

CORPORATE GOVERNANCE REPORT 2015

The corporate governance report for Coor Service Management Holding AB (corp. ID no. 556742-0806) refers to the financial year 2015.

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The Corporate Governance Report is an integral part of Coor's Annual Report for 2015 which is available from the company's website. References to other sections of the annual report are included.

EFFECTIVE GOVERNANCE THROUGH THE ALLOCATION OF RESPONSIBILITIES AND MANAGEMENT OF RISKS

Corporate governance within Coor encompasses the system through which the group is governed and controlled, comprising principles, guidelines, structures and processes. The purpose of this system is to ensure that decisions made throughout the group are effective and create value, by means of a clear division of roles and responsibilities between shareholders, the Board of Directors and Group Management.

This Corporate Governance Report has been prepared by the Coor Group's Board of Directors and provides a description of corporate governance in Coor during the financial year 2015. The report has been reviewed by Coor's auditors, from whom a statement is provided at the end of the document.

GENERAL INFORMATION ON CORPORATE GOVERNANCE IN COOR

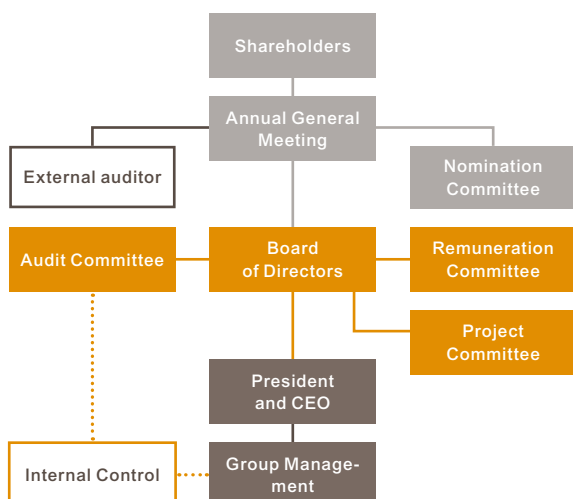
Coor is a limited liability company with its registered offices in Stockholm, whose shares are listed for trade on the Nasdaq Stockholm stock exchange. This entails that the corporate governance in Coor is based on Swedish laws and ordinances, primarily the Swedish Companies Act and Annual Accounts Act, as well as Nasdaq Stockholm's Rules for Issuers. Applicable local legislation is complied within all countries in which Coor engages in operations. Coor is also

required to follow generally accepted principles in the securities market, and thus the group applies, among other regulatory frameworks, the Swedish Corporate Governance Code ("the Code"), which is available at <http://www.corporategovernanceboard.se>. From the IPO in June 2015, Coor applied the Code as applicable, with no deviations from any of its provisions. As of 1 November, Coor applies the revised Code.

In addition to this external regulatory framework, the group has implemented its own internal regulatory framework and governing principles, the most important of which are the Articles of Association as adopted by the Annual General Meeting of shareholders, the Rules of Procedure for the Board of Directors and Board Committees and the terms of reference to the CEO issued by the Board of Directors. A large number of internal policies, instructions and delegations are also in place which clarify

responsibilities and authorities within various areas, such as information security, insider issues and risk management. These represent essential governing documents for the entire group. Coor also has a group-wide Code of Conduct and shared values (guiding stars). Coor's Code of Conduct advises on the group's ethical principles which all employees are expected to uphold in their actions, as regards both the group's interests and society in general. Coor has also established a whistle-blower system, whereby Coor's employees are able to anonymously report suspected breaches of the Code of Conduct. For more information on Coor's Code of Conduct, please refer to pages 23 and 44. Coor's most important governing documents are compiled in the company's management system, Our Way of Working, which also provides descriptions of the company's major processes and common working methods. The management system is available on the

COOR'S CORPORATE GOVERNANCE STRUCTURE:



IMPORTANT EXTERNAL AND INTERNAL GOVERNING DOCUMENTS

External regulations

- Swedish laws and ordinances (primarily the Companies Act and the Annual Accounts Act)
- Laws and ordinances in other countries in which Coor engages in operations
- Nasdaq Stockholm's Rules for Issuers
- Swedish Corporate Governance Code
- International Financial Reporting Standards (IFRS)

Internal regulations

- Code of Conduct
- Insider policy
- Finance policy
- Communication policy
- Acquisition policy
- Risk management-policy
- Purchasing policy
- Sustainability policy
- IT policy
- Information security policy
- Framework for internal control
- Finance manual
- Payment and authorization instructions

company's intranet. The company's framework for internal control and risk management with regard to financial reporting is described in detail below.

