

# Corporate Governance Report

Fabege is a Swedish public limited-liability company with its registered office in Stockholm. The company's corporate governance is based on its Articles of Association, the Swedish Companies Act and other applicable laws and regulations. Fabege applies the Swedish Corporate Governance Code (the "Code"), whose main purpose is to improve standards of governance among Swedish businesses.

A word from Chairman of the Board Erik Paulsson

## Property development creates tomorrow's society



Dear shareholder, 2014 was a successful year for Fabege. The Board of Directors decided on a number of major project investments in response to interest from such companies as TeliaSonera and SEB in establishing offices in Arenastaden.

We Board members would very much like you shareholders to share in this success, and we

intend to propose a dividend of SEK 3.25 per share. As a major shareholder in Fabege, I focus intently on building up shareholder value over time, so that those of you who have chosen to invest in Fabege, along with me, will gain a favourable return on your investment.

I have had the benefit of following Fabege over a longer period. First as the Chief Executive Officer and subsequently as a Director for several years and, since 2007, as Chairman of the Board.

During the course of these years, Fabege has developed into a formidable and competitive player in the Stockholm office market.

### Entrepreneurship and property development

Fabege has always worked with property development as a significant component in its business model. By means of property development, we participate in creating tomorrow's society. I'm particularly proud of developments in Arenastaden in recent years. In Arenastaden, we are participating in the development of an entire city district with a vibrant city pulse, and which, in addition to offices, includes housing, commercial premises and events and entertainment. This will create a sustainable urban district and a meeting place for

many companies and people. The vision we created a number of years ago is about to be realised as we complete more projects. In just about a year, an additional number of pieces of the puzzle will have fallen into place and this city district, which currently resembles something of a building site, will offer an attractive urban environment with a wide range of services for workers and residents.

As a result of our efficient management and project operations, we have the potential to create value for customers, employees, shareholders and other stakeholders. And it is through healthy and valuecreating operations that we can act as a long-term, sustainable business partner in the Stockholm office market.

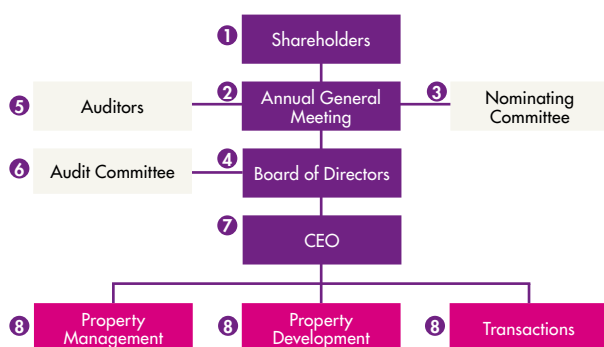
### Corporate governance

Fabege runs efficient operations on the basis of set strategies. Well-defined frameworks and objectives have proven to be success factors for many years.

The Board members represent a range of expertise and valuable contact networks. We complement each other well and our collective expertise and experience are useful for the company's continuing development. We are close to the decision makers and have continuous contact with the Executive Management Team. I truly enjoy directing the work of the Board. I am also proud of the company's management and all the employees who have made fantastic, committed efforts in continuing to develop Fabege, thereby creating shareholder value. I look forward confidently to a continuing positive trend during the years ahead. One thing is certain: Fabege will continue to conduct profitable business!

Erik Paulsson  
Chairman of the Board, Fabege

## Governance structure of the organisation



Responsibility for the governance, management and control of Fabege's activities is shared among the shareholders at the Annual General Meeting, the Board of Directors and the Chief Executive Officer. Fabege works continuously to achieve more efficient and appropriate governance of the company.

### 1 Shareholders

Fabège's shares are listed on Nasdaq OMX Stockholm. The company's share capital is SEK 5,097m, represented by 165,391,572 shares. At year end, Fabège held no treasury shares. In Fabège all shares carry the same voting rights, which means that opportunities to exercise influence as an owner are consistent with each shareholder's capital share in the company.

