

# CORPORATE GOVERNANCE REPORT



“ *Corporate governance is a central function for maintaining confidence in management and the Board externally. It is our aspiration for SkiStar to be a shareholder-friendly company that strives for long-term growth with attractive dividend levels.*

*Our task as Board of Directors is to continuously monitor and review Group management's work and act as a sounding board in key matters.*

*I would also like to take the opportunity to highlight our work on sustainability issues. We report a number of key figures on economic performance, social responsibility and the environment, which act as simple tools for follow-up and GRI reporting.* ”

Pär Nuder  
Chairman of the Board

SkiStar AB (publ), corporate identity number 556093-6949, is a Swedish public limited liability company, whose B shares are admitted to trading on Nasdaq Stockholm, Mid Cap. The purpose of corporate governance is to ensure that SkiStar complies with existing regulations and that the Company is managed in a manner that is efficient and sustainable for shareholders. Corporate governance also helps to systematise and create good order in the work of the Board and management.

## CORPORATE GOVERNANCE

SkiStar's corporate governance is based on the Articles of Association and internal policies (see figure on page 81), the Swedish Companies Act, the Swedish Annual Accounts Act, Nasdaq Stockholm's Rule book for Issuers, good stock market practice, the Swedish Corporate Governance Code and other relevant Swedish laws and regulations. Rule book for Issuers is available on Nasdaq's website and the Swedish Corporate Governance Code is available on the Swedish Corporate Governance Board's website [corporategovernance-board.se](http://corporategovernance-board.se). Internal control documents, such as the Articles of Association, are available on SkiStar's website, [skistar.com/en/corporate](http://skistar.com/en/corporate).

## OWNERSHIP STRUCTURE

SkiStar had 31,622 shareholders at 31 August 2018 according to the register of shareholders kept by Euroclear Sweden AB. The two largest owner groups by votes – Mats and Fredrik Paulsson with family and company and Erik Paulsson family with company – accounted for 62.24 percent of the votes and 46.43 percent of the share capital. The shareholdings are shown in detail on page 28. Shares held by Swedish private individuals, either directly or through companies, amounted to 67.87 percent, while Swedish institutional ownership represented 18.81 percent of the share capital. Foreign private individuals accounted for 0.16 percent of the share capital, while legal entities and foreign institutional ownership represented 13.16 percent.

## SHARE CAPITAL AND VOTING RIGHTS

SkiStar's share capital at 31 August 2018 amounted to SEK 19,594,014, divided into 39,188,028 shares (1,824,000 Class A shares and 37,364,028 Class B shares). Class A shares entitle the holder to ten votes, while Class B shares entitle the holder to one vote. All shares carry equal entitlement to a share of the Company's assets and profit, and equal rights

to dividends. In addition to what is stated above, SkiStar's Articles of Association do not contain any restrictions on how many votes each shareholder may exercise at a general meeting.

## SHAREHOLDERS' MEETING

The shareholders' meeting is SkiStar's highest decision-making body. The Annual General Meeting shall be held within six months of the end of the financial year. All shareholders who are listed in the register of shareholders and who have notified the Company of their intention to attend within the prescribed time are entitled to participate and vote according to the total number of shares owned. Shareholders who are not able to attend in person may be represented by proxy. A shareholder or proxy may bring advisors to the meeting.

A notice convening a shareholders' meeting shall be placed in Post- och Inrikes Tidningar (The Official Swedish Gazette) and on the Company's website, [skistar.com/sv/corporate](http://skistar.com/sv/corporate). The release of the notice shall be announced in Dagens Nyheter. Shareholders wishing to attend the Annual General Meeting must be listed in the full printout of the shareholders' register showing the status five working days before the meeting and must notify the Company of their intention to attend no later than the date specified in the notice convening the meeting. This date may not be a Sunday, any other public holiday, a Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and may not fall earlier than the fifth working day prior to the meeting. Shareholders' meetings shall be held in Sälen, Åre or Stockholm, in accordance with the Articles of Association. Business to be dealt with at the general meeting is governed by the Swedish Companies Act and the Articles of Association and may also include any matters that shareholders have requested to be considered.

## 2017 ANNUAL GENERAL MEETING

A total of 224 shareholders, representing 77 percent of the voting rights, attended the Annual General Meeting held at Experium in Sälen on 9 December 2017.

