation of financial information. The Finance Department is organised and staffed based on the need to ensure that the Group maintains high accounting standards and complies with accounting laws, regulations and standards. The executive and local management teams work actively to ensure that the Group has employees with the necessary expertise in all key positions and that there are procedures in place to ensure that employees have the requisite knowledge and skills.

# The Board of Directors



## 1 Ingrid Bonde

**Chair of the Board**

Board member since 2014.

**Born:** 1959.

**Education:** Master of Business Administration, Stockholm School of Economics and studies at New York University.

**Other assignments:** CFO and Deputy CEO of Vattenfall and board member of Loomis.

**Previous experience:** President and CEO of AMF, Director General of the Swedish FSA, Deputy Director General of the Swedish National Debt Office, Vice President Finance of SAS and foreign currency funding and debt management at the Swedish National Debt Office.

**Independent** in relation to the company and management and to major shareholders.

**Shareholding:** 0 shares.

## 2 Liselotte Hjorth

**Board member**

Board member since 2015.

**Born:** 1957.

**Education:** Bachelor of Science in Business Administration and Economics, Lund University.

**Other assignments:** Board member of East Capital Explorer, White Arkitekter/White Intressenter and Kungsliden.

**Previous experience:** Various positions at SEB Group including Group Credit Officer, Executive VP and most recently Global Head of Commercial Real Estate, Member of Management Board SEB AG, Board member in the Swedish National Debt Office and, the German Swedish Chamber of Commerce and the Swedish Chamber of Commerce Germany.

**Independent** in relation to the company and management and to major shareholders.

**Shareholding:** 4,700 shares.

## 3 Annika Poutiainen

**Board member**

Board member since 2014.

**Born:** 1970.

**Education:** Master of Laws, University of Helsinki and Master of Laws, King's College, London.

**Other assignments:** Industrial advisor at JKL Group and board member of Saferoad AS and eQ Oyj.

**Previous experience:** Head of Market Surveillance at Nasdaq Nordics. Head of Unit (Prospectuses, Exchanges and Clearing Houses) at the Swedish FSA, member of consultative working group for the Corporate Governance Standing Committee of ESMA and member of the Swedish Securities Council.

**Independent** in relation to the company and management and to major shareholders.

**Shareholding:** 1,600 shares.

## 4 Per-Eric Skotthag

**Board member**

Board member since 2011.

**Born:** 1949.

**Education:** Studies in Law, Stockholm University and higher internal education at Skandinaviska Enskilda Banken, including Wallenberg Executive.

**Other assignments:** -

**Previous experience:** Board member and Managing Director at Postgirot Bank, Member of Credit Committee at Nordea Sweden, Head of Cash Management at SEB, board member and Senior Advisor at Safe Line Sweden, Nets Denmark, Nordea Estonia and Nordea Lithuania. Board member at S.W.I.F.T Scrl and Eurogiro.

**Independent** in relation to the company and management and to major shareholders.

**Shareholding:** 12,000 shares.





## Auditors

### *Auditor in charge*

#### **Anders Bäckström**

Authorized Public Accountant  
KPMG AB

**Born:** 1966.

### **Other auditing assignments:**

Handelsbanken, Folksam,  
Brummer & Partners,  
Investment AB Öresund.

**Shareholding:** 0 shares.

## 5 Jörgen Olsson

### **Board member**

Board member since 2010.

**Born:** 1961.

**Education:** Bachelor of Science in  
Business and Economics,  
Luleå University.

**Other assignments:** –

**Previous experience:** Head of  
Corporate Banking at Kaupthing  
Bank Sweden, senior positions  
at SEB/Enskilda Corporate and  
Group Treasurer at Elekta AB.

**Not independent** in relation to  
the company and management.

**Shareholding:** 4,796,293 shares  
through Deciso AB and  
296,192 warrants.

## 6 Gunilla Wikman

### **Board member**

Board member since 2014.

**Born:** 1959.

**Education:** Master of Business  
Administration, Stockholm School  
of Economics.

**Other assignments:** Board  
member at Oatly, SJ (Swedish State  
Railways), AMF Fonder and Head of  
IR at Resurs Bank. Management, IR  
and communications consultant.

**Previous experience:** Board  
member of HMS Networks and  
Proffice. Previous positions at SEB,  
the Swedish Central Bank and the  
Bank Support Authority as Head  
of Communication.