The following shareholders, directly or indirectly hold shares that represent one tenth or more of the votes for all shares in the company:

Holdings, %	31 Dec 2014
Percentage of votes, %	
Erik Paulsson with his family, privately and through companies	15.1

Fabège's ownership structure is described on pages 102–103.

### 2 Annual General Meeting

The AGM is the company's highest decision-making body. Shareholders who would like to participate in the business of the AGM must be registered in the transcript of the entire share register pertaining to the conditions prevailing five days prior to the AGM and notify the company of their intention, and that of no more than two advisors, to attend the Meeting no later than 4:00 pm on the day stipulated in the notice convening the AGM.

### 3 Nominating Committee

The Nominating Committee is the AGM's body for preparing decisions relating to appointments. The Committee's task is to draw up proposals for the appointment of the AGM chairman, Chairman of the Board and Board Members, Directors' fees, the appointment of auditors, auditors' fees and any amendments to the principles governing the election of the Nominating Committee. Shareholders wishing to submit proposals to the Nominating Committee can do so by e-mailing [nominatingcommittee@fabege.se](mailto:nominatingcommittee@fabege.se) or sending a letter to Fabège AB. The proposal concerning Directors' fees must specify a breakdown between the Chairman, other Board Members and representatives of the Audit Committee.

### 4 Board of Directors

Under the Swedish Companies Act, the Board of Directors is responsible for the company's organisation and the administration of the company's affairs. The Board is required to continuously assess the financial situation of the company and the Group. Its main task is to manage the company's assets on behalf of the owners in a way that secures the owners' interest in

obtaining a strong long-term return on capital. Fabège's Board is to consist of at least four and no more than nine directors.

The year-end report is addressed by the Board at a Board meeting held on the date on which the report is released to the market. Other interim reports have been delegated to the CEO and are addressed at the immediate following Board meeting. However, the Members of the Board are always given an opportunity to read and comment on all interim reports prior to their publication.

Each year, the Board adopts rules of procedure, including instructions on division of work and reporting.

### Issues relating to management remuneration

Fabège's Board has no separate remuneration committee. All Board Members except the CEO perform the tasks incumbent on a remuneration committee and thus participate in the process of drafting and making decisions on remuneration issues.

### 5 Auditing

Under the Swedish Companies Act, the company's auditor is required to examine the company's Annual Report and accounts as well as the management performed by the Board and the CEO. After the end of each financial year, the auditor is required to submit an audit report to the AGM. The appointment and remuneration of auditors are based on AGM resolutions pursuant to proposals from the Nominating Committee. At the 2014 AGM, the auditing firm Deloitte was appointed the company's auditors with the authorised public accountant Kent Åkerlund as auditor-in-charge for the period up to the 2015 AGM. In addition to Fabège, Kent Åkerlund has audit assignments for the following major companies: Clas Ohlson, Bactiguard, FastPartner, SATS and Tagehus. Kent Åkerlund has no other assignments for companies that are closely related to Fabège's major owners or the CEO. In addition to its assignment as Fabège's appointed auditors, Deloitte has performed audit-related assignments relating primarily to accounting issues.

### 6 Audit Committee

The Board has appointed an Audit Committee from among its own members. The Audit Committee acts as an extension of the Board for the monitoring of issues relating to accounting, auditing and financial reporting.

Its remit includes addressing issues relating to operational risks and risk management, internal control (environment, design and implementation), accounting policies, financial follow-up and reporting, and the performance of audits. The Committee regularly meets with senior executives to discuss and form an opinion of the state of the company's essential processes from an internal control perspective. Board members review all interim reports. The year-end report, the corporate governance report and the Directors' Report are discussed specifically at the Committee's meeting at the beginning of each year. The Committee meets regularly with the company's auditor to obtain information on the focus, scope and results of audit activities. It operates according to separate rules of procedure, which are reviewed and adopted annually by the Board. Fabège's Audit Committee meets the Code's requirements on composition and its members possess skills and experience in accounting and in other issues within the Committee's area of responsibility.

