

## Corporate Governance Report 2008/09

### **CORPORATE GOVERNANCE**

SkiStar AB's corporate governance is based on the Articles of Association, the Swedish Companies Act, the listing agreement with the Nasdaq OMX Mid Cap Stockholm, including the Swedish Code of Corporate Governance, and other relevant Swedish and foreign laws and regulations. The Company's report on corporate governance is not reviewed by the Company's auditors.

### **OWNERSHIP STRUCTURE**

As of 31 August 2009, SkiStar had 15,044 shareholders according to the shareholder's register administered by Euroclear Sweden AB (formerly VPC). The ten largest shareholders, in terms of voting rights, represent 74.21% of the votes and 63.43% of the share capital. Holdings by Swedish private individuals, either directly or through companies, amounted to 60.70% and Swedish institutional ownership amounted to 29.82% of the share capital. Foreign private persons represent 0.15% and foreign institutional ownership represents 9.33% of the share capital.

### **SHARE CAPITAL AND VOTING RIGHTS**

SkiStar's share capital as of 31 August 2009 amounted to SEK 19,594,014, divided among 39,188,028 shares, of which 1,824,000 are Class A shares and 37,364,028 are Class B shares. Each Class A shares entitles ten votes, and each Class B entitles one vote. All shares convey equal participation in the Company's assets and profit, and entitle equal rights to dividends.

### **TRADING AND MARKET VALUE**

The SkiStar share is traded on the Nasdaq OMX Mid Cap Stockholm Exchange. One trading lot comprises 100 shares. SkiStar's market value as of 31 August 2009 was MSEK 4,350 (3,409).

### **ANNUAL GENERAL MEETING**

The Annual General Meeting is SkiStar's senior decision making body. The Annual General Meeting shall be held annually within six months of the close of the financial year. All shareholders who are listed in the share register and have registered to attend within the prescribed time have the right to participate and vote for their total holding of shares. Shareholders who cannot attend the meeting can be represented by a proxy. A shareholder or a proxy may have no more than two representatives.

### **ANNUAL GENERAL MEETING 2007/08**

A total of 188 shareholders, representing 76% of the votes in the Company, attended the Annual General Meeting held 9 December 2008 in Stockholm.

### **NOMINATING COMMITTEE**

The Company's Nominating Committee is appointed at the Annual General Meeting for a period of one year. The nominating committee's assignment is to prepare suggestions for Board members, remuneration for Board members, the Chairman of the Board, the Chairman of the Annual General Meeting and the Nominating Committee for the following financial year, as well as, when applicable, to provide assistance to the Audit Committee regarding preparation of the nomination of auditors and auditor's remuneration. The Nominating Committee has the following members: Erik Paulsson, Chairman, Mats Qviberg, Mats Paulsson and Per Limberg. All shareholders have the possibility to address proposals to the Nominating Committee.

### **THE BOARD OF DIRECTORS**

#### **Composition of the Board**

The Board of Directors shall, in addition to members who can by law be appointed by another party, be composed of four to ten members, with a maximum of three deputies. Members of the Board are elected for a period of one year. During 2008/09, the Annual General Meeting elected seven members: Erik Paulsson, Chairman, Mats Paulsson, Mats Qviberg, Eva-Karin Dahl, Olof Larsson, Per-Uno Sandberg and Mats Årjes, CEO. Furthermore, two employee representatives were included: Katarina Hjalmarsson, Unionen and Bengt Larsson, HRF.

The Board of Directors were re-elected at the General Annual Meeting 12 December 2009.

Two Board members have a position of dependence on the Company: Mats Årjes, in his role as CEO and Mats Paulsson in his role as CEO for Peab AB, a company with which SkiStar has business relations.

#### **The work of the Board**

The work of the Board of Directors is governed by the formal work plan that the Board adopts at the Board meeting following election each year. The Chairman of the Board, Erik Paulsson, leads the work of the Board and has continuous contact with the CEO in order to follow the Group's business and development.

The work of the Board mainly comprises strategic matters, business plans, the year-end close and larger investments and sales. During the financial year 2008/09, the Board held six scheduled meetings.

The work of the Board is evaluated continuously.

SkiStar's Accounting and Finance Director, Magnus Sjöholm, is the Board's secretary.

### **Audit Committee**

At the Board meeting following election on 12 December 2009 Per-Uno Sandberg was re-elected as chairman of the Audit Committee, and Olof Larsson and Eva-Karin Dahl were re-elected as members. The Audit Committee is responsible for ensuring that the financial reporting maintains a high quality. They also maintain regular contact with the Company's auditors, draw up guidelines regarding negotiations for services from the Group's auditing firm and evaluate audit efforts. They also assist the Nominating Committee in the work of nominating and establishing fees for the auditors. The Audit Committee has no decision-making authority; rather, it prepares information and reports matters to the Board as a whole. The Audit Committee has held three meetings during the financial year 2008/09.