At the Annual General Meeting, the Board was granted authorisation to purchase and sell the Company's own shares. The authorisation entitles the Board to adopt a resolution on the acquisition of the Company's Class B shares on one or more occasions in the period up to the next AGM. However, the Company's holding of its own shares shall not at any one time exceed ten percent of the Company's total shares. The purchase shall be conducted in a regulated market and may only occur at a price within the current registered price

interval, which is the interval between the highest buying price and lowest selling price, or through a purchase offer addressed to all shareholders.

The authorisation also entitles the Board, in the period until the next Annual General Meeting, to adopt a resolution on the sale of the Company's own shares in a regulated market or in connection with the acquisition of a company or business. The authorisation includes the right to derogate from shareholders' preferential rights and to decide on whether payment will be in cash, in kind, by offsetting or subject to other conditions. The authorisation may be exercised on one or more occasions up to the maximum number of shares that can be acquired under the mandate to purchase the Company's own shares.

The authorisation is aimed at giving the Board of Directors greater flexibility in optimising the Company's capital structure and, where appropriate, making acquisitions. The repurchases and sale of own shares only applies to Class B shares.

The authorisation had not been used by the Board at the date of issue of this annual report.

## 2018 ANNUAL GENERAL MEETING

The 2018 Annual General Meeting will be held at Holiday Club in Åre at 2.00 p.m. on 15 December. The notice of the meeting, AGM documents and further information about the meeting are available at [skistar.com/en/corporate](http://skistar.com/en/corporate).

## NOMINATION COMMITTEE

The Company's Nomination Committee is elected by the Annual General Meeting for a period of one year. The Nomination Committee's duties are to prepare proposals concerning Board members, Board fees, the Chairman of the Board and the Chairman of the Annual General Meeting and, when applicable, to make proposals for the election of auditors and for auditors' fees, assisted by the Audit Committee. The composition of the Nomination Committee prior to the 2018 Annual General Meeting is as follows: Anders Sundström for Fredrik and Mats Paulsson with companies and family, Magnus Swärd for Erik Paulsson family and companies, Jan Särilvik for Nordea fonder and Åsa Nisell for Swedbank Robur fonder. Mats Paulsson was elected a Nomination Committee member at the 2017 Annual General Meeting, but was replaced by Anders Sundström in June 2018. The Nomination Committee appoints a Chairman from its members, and has appointed Anders Sundström as its Chairman. All shareholders have had the opportunity to submit nomination proposals to the Committee.

## BOARD OF DIRECTORS

### Composition of the Board

The Board of Directors is appointed by the Annual General Meeting, in accordance with the Companies Act. Employee representatives are appointed by a local employee organisation that is bound by a collective agreement with a company within the

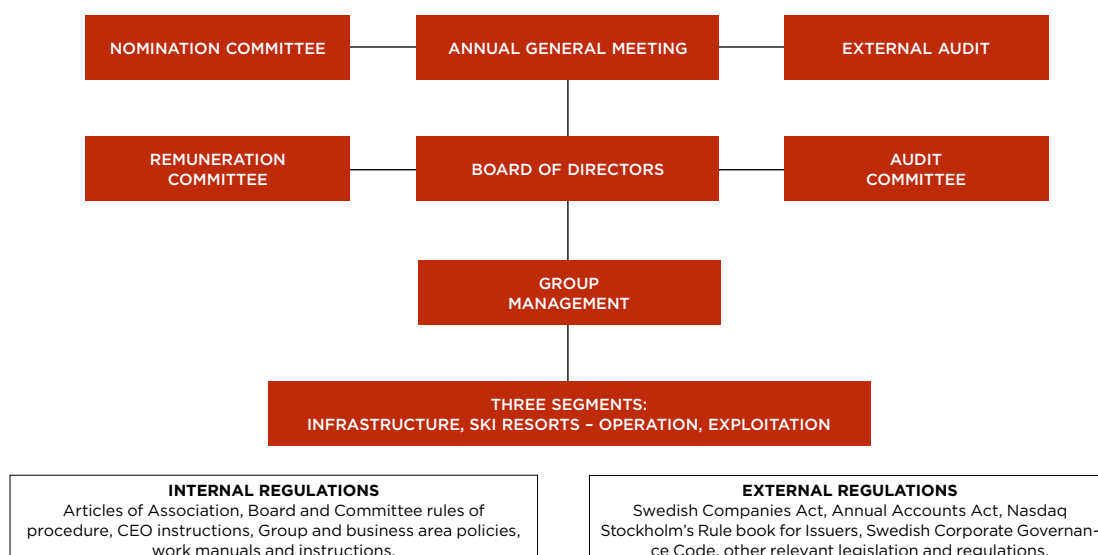
Group, in accordance with the Board Representation (Private Sector Employees) Act. The Articles of Association do not contain any provisions on the appointment and dismissal of Board members other than the provision on the number of members and deputies.

