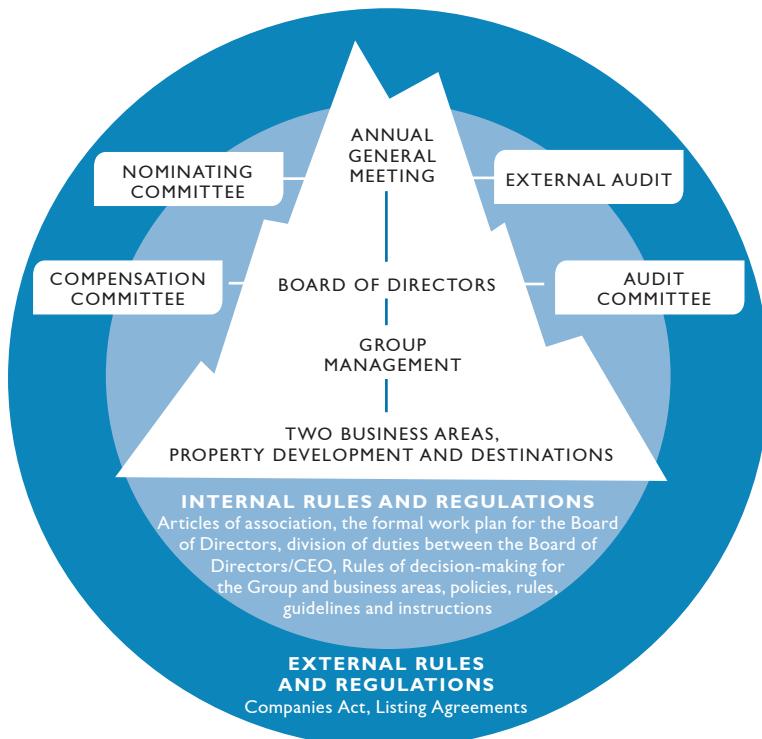


CORPORATE GOVERNANCE REPORT



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 guidelines regarding the Swedish Code of Corporate Governance are available on the homepage of the College of Corporate Governance (bolagsstyrning.se). Internal guidelines for corporate governance as well as Articles of Association, instructions, and Rules of procedure for the Board and CEO together with the process description are available on SkiStar's homepage (skistar.com).

OWNERSHIP STRUCTURE

Per 31 August 2011, SkiStar had 16,661 shareholders according to the shareholder's register administered by Euroclear Sweden

AB (formerly VPC). The three largest shareholders, in terms of voting rights, represent 62.42% of the votes and 46.68% of the share capital, distribution shown in the Company's Report on page 50. Holdings by Swedish private individuals, either directly or through companies, amounted to 62.44% and Swedish institutional ownership amounted to 27.48% of share capital. Foreign private persons represented 0.14% and foreign institutional ownership represents 9.94% of the share capital.

SHARE CAPITAL AND VOTING RIGHTS

SkiStar's share capital per 31 August 2011 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. Apart from the above mentioned, SkiStar's Articles of association includes no limits as to how many votes every shareholder can deliver during General Meetings.

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.

Notice for the Annual General Meeting will be issued in the Swedish Official Gazette and in *Dagens Nyheter*. Shareholders who

wish to participate in the Annual General Meeting shall be listed on a transcript of the entire share register showing circumstances five working days prior to the meeting, and register with the Company by 12 pm on the date stated in the notice of the meeting, at which time the number of representatives is to be stated. This day 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.

The General Meeting will be held in Sälen, Åre or Stockholm.

During the Annual General Meeting the following matters will be discussed:

1. Election of chairman of the meeting.
2. Preparation and approval of voting list.
3. Approval of the agenda.
4. Election of two persons to verify the minutes.
5. Consideration of whether the meeting has been properly convened.
6. Presentation of the annual accounts and audit report, and of the consolidated accounts and Group audit report.
7. Resolution concerning the adoption of the income statement and balance sheet and the consolidated income statement and consolidated balance sheet.
8. Resolution concerning the appropriation of the Company's profit or treatment of losses according to the adopted balance sheet.
9. Resolution concerning discharge from liability of the Board of Directors and the CEO.
10. Determination of remuneration to the members of the Board of Directors and the audit fees.
11. Election of Board of Directors and auditors and deputies, if any.
12. Other matters to be addressed by the General Meeting pursuant to the Swedish Annual Accounts Act or the Articles of Association.