THE SHARE AND OWNERSHIP STRUCTURE

Coor's shares were listed on the Nasdaq Stockholm stock exchange on 16 June 2015. At year-end, Coor's share capital amounted to SEK 383,248,088 divided among 95,812,022 shares. Each share entitles the holder to one vote at a General Meeting of shareholders. Coor's shareholder register as per 31 December 2015 listed approximately 2 000 shareholders, and, of the total share capital, approximately 75 per cent was owned by investors outside Sweden. The three largest shareholders at year-end were Cinven (through the company Cinoor S.á.r.l) with approximately 34.5 per cent, Fidelity Management & Research Co with 8.4 per cent and Nordea Investment Funds with 6.7 per cent of the share capital and the votes. For further information on Coor's share and ownership structure, please refer to page 112–114.

ANNUAL GENERAL MEETING OF SHAREHOLDERS

Pursuant to the Swedish Companies Act, the General Meeting is the company's supreme decision-making body. Once per year, no later than six months after the end of the financial year, an Annual General Meeting is held at which all shareholders have the opportunity to participate and exercise their voting rights. Participation requires that the shareholder is registered in the shareholder register and has notified Coor of their intention to attend the meeting within the time frame stipulated in the notice of the meeting. Shareholders can also be represented by a proxy at the meeting. Notices convening General Meetings are issued on Coor's website and through announcement in the Swedish National Gazette. An announcement to the effect that a notice convening a General Meeting has been issued is made in Svenska Dagbladet.

Shareholders in attendance at the meeting vote on such matters as the annual report, distributions of profits, the election of Board Members, Board fees, audit fees, adoption of guidelines for

remuneration to senior executives and the appointment of external auditors (when required), as well as all other matters prescribed in the Companies Act, the Articles of Association and, when required, the Code. Resolutions adopted as a result of votes made at a General Meeting are made public in a press release following the meeting, and the minutes from the meeting are published on the company's website under About Coor/Corporate governance.

The Annual General Meeting for 2015 was held on 28 April 2015, before Coor was listed. In addition to the election of Board Members and other recurring items on the agenda, the meeting voted, among other things, to adopt new Rules of Procedure for the Nomination Committee, new guidelines for remuneration to senior executives and new Articles of Association, implying that the company was to re-categorise from a private to a public company. The Annual General Meeting for 2016 will be held on 28 April 2016. For further information, please refer to page 116 or the About Coor/Corporate governance section of Coor's website.

NOMINATION COMMITTEE

The Nomination Committee is a preparatory body responsible for proposals to the Annual General Meeting in respect of matters such as the election of Board Members and the Chairman of the Board of Directors, the election of auditors (when necessary) and fees. The Annual General Meeting voted to adopt new Rules of Procedure for the Nomination Committee, including stipulations on its composition, which are to apply until such time as a General Meeting resolves to implement any subsequent amendments. The Rules of Procedure state that the Nomination Committee is to consist of representatives of the four largest shareholders, in terms of voting rights, as of the final working bank day of August, together with the Chairman of the Board of Directors, who is also responsible for convening Committee meetings. If earlier than two months prior to the Annual General Meeting, one or more of the shareholders having appointed representatives to the Nomination Committee are no longer among the four largest shareholders, representatives appointed by these shareholders are to vacate their

positions and the shareholder or shareholders who then number among the four largest shareholders may appoint their representatives.

Composition of the Nomination Committee

The Nomination Committee for the Annual General Meeting for 2016 consists of Pontus Pettersson, Chairman (Cinven), Jan Särilvik (Nordea Fonder), Ulrika Danielson (Second Swedish National Pension Fund), Henrik Didner (Didner & Gerge Fonder) and Anders Narvinger (Chairman of the Board of Directors for Coor).