### 7 Management

#### Chief Executive Officer

The Chief Executive Officer (CEO) is responsible for operational governance and for the day-to-day management and leadership of the business, in accordance with the guidelines, instructions and decisions adopted by the Board of Directors. In addition to the general provisions relating to division of responsibility contained in the Swedish Companies Act, the rules of procedure governing the work of the CEO specify:

- The CEO's duty and obligation to ensure that the Board of Directors receives information and the necessary documentation on which to base decisions.
- The CEO's role of presenting reports at Board meetings.
- The CEO's duty and obligation to ensure that the necessary information is retrieved on a continuous basis from each company in the Group.
- The CEO's duty and obligation to monitor compliance with the Board's decisions in respect of goals, business concept, strategic plans, ethical and other guidelines, and, where necessary, request a review of the same by the Board.
- Issues that must always be submitted to the Board, such as major acquisitions and sales or major investments in existing properties.
- The CEO's duty and obligation to ensure that Fabege fulfils its obligations in respect of disclosure, etc. under the company's listing agreement with the Nasdaq OMX Stockholm.

The rules of procedure also contain a separate reporting instruction, which governs the content and timing of reporting to the Board.

#### **Executive Management Team**

The CEO directs the work of the Executive Management Team and reaches decisions in consultation with the other members of management. The Executive Management Team jointly conducts the operational control and manages the business and engages in daily management in accordance with the Board's guidelines, instructions and resolutions. The key to success is having motivated employees. With the aim of creating the best conditions for the employees, Fabege's Executive Management Team is required to establish a clear framework and objectives for the operation.

The Executive Management Team must create the conditions for employees to achieve the established objectives by:

- Clearly communicating the company's direction and objectives
- Establishing an approach based on the company's collective expertise
- Coaching, inspiring and creating workplace satisfaction and positive energy
- Regularly reviewing and providing feedback on the established objectives.

The Executive Management Team holds operational meetings on a weekly basis. Once a month, minuted decision-making meetings are held, during which strategic and operational matters such as property transactions, letting, market trends, organisation and monthly and quarterly reviews,

are addressed. The CEO's assistant and the HR Manager also participate in these meetings.

#### **8 Operating segments**

Faberge's operational activities are conducted in three business areas: Property Management, Property Development and Transactions. During 2014, responsibility in the Property Management business area was divided among three managers: Head of Property Management, Head of Letting and Head of Technical Operation. Each of these heads of operations are members of the Executive Management Team.

Responsibility for operational control and follow-up rests with the particular head of operations. Faberge's activities are goal-oriented at all levels of the organisation. The goals are broken down, developed and established in the different business areas and at co-worker level. Performance measurements and reviews are conducted regularly.

#### **Differences in relation to the Code**

The application of the Code is based on the principle of comply or explain, which means that a company is not obliged to follow all rules without exception and that deviations from one or several individual rules do not constitute a breach of the Code if there are reasons for this and explanations are provided for such deviations. Faberge deviates from the Code when it comes to the recommendation that all Board Members have to meet with the company's auditors without the presence of the CEO or another member of the management team. After consulting with the auditors, the Board has not found it necessary to arrange such a meeting, partly because the auditors have, on several occasions, presented reports to the Audit Committee without the presence of the CEO.

### Read more

...about Faberge's Corporate Governance, rules of procedure and instructions at [www.faberge.se/corporategovernance](http://www.faberge.se/corporategovernance)

- Articles of Association
- Information from previous AGMs
- Prior years' Corporate Governance Reports
- Board's rules of procedure and instructions

## Corporate governance 2014

#### **Annual General Meeting**

The 2014 AGM was held in Stockholm on 25 March 2014. Erik Paulsson was elected to chair the meeting. The AGM was attended by shareholders holding a total of 86.9 million shares, representing 52.6 per cent of the votes represented. A full set of minutes from the AGM is available at [www.faberge.se/agm2014](http://www.faberge.se/agm2014). The following are the principal resolutions adopted at the AGM:

#### **Election of Board Members and resolution on Directors' fees**

The AGM resolved that the Board should consist of seven Board Members and approved the re-election of Eva Eriksson, Christian Hermelin, Märtha Josefsson, Pär Nuder, Mats Qviberg, Erik Paulsson and Svante Paulsson to the Board.