ANNUAL GENERAL MEETING 2009/10

A total of 179 shareholders, representing 73% of the votes in the Company, attended the Annual General Meeting held 11 December 2010 at Experium in Sälen.

During the Meeting, the Board of Directors was authorised to purchase and sell shares to the effect that the Board is authorised, until the next Annual General Meeting, on one or more occasions, to decide whether to acquire own shares of share class B. The Company's holding of own shares, however, shall not exceed ten percent of the Company's total number of shares at any time.

Acquisition will take place on a regulated market and may only occur at a price within the prevailing registered price range, namely the range between the highest purchase price and the lowest selling price or through pur-

chase offer addressed to all shareholders.

The authorisation of the Board further involves that the Board is authorised, until the next Annual General Meeting, to make a decision to sell the Company's own shares on the regulated market, or in another way, in connection with the purchase of a company or business. The authorisation includes the right to decide on deviation from the shareholders' privileges and whether payment will be made in cash, in kind, by offset or under other conditions. The authorisation may be exercised on one or more occasions and may include the maximum number of shares acquired by virtue of authorisation to purchase own shares. The authorisation is to give the Board of Directors increased flexibility in the work with the Company's capital structure and, if it is considered suitable, to enable acquisition. Repurchase and sale of own shares can only apply to shares of class B.

The authorisation of the Board to issue own shares was not the subject of decision.

ANNUAL GENERAL MEETING 2010/11

The Annual General Meeting for 2011 will be held at Experium in Sälen 2 p.m. on 10 December. For further information, visit www.skistar.com.

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 auditors' remuneration.

The Nominating Committee, prior to the 2010/11 Annual General Meeting, had the following members: Erik Paulsson, Chairman, for company and family, Mats Qviberg, for Investment AB Öresund, Mats Paulsson, for company and family, and Per Limberg, for Lima Jordgående Socknemän. All shareholders have had the possibility to address proposals to the Nominating Committee.

THE BOARD OF DIRECTORS **Composition of the Board**

The Board is appointed by the General Meeting in accordance with the Companies Act and the Act on Board representation for private sector employees. Articles of Association include, apart from regulations concerning the number of members and deputies, no regulations on appointment and dismissal of the Board's members. The Board of Directors shall, in addition to members who can by law be appointed by another party, be

composed of four to nine members, with a maximum of three deputies. Members of the Board are elected for a period of one year. During 2010/11, 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. Three of the Board members are considered to have dependent positions vis à vis the Company: Mats Årjes, in his role as CEO of SkiStar AB, and Mats Paulsson, in his role as CEO of the construction firm Peab, with whom SkiStar have construction contracts and Erik Paulsson on the basis of the close family relations with Mats Paulsson. For further information on each Board member, please see page 84.

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 2010/11, the Board held seven scheduled meetings, the attendance of the members is shown in the table on page 83. 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 11 December 2010, Per-Uuno Sandberg was elected as Chairman of the Audit Committee, and Olof Larsson and Eva-Karin Dahl were 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. For further information on each Board members attendance, please see the table on page 83.

Compensation Committee

At the Board meeting following election on 11 December 2010, Erik Paulsson was elected chairman of the Compensation

Committee and Mats Qviberg and Mats Paulsson were 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. For further information on each Board members attendance, please see page 83.

Remuneration to the Board

The combined remuneration paid to Board members elected by the Board was fixed by the 2010 Annual General Meeting 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 was paid.

GROUP 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. For the CEO's age, education, assignments, shareholding see page 84.

The Company's Management Group

During the financial year 2010/11, the Company's management group consisted 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.

FINANCIAL REPORTING

External financial reporting

From 2005, the International Financial Reporting Standards (IFRS) have been applied in the preparation of the Group's reporting. Quality in the current 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. In accordance with the Swedish Companies act and the Swedish Code of Corporate Governance, the Board is responsible for internal control.