Work of the Nomination Committee prior to the Annual General Meeting for 2016

The Nomination Committee have convened on six occasions prior to the Annual General Meeting. The Chairman of the Board of Directors has furnished the Nomination Committee with information on the company's operations, development and circumstances in general. The Nomination Committee has discussed the primary requirements which should be implemented on Board Members with regard to the necessity of independent members, and has reviewed the number of Board assignments that the respective members have in other companies. In addition, the Nomination Committee has placed a significant emphasis on ensuring an even gender distribution, diversity and breadth to the Board of Directors. The Nomination Committee has also interviewed individual Members of the Board and the Chairman of the company's Audit Committee.

Shareholders have been invited to submit proposals and viewpoints to the Nomination Committee. Neither the Chairman nor other members of the Nomination Committee have received any remuneration for their work in the committee.

THE BOARD OF DIRECTORS

Assignment of responsibilities and organization of the Board of Directors

The Board of Directors is ultimately responsible for the company's organization and the management of its affairs, and continuously assesses the company's and the group's financial situation. The

Board of Directors also appoints the company's Chief Executive Officer (CEO), and is responsible for ensuring that the organization of the company is designed such that reporting, financing and financial conditions in general can be controlled to a satisfactory degree.

Each year, the Board of Directors establishes rules of procedure, in writing, in which the assignment of responsibilities between the Board of Directors and the CEO is detailed.

The Board of Directors is to focus primarily on overarching, long-term matters and issues of substantial significance for the company. Among other things, this means that the Board of Directors has resolved on a number of comprehensive policies applying to the company's operations. These include the company's Code of Conduct, financial policy, insider policy and communication policy. The Board of Directors has elected to establish three committees to handle matters requiring particular consideration: a Remuneration Committee, an Audit Committee and a Project Committee.

Coor's Board of Directors holds an initial organization meeting immediately

after the Annual General Meeting. The Board of Directors is to hold a minimum of six meetings per calendar year, excluding this initial organization meeting. Matters addressed at the Board meetings include the financial reporting, a review of the day-to-day business activities and follow-up of the performance trend, as well as the goals and strategies for the operations, acquisitions and significant investments. On occasions, senior executives participate at the meetings to present business plans and matters specific to their areas of responsibility.

Composition and independence of the Board of Directors

Coor's Board of Directors consists of seven Members elected by the Annual General Meeting. Swedish law stipulates that the trade unions are entitled to representation on the Board. The unions have appointed two Members and three Deputy Members.

During the financial year and prior to the listing, changes were made in Coor's Board of Directors. As of the listing of the company's shares on 16 June and for such time as until the conclusion of the