The Board shall consist of four to nine members, with a maximum of three deputies, in addition to members who may be appointed by other parties pursuant to Swedish law. Board members are elected until the end of the next Annual General Meeting after the year of the Board Member's election.

At the Annual General Meeting held on 9 December 2017, seven members were elected to the Board: Pär Nuder, Chairman, Eivor Andersson, Lena Apler, Sara Karlsson, Fredrik Paulsson, Per-Uno Sandberg and Mats Årjes. Employee representatives have also been elected to the Board: Katarina Hjalmarsson, appointed by Unionen (to 26 March 2018), and Patrik Svärd, appointed by HRF.

Through the Nomination Committee, SkiStar applies Rule 4.1 of the Swedish Corporate Governance Code as its diversity policy when preparing nominations for the election of Board members. The rule requires the Board to have a composition that is appropriate to the Company's business, development phase and other circumstances, and Board members elected by the shareholders' meeting must reflect diversity and breadth of qualifications, experience and background. The Company

## CORPORATE GOVERNANCE STRUCTURE



must also strive for gender balance on the Board. The aim of the diversity policy is to satisfy the need of sufficient diversity on the Board in terms of gender, age and nationality, and also experience, occupational background and business areas. The Nomination Committee has concluded that SkiStar's Board has an appropriate composition and virtually equal gender distribution.

#### *Independence of the Board*

Three of the directors are not considered independent of the Company and its management: Mats Årjes in his role as CEO of SkiStar, and Sara Karlsson and Fredrik Paulsson, who are not independent of major shareholders and the Company and its management. Information about each Board member's age, education, directorships, shareholdings etc. is presented on page 85. The majority of the elected Board members are independent of the Company, its management and major shareholders.

#### **Work of the Board**

The work of the Board of Directors is governed by the rules of procedure adopted by the Board each year. Chairman of the Board Pär Nuder directs the work and maintains continuous contact with the CEO regarding the Group's operations and development. The principal tasks of the Board are related to strategic matters, business plans, financial statements and large investments and sales. The Board held seven meetings during the 2017/18 financial year. Board members' attendance is shown in the table on page 84. The Board's work is evaluated regularly in order to develop the Board's working methods and efficiency. As part of the evaluation, the Board also conducted a written survey during the financial year. The survey showed Board members' views on how Board work is carried out, what could be improved and whether the Board is well-balanced and diverse in terms of expertise. The Board also evaluated the CEO's work by means of the above survey and the Remuneration Committee's reports to the Board. The results of the Board evaluation have been discussed in the Board and have also been reported to the Nomination Committee.

#### **Remuneration Committee**

At the inaugural Board meeting on 9 December 2017, Pär Nuder was elected as Chairman of the Remuneration Committee, and Fredrik Paulsson and Per-Uno Sandberg were elected as members. The Remuneration Committee prepares matters

concerning salaries, retirement benefits, bonus programmes and other employee benefits for the CEO and management of SkiStar. The Remuneration Committee does not have decision-making power, but prepares and reports on matters to the Board as a whole. The Committee held one meeting relating to the financial year, with all members present and, additionally, had a number of informal contacts.

#### **Audit Committee**

At the inaugural Board meeting on 9 December 2017, Eivor Andersson was elected as Chairman of the Audit Committee, and Sara Karlsson and Fredrik Paulsson were elected as members. The Audit Committee is responsible for ensuring that financial reporting maintains a high standard. The Committee also maintains regular contact with the Company's auditors, produces guidelines on negotiating service contracts with the Group's auditing firm and evaluates auditing activities. In addition, the Committee assists the Nomination Committee in the nomination for election and remuneration of auditors. The Audit Committee does not have decision-making power, but prepares and reports on matters to the Board as a whole. The Committee held two meetings during the financial year, with all members present and had a number of informal contacts.