DESCRIPTION

Control environment

There is a clear division of roles and responsibilities contained in the formal work plan of the Board of Directors and the instructions to the CEO, as well as for Board committees, the purpose of which is to ensure the effective management of the operations' risks. Company management regularly reports to the Board according to established routines. Company management is responsible for the internal controls required to manage significant risks in the day-to-day operations of the Company. A common business system both for external reporting and for internal follow-up, budgeting and forecasting is deemed to strengthen the control environment and security in the financial reporting. The Audit Committee prepares the Board of Director's continuous follow-up of the internal supervision, which includes evaluating and discussing substantial issues concerning auditing and reporting technicalities. During the financial year, the Audit Committee has received reports from senior management concerning the internal supervising of projects that have been implemented. The Audit Committee has held three meetings during the financial year.

Risk assessment

The Board ensures that risk assessments are carried out for all significant risks to which the Company is exposed in the context of the financial reporting. This includes identifying those items in the income statement and balance sheet for which the risk of material misstatement is increased, and designing a control system to prevent and discover any such errors. This is primarily carried out by quickly identifying events in operations or in the outside world that may affect the financial reporting and by supervising those changes in auditing standards and recommendations that concern the financial reporting of the Company

Control activities

The Company works continuously with eliminating and reducing significant risks which can affect the internal control over financial reporting. Examples of control activities undertaken to manage risks are:

- * The management group's follow-up and analysis
- * Individual reviews of the Company's IT system, with an emphasis on the sales system.
- * Continuous follow-up of whether authorisation manuals and authorisation structures are being adhered to.
- * Annual review of the handling of the means of payment at the Company's points of sale.
- * Other current reconciliations and physical checks.

Information and communication

In order to comply with the Company's policies, guidelines and recommendations, it is required that these be well-documented

and that they be communicated within the Company. For communication and information to function properly, the management group holds regular meetings with representatives from the Company's destinations and from staff functions. At present, the Company is in the process of compiling policies, manuals and instructions in an administrative handbook which will be made available on the Company's intranet.

Follow-up

The Board of Directors continuously evaluates the information provided by senior management and the Audit Committee and ensures that all identified deficiencies in the internal controls are remedied. Of particular significance for follow-up is the work of the Audit Committee and the reports from the external auditors.

Internal auditing

The Board of Directors has made the assessment that the supervision and follow-up described above are presently sufficient to ensure the efficiency of the internal supervision, without any special internal audit review function.

ACT ON CORPORATE GOVERNANCE

The Company's current Articles of association was registered on 15 Dec 2006. The Act does not include rules on the procedure for amending the Articles of association.

COMPLIANCE WITH THE SWEDISH CODE OF CORPORATE GOVERNANCE

The table on the next page shows and explains the deviations from the Swedish Code of Corporate Governance. In accordance with the Annual Accounts Act, Chapter 6, 9§, the Company's auditors have prepared a written statement regarding this Corporate Governance report.



* BOARD OF DIRECTORS

	Attendance	Independent	Attendance, Audit Committee	Attendance, Compensation Committee	Remuneration
<i>Members elected by the AGM</i>					
Erik Paulsson	7/7			2/2	115,000
Mats Paulsson	7/7			2/2	115,000
Mats Qviberg	6/7	x		2/2	115,000
Olof Larsson	7/7	x	2/3		115,000
Per-Uno Sandberg	7/7	x	3/3		115,000
Eva-Karin Dahl	6/7	x	3/3		115,000
Mats Årjes	7/7				
<i>Regular employee representatives</i>					
Bengt Larsson	6/7				
Katarina Hjalmarsson	5/7				

* DEVIATIONS FROM THE SWEDISH CODE OF CORPORATE GOVERNANCE 2010/11

Code rule	Description	Deviation	Explanation
2.4,	Criteria for members of Nominating Committee	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.	The main owners are Board members and are also included in the Nominating Committee in order to take an active ownership role.
9.2	Criteria for composition of Compensation Committee	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.	It is deemed that the Compensation Committee can act independently despite the fact that one member is considered dependent according to the Code.