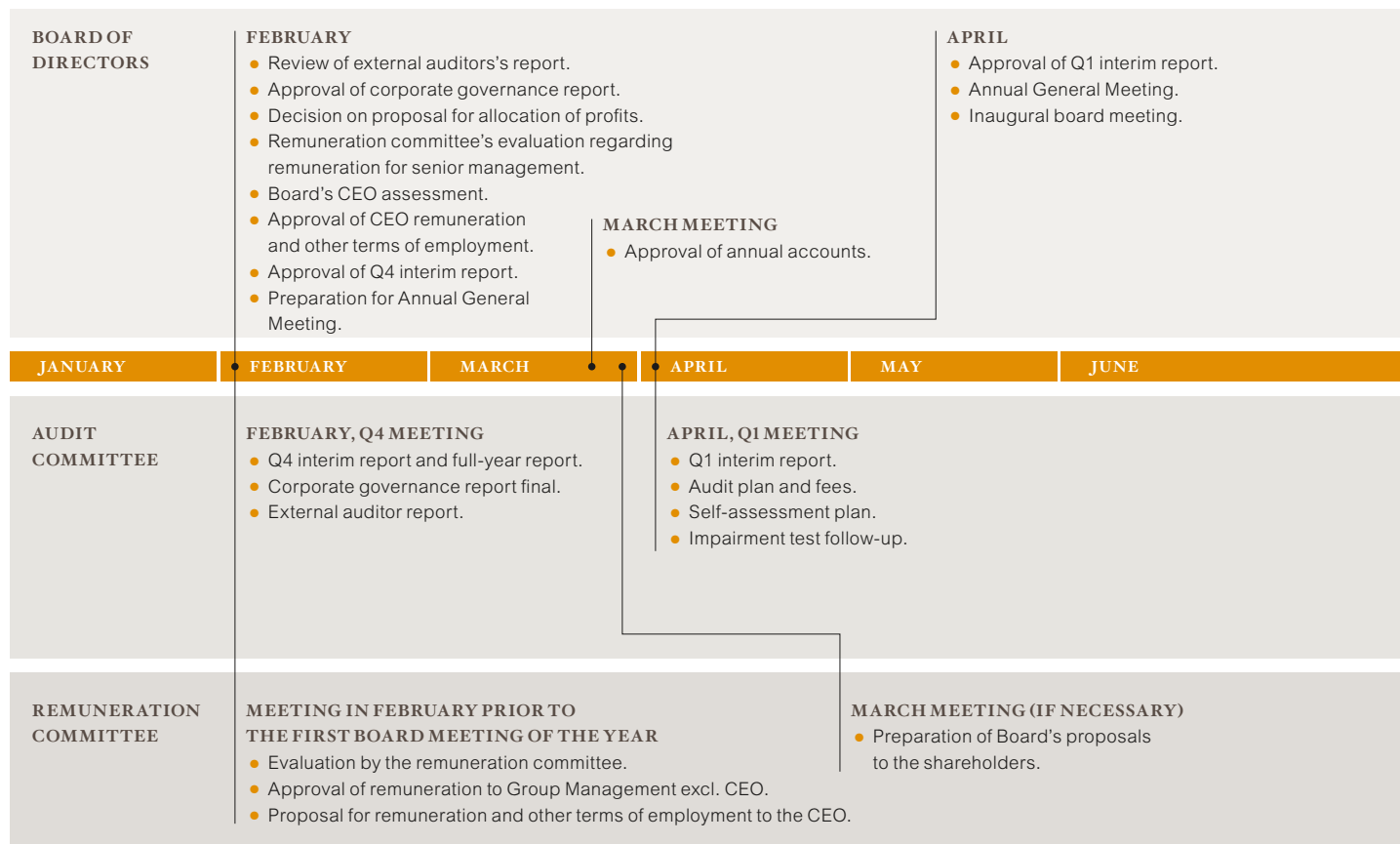
following Annual General Meeting, the Board of Directors consists of Søren Christensen, Mats Jönsson, Monica Lindstedt, Bernt Magnusson, Anders Narvinger (Chairman), Kristina Schau-man and Mikael Stöhr (President and CEO). The trade unions are represented by Glenn Evans and Göran Karlsson as elected Members and Robert Halén, Pierre Karlevall and Rolf Hammarstedt as Deputy Members. The Board of Directors has appointed Coor's General Counsel Erik Strümpel to record the minutes of Board meetings.

For further information on the various members of the Board of Directors' assignments outside the group, shareholdings in Coor and independence, please refer to pages 108–109.

The work of the Board in 2015

The Board of Directors convened on 13 occasions during 2015. The Board of Directors regularly addresses strategic issues and matters related to new business, customers and personnel. Significant matters that Coor's Board of Directors has handled during the financial year include matters related to the sale of

ANNUAL CALENDAR 2016



ATTENDANCE AT BOARD AND COMMITTEE MEETINGS:

	Board	Remuneration Committee	Project Committee	Audit Committee	Independent of the company	Independent of major shareholders	Approved remuneration and Committee fees, kSEK
Total meetings	13	3	2	4			
Current elected Members							
Søren Christensen	13	3	2	3	Yes	No	450
Mats Jönsson	12		2		No	Yes	300
Monica Lindstedt ¹⁾	2				Yes	Yes	250
Bernt Magnusson	12			4	Yes	Yes	350
Anders Narvinger, chairman	13	3	2		Yes	Yes	800
Kristina Schauman ²⁾	11			3	Yes	Yes	400
Mikael Stöhr	13		2		No	Yes	–
Current Employee Representatives							
Glenn Evans	11				No	Yes	–
Robert Halén ³⁾	3				No	Yes	–
Rolf Hammarstedt	1				No	Yes	–
Pierre Karlevall	10				No	Yes	–
Göran Karlsson ⁴⁾	2				No	Yes	–
Former elected Members and Employee Representatives							
Hans Berg ⁵⁾	2				No	Yes	–
Brian Linden ⁶⁾	7				Yes	No	–
Anders Svensson ⁷⁾	8				No	Yes	–
Per Granström ⁸⁾	11				No	Yes	–

¹⁾ Board Member since 16 June 2015.

²⁾ Board Member since 30 March 2015.

³⁾ Employee Representative on the Board (Deputy) since 9 September 2015.

⁴⁾ Employee Representative on the Board since 9 September 2015.

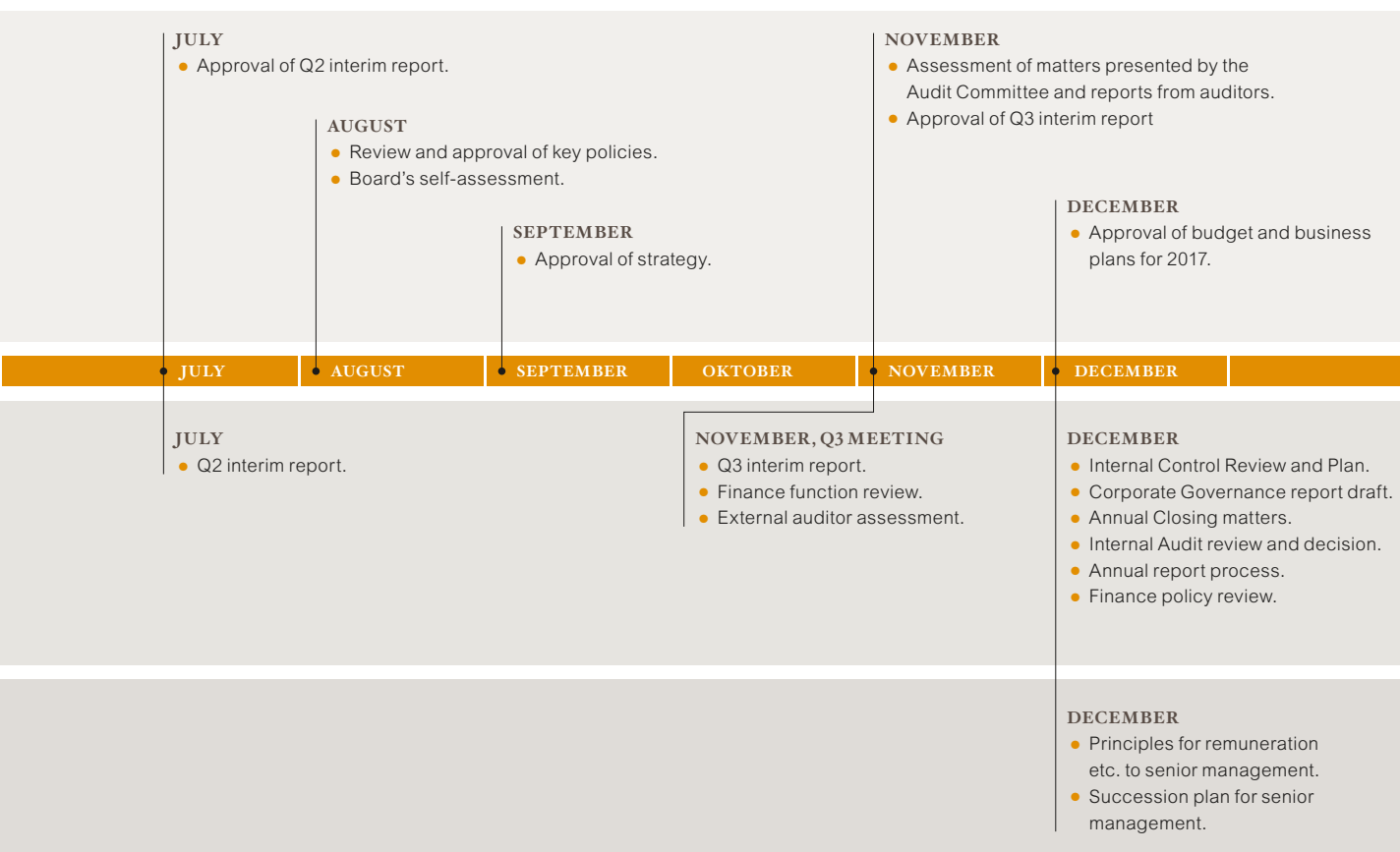
⁵⁾ Employee Representative on the Board (Deputy) until 24 August 2015.