### **Compensation Committee**

At the Board meeting following election on 12 December 2009, Erik Paulsson was re-elected chairman of the Compensation Committee and Mats Qviberg and Mats Paulsson were re-elected as members. The Compensation Committee is responsible for issues concerning salaries, pension benefits, bonus programmes and other employment benefits for the CEO and management of SkiStar. The Compensation Committee has no decision-making authority; rather, it prepares information and reports matters to the Board as a whole. The Compensation Committee has held two meetings during the financial year 2008/09.

### **Remuneration to the Board**

The combined remuneration paid to the Board members elected by the Board was fixed by the Annual General Meeting on 12 December 2009 at TSEK 730 (730), of which the Chairman received TSEK 155 and the other members not employed by the Company each received TSEK 115. No other remuneration for work within the committees will be paid.

## **OPERATIONAL MANAGEMENT**

### **The Chief Executive Officer**

The Chief Executive Officer, and Group Chief Executive, is responsible for the day-to-day management of the Company in accordance with the board of Directors' guidelines and directives. As support during the financial year, he has a deputy CEO, as well as the Accounting and Finance Director, the six destination managers and the Group staff. The CEO is responsible for communicating continuous information and necessary documentation for decision-making to the Board of Directors, in order to allow the Board to be able to assess the financial position of the Group and make appropriate decisions.

### **The Company's Management Group**

The Company's Management Group consists of ten individuals: the CEO, the deputy CEO, who is also the Accounting and Finance Director, the Technical Director, the Marketing and Sales Manager and six destination managers, one each from Åre, Vemdalen, Hemsedal and Trysil and two from Sälen - one from Lindvallen/Högfjället and one from Tandådalen/Hundfjället.

### **Remuneration to Group management**

The guidelines for remuneration to Group management were determined by the Annual General Meeting on 12 December 2009.

The CEO collected salary, remuneration and benefits for a total value of TSEK 3,443 (3,332), of which his bonus accounts for TSEK 948 (912). Salary, remuneration and benefits paid to the other 9 (9) members of Company management amounted to TSEK 13,196 (10,750), of which TSEK 2,945 (1,942) constituted cash bonuses.

The bonus was calculated on the basis of SkiStar's performance as regards operating margin, growth in earnings per share, organic growth and return on equity. The bonuses for all members of Group management may amount to a maximum of 40% of twelve times the fixed salary.

### **Share-related incentives programme**

SkiStar has no share-related incentives programmes, other than employee convertibles.

## **AUDIT**

### **External auditors**

At the Annual General Meeting held 11 December 2007, KPMG was appointed as the auditing firm for SkiStar for a period of four years. The audit is led by Authorised Public Accountant Carl Lindgren. Carl Lindgren is also auditor of Modern Times Group MTG, Nordea, Investor, Castellum, Affärsstrategerna, Intrum Justitia, Traction and East Capital Explorer. Carl Lindgren owns no shares in SkiStar AB.

### **Audit activities**

The Group's nine-month report was the subject of a limited review in accordance with the recommendations issued by FAR SRS, the institute for the accounting profession in Sweden.

### **Remuneration to auditors**

The Company's auditors, elected by the Annual General Meeting, have received remuneration for the audit and other statutory reviews and for advisory services resulting from observations in the audit. During the financial year 2008/09, remuneration to the auditors has been paid in the amount of TSEK 1,731 (2,424), of which TSEK 1,070 (1,366) referred to audit activities.

## FINANCIAL REPORTING

### **External financing reporting**

From 2005, the International Financial Reporting Standards (IFRS) are being applied in the preparation of the Group's reporting. Quality in the continuous financial reporting is ensured via a number of internal measures and routines. The auditors perform a limited review of the Company's nine-month report.

### **Communication with the Company's auditors**

The Audit committee maintains continuous contact with the auditors. In addition, the auditors personally participate in the Board meeting at which the year-end closing and year-end report are addressed. At this time, the auditors report their observations from the audit and their assessment of the Company's internal controls.

## Compliance with the Swedish Code for Corporate Governance

The table below illustrates and justifies SkiStar's deviations from the Swedish Code for Corporate Governance.

### **Code rule 2.4**

Criteria for members of nominating committee.

#### **Deviation**

SkiStar's Chairman of the Board of Directors is also the Chairman of the Nominating Committee. The majority of members on the Nominating Committee are also Board members and are dependent in terms of being major shareholders.

#### **Explanation**

The main owners are Board Members and are also included in the Nominating Committee in order to take an active ownership role.

### **Code rule 9.1**

Criteria for composition of Compensation Committee.

#### **Deviation**

The Chairman of the Board of Directors is also Chairman of the Compensation Committee, which implies that the other members must be independent. Only one of the two other members is independent.

#### **Explanation**

It is deemed that the Compensation Committee can act independently despite the fact that one member is considered dependent according to the Code