Erik Paulsson was elected Chairman. The AGM resolved that a total of SEK 1,920,000 (2,120,000) be paid in Directors' fees in 2014.

#### **Dividends, cash**

The dividend was fixed at SEK 3.00 per share and the record date was set at 28 March 2014.

#### **Principles for appointment of the Nomination Committee**

The AGM adopted a set of principles for the appointment of the Nominating Committee and the proposals that the Nominating Committee is required to prepare. The Nomination Committee is to be appointed no later than six months prior to the AGM and representatives of the four largest owners are to primarily be offered positions.

**Remuneration of management**

The AGM resolved on unchanged guidelines for the remuneration of management.

**Authorisation on share buybacks**

The AGM resolved to authorise the Board, for a period ending no later than the next AGM, to acquire and transfer shares. Share buybacks are subject to a limit of 10 per cent of the total number of outstanding shares at any time. Transfers may occur of all treasury shares held by the company at the time of the Board's decision.

**Auditing**

The auditors reported their observations and simultaneously presented their views on the quality of internal controls in Fabège at the Board meeting in February 2015. The auditors participated in and presented reports at three of a total of four meetings of the Audit Committee. Reports were also presented to management during the year. Fees paid to the company's auditors are described in Note 41 on page 87.

**Nomination Committee**

In accordance with the AGM's resolution, the four largest shareholders were offered one seat each on Fabège's Nominating Committee, and on 25 September 2014, the Nominating Committee was announced. The Nominating Committee consists of the following members:

Bo Forsén (Backahill AB), Eva Gottfridsdotter-Nilsson (Länsförsäkringar Fondförvaltning), Mikael Nordlund (Öresund Investment AB) and Mats Qviberg (the Qviberg family). The Nominating Committee collectively represented 24.5 per cent of the voting rights of Fabège at 31 January 2015.

The Nominating Committee held two minuted meetings and remained in contact during the intervening period. As a basis for its work, the Committee has met with the Board Chairman and listened to his views on the work of the Board. The Committee also contacted other Board Members and the company's Audit Committee to obtain a clear impression of the work of the Board. The Nominating Committee discussed the size and composition of the Board in respect of industry experience, equal opportunities, expertise, and the need for continuity and renewal of the work of the Board. The Committee also discussed and took into account issues relating to the independence of Board Members (see below for a description of the Board).

**Composition of the Nominating Committee**

Name	Represented	Proportion of votes, 31 Jan 2015, %
Bo Forsén	Backahill AB	14.9
Eva Gottfridsdotter-Nilsson	Länsförsäkringar Fondförvaltning	4.1
Mikael Norbäck	Öresund Investment AB	3.3
Mats Qviberg	The Qviberg family	2.2
<b>Total</b>		<b>24.5</b>

**Nominating Committee's proposals 2015**

The Nominating Committee proposes re-election of Eva Eriksson, Christian Hermelin, Märtha Josefsson, Pär Nuder, Erik Paulsson, Svante Paulsson and Mats Qviberg. Accordingly, the Nominating Committee proposes seven Board Members; of whom, three Board Members including the Chairman represent the largest shareholders Backahill AB and the Qviberg family, one Board Member is the CEO of Fabège and the three others are elected Board Members. Of these three, two are women. The depend-

ence of the Board Members proposed for election is presented on pages 96–97. Viewed as a whole, the proposed Board fulfils the Code's rules for independent Board Members. The Nominating Committee also proposes the election of Deloitte as the company's auditor, with Kent Åkerlund as Auditor-in-Charge. The Nominating Committee's report on its activities and proposals to the 2015 AGM are available on the company's website. The Committee's proposals are also described in the official notice of the 2015 AGM.

**Board of Directors****Composition of the Board, 2014**

Seven Board Members were elected to the Board at the 2014 AGM. The AGM elected Erik Paulsson as Chairman of the Board. Fabège's Chief Financial Officer, Åsa Bergström, acts as the Board's secretary.