#### **External auditor**

At the Annual General Meeting on 9 December 2017, the audit firm Ernst & Young was appointed as the Company's external auditor for a period of one year. The audit is led by Authorised Public Accountant Mikael Sjölander. The results of the audit are reported regularly to Group Management and the Audit Committee during the year. The auditor meets the Company's Board of Directors on at least one occasion during the year. The external auditor's independence is regulated under the Audit Committee's separate rules of procedure, adopted by the Board, which specify the areas in which the external auditor may be engaged in addition to the statutory audit. Fees to the auditor are paid continuously over the period on an approved current account basis. Further information about remuneration can be found in Note 6.

#### **Remuneration of the Board**

The 2017 Annual General Meeting adopted total remuneration of SEK 1,440,000 (1,115,000) for the elected Board members, distributed as follows: SEK 280,000 to the Chairman of the Board and

SEK 180,000 to each of the other non-executive Board members. In addition, Audit Committee members receive total fees of SEK 160,000 (0), distributed as follows: SEK 80 000 to the Chairman and SEK 40,000 to each of the other two members. Remuneration Committee members receive total fees of SEK 100,000 (0), distributed as follows: SEK 50,000 to the Chairman and SEK 25,000 to each of the other two members.

#### **OPERATIONAL MANAGEMENT**

In addition to the rules above, there are a number of guiding policies in place to support the operations. See the illustration below.

##### **POLICIES**

CODE OF CONDUCT

FINANCE POLICY

TAX POLICY

PURCHASING POLICY

SUSTAINABILITY POLICY

IT POLICY

PERSONAL DATA POLICY

EMPLOYEE POLICY

DIVERSITY POLICY

COMPANY CAR POLICY

ALCOHOL AND DRUGS POLICY

#### **CEO**

The CEO, who is also the Group President, is responsible for the day-to-day management of the Company in accordance with the Board's guidelines and instructions. The rules of procedure adopted annually by the Board include instructions for the division of duties between the Board and the CEO and instructions for financial reporting. The CEO has been supported by Group management (see below) and a number of staff functions during the financial year. The CEO is responsible for ensuring the Board regularly receives the information and support material it needs to assess the Group's financial position and make appropriate decisions.

Information about the CEO's age, education, directorships, shareholdings etc. is presented on pages 85–86.



### SkiStar's Group management

During the 2017/18 financial year, SkiStar's management Group consisted of nine individuals: the CEO, the CFO, the Marketing and Sales Manager, the Legal Counsel/Head of IR and the Scandinavian Resort Managers.

### FINANCIAL REPORTING

#### External financial reporting

SkiStar applies International Financial Reporting Standards (IFRS) in preparing the consolidated financial statements. The quality of the ongoing external financial reporting is ensured by a number of internal measures and procedures.

The auditors review the Company's nine-month report.

The Board is responsible for internal control, in accordance with the Swedish Companies Act and the Swedish Corporate Governance Code.

### DESCRIPTION OF INTERNAL CONTROL

#### Control environment

A clear division of roles and responsibilities are included in the rules of procedure for the Board of Directors and its committees and in the CEO's instructions, ensuring effective management of operational risks. Group management reports regularly to the Board in accordance with defined procedures. Management is responsible for the internal controls required to manage significant risks in the day-to-day operations. Having a common business system for both external reporting and internal monitoring, budgeting and forecasts strengthens the control environment and the security of financial reporting. The Audit Committee assists the Board in its continuous monitoring of internal control, which includes evaluating and discussing important technical accounting and reporting issues. During the financial year, the Audit Committee received reports from management concerning the internal control projects that have been implemented.

#### Risk assessment

The Board ensures that risk assessments are conducted for significant risks to which the Company

may be exposed in the context of its financial reporting. This includes identifying income statement and balance sheet items for which the risk of error is significant, and designing a control system to prevent and detect such errors. This is mainly achieved by quickly identifying events in the operations or external environment that may affect the financial reporting and monitoring changes in financial reporting regulations and recommendations that concern the Company's financial reporting.