⁶⁾ Board Member until 2 June 2015.

⁷⁾ Employee Representative on the Board until 24 August 2015.

⁸⁾ Employee Representative on the Board until 14 October 2015.

* The remuneration and fees specified above for Committee work represent amounts approved by the Annual General Meeting held on 28 April 2015, and are the amounts applicable until the conclusion of the next Annual General Meeting, to be held on 28 April 2016. For information on the remuneration impacting profit/loss for 2015, please refer to Note 9 of the group's annual report.



Coor's industrial service operations and matters related to the listing on the stock exchange. The Remuneration, Audit and Project Committees report to the Board of Directors following their respective meetings.

Attendance at Board meetings during the year has been good. Board Members' participation in Board meetings and in the Committees is specified in the table on previous pages.

Board committees

The Board of Directors has three committees: the Audit Committee, the Remuneration Committee and the Project Committee. The Committees' duties and rules of procedure are determined by the Board in written instructions. The Committees' primary duty is to prepare matters to be presented for resolution to the Board of Directors.

Audit Committee

The Audit Committee shall ensure the Board of Directors' fulfilment of its supervisory responsibilities with regard to internal control, audit, internal audit, risk management, accounting and financial reporting, and shall also prepare certain accounting and auditing matters to be addressed by the Board. The Audit Committee shall supervise the company's financial reporting, monitor the efficiency of the company's internal control, internal audit and risk management, and shall keep itself informed regarding the process of the audit of the annual report and the consolidated financial statements. Furthermore, the Committee shall review and supervise the auditor's impartiality and independence and, as a part of this duty, note whether the auditor provides services other than auditing to the company. The Committee shall also assist in preparing proposals on the appointment of auditors for the Annual General Meeting and shall ensure that the group's interim report for the third quarter is reviewed by the group's auditor.

The Audit Committee convened on four occasions during 2015. Coor's external auditor and company management representative participated in all four meetings. The Audit Committee shall be appointed by the company's Board of Directors and is to consist of at least three appointed members. During 2015, the

Audit Committee consisted of Kristina Schauman (Chairman), Bernt Magnusson and Søren Christensen.

Remuneration Committee

The Remuneration Committee shall assist the Board by preparing proposals on remuneration and is to continuously monitor and evaluate remuneration structures and levels for the CEO and other members of Group Management. The Remuneration Committee's principal duties are to prepare the Board's decisions on issues concerning remuneration principles, remuneration and other terms of employment for senior executives, to continuously monitor and evaluate variable remuneration programs for senior executives, both on-going and those that have ended during the year, to monitor and evaluate the application of the guidelines for remuneration to senior executives that the Annual General Meeting is legally obliged to adopt, and to monitor and evaluate the current remuneration structures and levels in the company. The Remuneration Committee convened on three occasions during 2015. The Remuneration Committee shall be appointed by the company's Board of Directors and is to consist of at least two members. During 2015, the Remuneration Committee consisted of Anders Narvinger (Chairman) and Søren Christensen.

Project Committee

As Coor participates in numerous large,

complex procurements and contract negotiations, the Board of Directors has established a separate Project Committee. The Project Committee shall assist the Board by preparing proposals and certain decisions in relation to large customer contracts, acquisitions, and other important agreements. The Project Committee convened on two occasions during 2015. The Project Committee shall be appointed by the company's Board of Directors and is to consist of at least two members. During 2015, the members of the Project Committee were Anders Narvinger (Chairman), Søren Christensen and Mats Jönsson.