Fabège's Board includes members that have skills and experience of great significance for the support, monitoring and control of the operations of a leading property company in Sweden. The Board aims to retain members with expertise in areas such as properties, the property market, funding and business development. Several of the Board Members have significant personal shareholdings in Fabège, directly or indirectly. Fabège's Board meets the requirements for the independence of Board Members provided for in the Code of Conduct.

**The work of the Board, 2014**

In 2014, the Board held a total of 11 meetings, including six scheduled meetings, one statutory meeting and four meetings held by correspondence. The agenda comprises a number of standing items: Financial and operational reporting, decisions on acquisitions, investments and divestments, current market issues, HR issues and reporting by the Audit Committee. In addition, the Board addressed a number of specific matters (see figure on page 97).

In 2014, the Board made decisions on several major transactions and investments in the company's existing property portfolio. In total during 2014, 14 properties were sold for SEK 3,889m. Two properties were acquired for a total of SEK 105m. Decisions were made on investments of about SEK 2.9bn relating to the development and improvement of properties in the existing portfolio. At the end of the year, an assessment was made of the Board, which showed that the Board was operating in a highly satisfactory manner. The assessment result was discussed at the Board meeting in February 2015.

**Fees to the Board of Directors**

The Board Members are paid Directors' fees in accordance with an AGM resolution and for 2014, total fees of SEK 1,920,000 were paid, of which the Chairman received SEK 800,000, other Board Members received SEK 200,000 each and SEK 120,000 was paid for work on the Board's Audit Committee, of which the chairman received SEK 60,000 and the other members SEK 30,000.

**Remuneration of management**

In accordance with the principles of compensation and other terms of employment for management adopted by the AGM, the Board made a decision on the remuneration and other terms of employment for the CEO. During the year, the Board reviewed compliance with the principles of remuneration for senior executives.

Remuneration is to be on market terms and competitive. Responsibility and performance that coincide with the interests of shareholders are to be reflected in the remuneration. The fixed salary is to be re-evaluated annually. In addition to fixed salary, remuneration may be paid for target-related performance. Such remuneration shall depend on the extent to

which pre-defined targets have been achieved within the framework of the company's activities. The targets encompass both financial and non-financial criteria. Remuneration in addition to fixed salary should be capped and tied to the fixed salary. Variable remuneration may not exceed three (3) months' salary. Variable remuneration to company management must not exceed a maximum total annual cost for the company of SEK 2.7m (excluding social security fees), calculated on the basis of the number of persons who currently constitute senior executives. Other benefits, where applicable, may only constitute a limited portion of the remuneration. Remuneration and other benefits and terms of employment for the CEO and management are described in Note 6 on pages 80–81. The company's principles of remuneration and terms of employment will also be presented at the 2015 AGM.

#### **The Audit Committee**

During 2014, the Board appointed an Audit Committee from among its own members consisting of Märtha Josefsson (Chairman), Eva Eriksson and Pär Nuder. In 2014, four meetings were held. During the year, considerable emphasis continued to be placed on the company's internal control system. The items addressed by the Audit Committee during 2014 included the annual accounts and reporting process, the company's involvement in associated companies and general discussions and evaluation of the company's risk assessment and risk management. Year-end accounts and valuation matters were addressed, as were operational and auditing risks. At each meeting, the company's auditors submitted a report of their review during the year. The minutes from the Audit Committee's meetings were shared with all Board Members, and the Committee's Chairman submitted regular reports to the Board.

## Report on internal control in respect of financial reporting

Internal control is a process that is influenced by the Board of Directors, the Executive Management Team and the company's employees and that has been designed to provide a reasonable assurance that the company's goals are achieved in the follow categories:

- that the company has an appropriate and efficient organisation for its business operations
- that the company produces reliable financial statements
- that the company complies with applicable laws and regulations.

The company applies the established COSO (Internal Control – Integrated Framework) framework in its work.

#### **Control environment**

Fabege has a geographically well contained organisation and homogeneous operational activities but its legal structure is complex. The business is capital-intensive and is characterised by large monetary flows, including rental income, expenses for project activities, acquisitions/sales of properties and financial expenses.