#### Control activities

The Company works continuously to eliminate and reduce significant risks affecting internal control over financial reporting. Control activities aimed at managing risks include:

- \* The management's monitoring and analysis.
- \* Special review of the Company's IT systems with an emphasis on the sales system.
- \* Continuous monitoring of compliance with authorisation instructions and structures.
- \* Annual review of the handling of payment methods at the Company's sales outlets.
- \* Other ongoing forms of reconciliation and physical checks.

#### Information and communication

To comply with the Company's policies, guidelines and recommendations, information must be well documented and communicated within the Company. In order to ensure effective information and communication, the management group holds regular Group and resort meetings with representatives from the Company's destinations and staff functions. Policies, manuals and instructions are available on the Company's intranet. When new policies or procedures are introduced, internal online training is also provided.

#### Monitoring

The Board of Directors continuously evaluates the information provided by Group management and the Audit Committee and ensures that identified internal control deficiencies are addressed. The Audit Committee's work and the external auditors'

reports are of particular importance to monitoring.

#### Internal audit

After consideration of the matter in the Audit Committee, the Board has made the assessment that the control and monitoring described above is currently sufficient to ensure the efficiency of internal control without the need for a separate internal auditing function.

### ARTICLES OF ASSOCIATION

The Company's current Articles of Association, adopted at the 2011 AGM, were registered in January 2012. The articles do not contain any provisions on the procedure for amending the Articles of Association.

### COMPLIANCE WITH THE SWEDISH CORPORATE GOVERNANCE CODE

SkiStar's derogations from the Swedish Corporate Governance Code are presented and explained in the table below.

### AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE REPORT

The auditor's statement regarding this Corporate Governance Report is presented on page 84.

5 November 2018

The Board of Directors of SkiStar AB (publ)

### DEROGATION FROM THE SWEDISH CORPORATE GOVERNANCE CODE 2017/18

Code ref.	Description	Derogation	Explanation
9.2	Composition of the Remuneration Committee	Committee members elected by the shareholders' meeting are required to be independent of the Company and its management under the Code.	It is the Board's assessment that the Committee has an appropriate composition. A majority of the Committee members are independent of the Company, its management and major shareholders.

## BOARD OF DIRECTORS

	Attendance	Independent of the Company	Attendance, Audit Committee	Attendance, Remuneration Committee	Board fees	Committee fees
<i>Elected Board Members</i>						
Erik Paulsson	3/3, <sup>1)</sup>					
Pär Nuder	7/7	x	1/1, <sup>1)</sup>	1/1	280,000	50,000
Eivor Andersson	7/7	x	2/2		180,000	80,000
Lena Apler	7/7	x			180,000	
Sara Karlsson	4/4, <sup>2)</sup>		1/1, <sup>2)</sup>		180,000	40,000
Bert Nordberg	2/3, <sup>1)</sup>	x				
Fredrik Paulsson	4/4, <sup>2)</sup>		1/1, <sup>2)</sup>	1/1	180,000	65,000
Per-Uno Sandberg	7/7	x	1/1, <sup>1)</sup>	1/1	180,000	25,000
Mats Årjes	7/7				-	-
<i>Employee representatives</i>						
Katarina Hjalmarsson	4/5, <sup>3)</sup>				-	-
Patrik Svärd	7/7				-	-

<sup>1)</sup> To 9 December 2017

<sup>2)</sup> From 9 December 2017

<sup>3)</sup> To 26 March 2018

## AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE REPORT

### TO THE ANNUAL GENERAL MEETING OF SKISTAR AB (PUBL), CORP. ID NO. 556093-6949

#### ENGAGEMENT AND RESPONSIBILITIES

The Board of Directors is responsible for the Corporate Governance Report for the 01/09/2017 - 31/08/2018 financial year, on pages 80-84, and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

#### SCOPE OF THE REVIEW

Our review was conducted according to FAR's statement RevU 16 Auditor's Review of the Corporate Governance Report. This means that our review of the Corporate Governance Report has another focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides us with sufficient basis for our opinion.

#### OPINION

A corporate governance report has been prepared. Disclosures in accordance with the provisions of Chapter 6, Section 6, second paragraph, items 2-6 of the Annual Accounts Act and Chapter 7, Section 31, second paragraph of the same act are consistent with the annual report and the consolidated accounts and are in compliance with the Annual Accounts Act.

Stockholm, 12 November 2018

Ernst & Young AB

Mikael Sjölander  
Authorised Public Accountant