**Independent** in relation to the  
company and management and  
to major shareholders.

**Shareholding:** 2,000 shares  
through Carrara Communication AB.

## 7 Costas Thoupos

### **Board member**

Board member since 2013.

**Born:** 1969.

**Education:** GCE Advanced Level,  
the United Kingdom.

**Other assignments:** –

**Previous experience:** CEO (until  
late 2012) and Group Commercial  
Director at Hoist Finance. Back-  
ground in structured finance and  
investment banking from Barclays  
Debt Capital Markets and Barclays  
Capital focusing on the specialty  
finance sector and in particular  
strategic funding for the debt  
purchase area.

**Not independent** in relation to  
the company and management.

**Shareholding:** 3,287,603 shares  
and 49,365 warrants.

# Executive Management Team



## 1 Jörgen Olsson

**CEO.**

Hoist Finance employee since 2012.

**Born:** 1961.

**Education:** Bachelor of Science in Business and Economics, Luleå University.

**Other assignments:** –

**Previous experience:** Head of Corporate Banking at Kaupthing Bank Sweden, senior positions at SEB/Enskilda Corporate and Group Treasurer at Elekta AB.

**Shareholding:** 4,796,293 shares through Deciso AB and 296,192 warrants.

## 2 Karin Beijer

**Group Head of HR.**

Consultant at Hoist Finance since 2014.

**Born:** 1966.

**Education:** Bachelor of Organization and sociology studies and media and communication studies, University of Gothenburg.

**Previous experience:** Member of the board of Luna AB and Swedish Learning Association Ekonomisk förening. Chief Administration Officer and HR Director of B&B TOOLS AB.

**Shareholding:** 4,000 shares through Co Go Consulting AB.

## 3 Henrik Gustafsson

**Regional Director Central East Europe.**

Hoist Finance employee since 2014.

**Born:** 1976.

**Education:** Bachelor of Science in Management, London School of Economics.

**Previous experience:** Group Head of Sales and Investments at Hoist Finance, Head of Strategy and M&A of Dometic Group AB (publ), Head of M&A of Sandvik Material Technology.

**Shareholding:** 0 shares and 98,731 warrants.

## 4 Charles de Munter

**Regional Director Mid Europe.**

Hoist Finance employee since 2013.

**Born:** 1973.

**Education:** International Management Program, Vlerick Business School and higher education in Business Management, Mercator Gent, Belgium.

**Previous experience:** Regional Director of France, Benelux, Italy and Poland at Hoist Finance. Various positions at Intrum Justitia. General Manager for Krebs NV, chairman of EOS Netherlands, board member of the supervisory board of EOS Credirec (France) and Regional Director Benelux and France for EOS Holding.

**Shareholding:** 0 shares and 78,984 warrants.



## 5 Najib Nathoo

**Regional Director West Europe and Head of Hoist Finance UK.**

Hoist Finance employee since 2012.

**Born:** 1963.

**Education:** MSc Capital Markets and Risk Management, City University Business School.

**Previous experience:** President of the UK Credit Services Association 2007–2009 and CEO of 1st Credit and various senior positions at Consolidated Financial Insurance Group (part of GE Capital).

**Shareholding:** 0 shares. Has an interest as a potential beneficiary to the trust that is the majority owner of Cruz Industries Ltd., a company that holds shares in Hoist Finance.

## 6 Pontus Sardal

**Chief Financial Officer and Deputy Chief Executive Officer.**

Hoist Finance employee since 2011.

**Born:** 1967.

**Education:** Bachelor of Science in Business and Economics, Karlstad University.

**Previous experience:** Various positions at SEB, including CFO of SEB Group Retail, Head of Business Support at SEB Finans, Head of Finance SEB BoLån and CFO of the Latvian bank, Latvijas Unibanka.

**Shareholding:** Own holdings and holdings of closely affiliated persons – 100 shares and 98,731 warrants.

## 7 Anders Wallin

**Chief Information Officer.**

Hoist Finance employee since 2012.

**Born:** 1964.

**Education:** Master of Business Administration, Stockholm School of Economics.

**Previous experience:** CIO at UC AB, Head of UC Decision Solutions at UC AB and CEO of Numenor Consulting Group AB.

**Shareholding:** 34,483 shares and 49,365 warrants.