Overall responsibility for ensuring good internal control and efficient risk management rests with the Board of Directors. To be able to perform its work in an appropriate and efficient manner, the Board has adopted rules of procedure. The Board's rules of procedure are aimed at ensuring a clear division of responsibility between the Board of Directors (including committees) and the CEO (and the Executive Management Team) with a view to achieving efficient risk management in the company's operations and in financial reporting. The rules of procedure are updated annually. In 2014, the Board performed its annual review and adopted rules of procedure for the Board, rules of procedure for the Audit Committee and the company's Code of Conduct. The Executive Management Team is responsible for designing and documenting, and for maintaining and testing, the systems/processes and internal controls that are required to manage significant risks in the accounts and the company's day-to-day activities. In addition to the company's CEO and Executive Management Team, the operational responsibility for internal control rests with those

individuals who by virtue of their roles in the company are in charge of each defined critical process, function or area.

The company's financial reporting is governed by a set of policies and guidelines. There are defined policies for matters such as funding, environmental issues, equal opportunities, communication, accounting policies and instructions for the closing of the accounts and authorisation of payments. In 2014, a comprehensive evaluation and update of Fabege's policies was implemented. All policies were discussed and decided on by the Executive Management Team. Information concerning resolved policies was also disseminated throughout the organisation. In addition, more detailed guidelines and instructions are reviewed and updated regularly. In May, Fabege issued its annual Communication on Progress Report to the UN Global Compact. Work on developing the company's sustainability reporting is conducted continuously. Sustainability reporting constitutes part of the company's annual report and has been reviewed by the company's auditors since 2012.

#### **Risk assessment**

Risks and critical processes, functions and areas are defined on the basis of the control environment, significant results and balance sheet items as well as significant business processes. The following risk areas have been defined as critical for Fabege:

- Risk area Property Management: The processes for new letting, renegotiation and rent payments. Customer relations and customer satisfaction and the risk of rent losses.
- Risk area Technical Operation: Technical work environment, physical buildings and environment.
- Risk area Projects: Project implementation and procurement/purchasing.
- Risk area Valuation and Transactions.
- Risk area Financial Control and Finance: Liquidity risk, interest rate risk, financial information and taxes.
- Risk area Communication: Information management, business ethics and IT.

Fabege's Group Management conducts annual reviews and evaluations of risk areas, in consultation the Board and the Audit Committee, for the purpose of identifying and managing risks for examination by the auditors. During 2014, management implemented a structured review and assessment of all risk areas. The review showed that internal processes and procedures provide support for the continuous management of risks.

#### Control activities

Critical processes, functions and areas are described and documented in respect of division of responsibility, risks and controls. The necessary instructions, procedures and manuals are produced, updated and communicated to the relevant staff to ensure that they have up-to-date knowledge and adequate tools. The measures are aimed at integrating risk management in the company's day-to-day procedures. Compliance with policies, guidelines and instructions is monitored on an ongoing basis. Employees are given frequent training to ensure that they have the required expertise. All critical processes are reviewed regularly and, during 2014, a selection of the company's critical processes was subject to special review. To supplement the external audit, the company also performed an internal assessment of compliance and controls in a selection of significant processes during 2014. A central controller function supports work on the follow-up of the operating units – Property Management and Property Development. The controller department is in charge of operational reporting. Operational reports are prepared monthly and quarterly based on a standardised reporting package and submitted for comments/approval to executives with operational responsibility. Reviews and updates by executives with operational responsibility are made continuously throughout the year. Performance is monitored and assessed against budgets and forecasts, which are updated twice a year. Since 2009, the company has been producing rolling 12-month forecasts.

A central function prepares consolidated financial statements and other financial reports in close collaboration with the controller function, the operating units and the finance function. This work includes integrated control activities in the form of reconciliation with standalone systems/specifications of outcomes for income and expense items and balance sheet items. The company's operational reporting is developed and improved continuously in terms of both content and system support, as well as availability to executives with operational responsibility.

#### Information and communication

Management is responsible for informing the staff concerned about their responsibility to maintain good internal control. The company intranet and briefing sessions are used to ensure that employees are kept abreast of Fabege's governing policies and guidelines.

Responsibility for external information rests with the Communications Department. Investor Relations activities are based on principles for regular and accurate information in accordance with Nasdaq OMX Stockholm's Rule Book for Issuers.

The aim is to improve knowledge of and build confidence in the company among investors, analysts and other stakeholders. In 2014, work to improve information and access to information on the external website continued. Work to improve and further clarify the dissemination of information to the market continued and will do so during the coming year. During the autumn, a customer survey was conducted in order to better understand and satisfy customer requirements. At the end of the year, an employee survey was also performed. The company received high ratings in both surveys.

#### Follow-up

The internal control system also needs to change over time. The aim is to ensure that this is monitored and addressed on an ongoing basis through management activities at various levels of the company, both through monitoring of the individuals responsible for each defined critical process, function and area and through ongoing evaluations of the internal control system. In addition to financial reporting to the Board, more detailed reports are prepared, at more frequent intervals, in support of the company's internal governance and control activities. Monthly reports are presented and discussed at meetings of the Executive Management Team.

Management reports regularly to the Board based on the adopted instructions for financial reporting, which are designed to ensure that the information provided is relevant, adequate, up-to-date and appropriate.

The Audit Committee, which acts as the extended arm of the Board in monitoring the formulation and reliability of financial reports, also reports to the Board. In addition to familiarising itself with the content of and methods used in preparing financial reports, the Audit Committee has studied the way in which the more detailed and frequent internal reporting is used in evaluating and managing various areas of activity, thus providing an indication of the quality of the control environment. The Committee also performs regular reviews and evaluations of internal controls in respect of critical processes and regularly studies the results of the external auditors' examinations of the company's accounts and internal controls. The auditors examine the company's financial reporting in respect of the full-year financial statements and review all quarterly interim reports.

The Board regularly evaluates the information submitted by the Executive Management Team and the Audit Committee. Of particular significance is the Audit Committee's task of monitoring management's work on developing the internal controls and of ensuring that measures are taken to address proposals and any shortcomings that have been identified in the course of examinations by the Board, the Audit Committee or the external auditors.

The Board of Directors has informed itself through its members and through the Audit Committee of risk areas, risk management, financial reporting and internal control and has discussed risks for errors in financial reporting with the external auditors.

In the course of its work on examining and evaluating internal control in respect of critical processes in 2014, the Audit Committee found no reason to alert the Board's to any significant issues in respect of internal control or financial reporting.

#### Internal auditing

To supplement the external auditing activities, Fabege is working to facilitate internal evaluations of critical processes. As a result of this work, and in view of the homogeneous and geographically limited nature of the company's activities and its simple organisational structure, the Board has not found reason to set up a separate internal audit unit. The Board believes the monitoring and examination described above, coupled with the external audits, are sufficient to ensure that effective internal control of financial reporting is maintained.

# Executive Management Team



<b>Klaus Hansen-Vikström</b>	<b>Anders Borggren</b>	<b>Åsa Bergström</b>	<b>Urban Sjölund</b>	<b>Charlotta Liljefors Rosell</b>	<b>Christian Hermelin</b>	<b>Klas Holmgren</b>
Deputy CEO, Director of Business Development.	Director of Technical Operations.	Executive Vice President, Chief Financial Officer.	Director of Letting Operations.	Director of Property Management.	Chief Executive Officer.	Director of Projects and Development.
Born 1953. Employed in Fabege since 2006 and in current position since 2014.	Born 1958. Employed in Fabege and in current position since 2014.	Born 1964. Employed in Fabege since 2007 and in current position since 2008.	Born 1962. Employed in Fabege since 1991 and in current position since 2007.  Employment ceased on 31 January 2015.	Born 1963. Employed in Fabege and in current position since August 2014.	Born 1964. Employed since 1998 and in current position since 2007.	Born 1970. Employed in Fabege since 2001 and in current position since 2010.
<b>Previous positions:</b>						
Managing Director of Stockholm Mode-center, Managing Director and founder of Brubaker AS.	Executive positions at various companies, including Director of Property Management at ISS Facility Services AB, CEO of Arctella AB, Project leader at Kungsfiskaren AB and Contract Engineer at Skanska.	Senior Manager at KPMG, CFO positions at property companies, including Granit & Betong and Oskarsborg.	Property Manager at BPA Fastigheter AB and various executive positions at Bergaliden AB, Storheden AB and Wihlborgs Fastigheter AB.	The Royal Swedish Institute of Technology, AP Fastigheter, various executive positions at Vasakronan, Head of Business Area Office at AMF Fastigheter	Property Management at Nacka Strand Förvaltnings AB, Regional Manager at Oskarsborg, Project Manager at Property AB Storheden.	Platzer Bygg, Site Manager at Peab, Site Manager at Peab Bostad, JM Entreprenad.
<b>Education:</b>						
Diploma in Specialised Business Studies.	Master of Science in Engineering.	Bachelor's degree in Business Administration.	Master of Science in Engineering.	Master of Science in Engineering – Surveying.	Bachelor's degree in Business Administration.	Engineer.
<b>Shareholding:</b>						
40,517	39,516	51,117	32,500	39,516	231,917	39,517

# Board of Directors



	<b>Erik Paulsson</b>	<b>Eva Eriksson</b>	<b>Christian Hermelin</b>	<b>Märtha Josefsson</b>
	Born 1942. Chairman of the Board since 2007 and Board Member since 1998.	Born 1959. Board Member since 2011.	Born 1964. Board Member since 2007. CEO of Fabege AB.	Born 1947. Board Member since 2005.
Other assignments:	Chairman of the Board of Backahill AB, SkiStar AB and Wihlborgs Fastigheter AB. Board Member of Catena AB.	Chairman of the Board of Strategic Arkitektur AB. Board Member of DnB NOR Eiendominvest I ASA, Hemsö Fastighets AB and Svea Real AB.		Chairman of the Board of Cityhold Property. Board Member of Skandia Fonder AB and World-wide Fund for Nature and Investment AB Öresund.
Education:	Lower secondary school. Business manager since 1959.	Master of Science in Engineering.	Bachelor's degree in Business Administration	Bachelor's degree in Economics.
Shareholding:	Privately and through companies 24,782,172	10,000	231,917	108,000
Elected, year	1998	2011	2007	2005
Independent in relation to the company and management	NO	YES	NO	YES
Independent in relation to major shareholders	NO	YES	YES	YES
Fee, SEK 000s <sup>1)</sup>	800	230	—	260
Attendance Board Meetings	11	11	11	11
Attendance Audit Committee	2 <sup>1)</sup>	4	2 <sup>1)</sup>	4

## Auditor



### **Kent Åkerlund**

Born: 1974  
Co-Auditor of Fabege since 2005, Auditor-in-Charge since 2013.  
Authorised Public Accountant at Deloitte AB.

Audit assignments for the following major companies: Clas Ohlson, Bactiguard, FastPartner, SATS and Tagehus.



**Pär Nuder**

Born 1963.  
Board Member since  
2010.

Chairman of the Board of Third AP Fund, Sundbybergs Stadshus AB, Öbergs färghus and Hemsö Fastighets AB. Board Member of SkiStar AB, Swedegas AB and Cleanergy. Senior Counselor Albright Stonebridge Group.

LL.M.

10,007

2010

YES

YES

230

11

4

**Svante Paulsson**

Born 1972.  
Board Member since  
2007.

Responsible for strategy and projects in Backahill AB. Deputy Chairman of the Board of Backahill AB. Board Member of Biliga AB, Diös Fastigheter AB and AB Cernelle.

High School in the US.

With family and through  
companies 162,318

2007

YES

NO

200

11

2)

**Mats Qviberg**

Born 1953.  
Deputy Chairman since  
2012, Board Member  
since 2001.

Chairman of the Board of Biliga AB and Investment AB Öresund.

Bachelor's degree in  
Business Administration.

With family  
3,714,244

2001

YES

YES

200

11

2)

1) Directors' fees are paid in arrears.

2) Not a member of the Audit Committee.

Shareholding at 31 December 2014.

## Board year 2014