EXTERNAL AUDITORS

The Annual General Meeting 2015 re-elected Öhrlings PricewaterhouseCoopers AB (PwC) to serve as the company's external auditor until the Annual General Meeting 2016. Magnus Brändström is the Auditor-in-Charge for the audit of Coor. PwC has been Coor's auditor since 2004, and Magnus Brändström has been the Auditor-in-Charge since 2015.

The external audit of the financial statements of Coor and the majority of its subsidiaries is undertaken in accordance with the Companies Act, International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. The audit engagement entails the statutory review of the annual financial statements, the annual report and consolidated financial statements, and the management of the company and the group by the Board of Directors and Group Management. The auditors also perform a comprehensive review of the interim report in September.

The auditors shall inform the Board of Directors of the planning, scope and content of the annual audit, and shall inform of any services performed in addition to the audit engagement, the remuneration for such services and any other circumstances which may be of significance for the auditor's independence. In order to meet the Board of Directors' information requirements and to ensure that all areas are approached in a structured manner, Coor's auditors participate in the Audit Committee's meetings and attend at least one Board meeting per year. On at least one occasion during the year, the auditors meet the Board of

AUDITORS

Öhrlings PricewaterhouseCoopers AB.
Magnus Brändström, Auditor in Charge.
Born in 1962.
Other audit engagements: Dometic, Scandic, Tobii, Troax, Addnode.
Number of Coor shares: 0.

AUDIT FEES

SEK m	2015	2014	2013
PwC			
Audit engagement	7	6	4
Audit services in addition to audit engagement	10	0	0
Tax advisory services	2	0	1
Other services	0	0	0
Total fees, PwC	19	6	5
Audit engagement other audit firms	0	0	0
Total	19	6	5

Directors without the presence of company management.

The Annual General Meeting resolves on PwC's remuneration for its audit.

Environment and Quality auditors

Coor's operations are also certified according to the international environmental and quality standards ISO 9001 and 14001, respectively, under which the operations are inspected every year by an independent party from an environmental and quality perspective. Det Norske Veritas is responsible for both the environmental audit and for the quality audit. In 2015, Henrik Bäckman was the Chief Environmental and Quality Auditor for Coor but, from 2016, Patrik Frykman will be Auditor-in-Charge at Det Norske Veritas. The results of these audits are reported to Group Management. More information on these inspections can be found in the Sustainability Report on pages 37–49.

CHIEF EXECUTIVE OFFICER AND GROUP MANAGEMENT

The Board of Directors has delegated the operative responsibility for the administration of the company and the group to the President and CEO, who manages the business according to the frameworks and guidelines established by the Board of Directors. The assignment of responsibilities between the Board of Directors and the CEO is detailed in written instructions, reviewed and confirmed annually by the Board of Directors. The CEO is responsible for the day-to-day management of the operations engaged in by the company and the group pursuant to the Board of Directors' instructions and directives. Mikael Stöhr has been the President and CEO of the Group since 2013.

The various members of Group Management are appointed by the CEO and are, together with the CEO, responsible for the day-to-day operations. Group Management are tasked with establishing goals for the operational activities, distributing resources and following up the operations' performance. Group Management also prepares proposals for investments, acquisitions and divestitures in accordance with the Board of Directors' written directives.

The CEO chairs meetings of Group

Management and makes resolutions after consultation with other members of management. Group Management holds telephone meetings each week and usually convenes once per month to review the previous month's financial performance, update forecasts and plans, discuss the current market situation, on-going deals, group-wide projects, recruitment and other matters at hand. Group Management convened on eleven occasions in 2015.

Coor's Group Management was comprised of nine members during the year. These were the Group President, together with the four operative Country Managers and four Group Function Managers, responsible for business development, operational development (including IT, purchasing and quality & environment), finance (including legal) and HR (including communication and sustainability). As of year-end, the Deputy CEO for the Swedish operations has also been added to Group Management. For further information on the member of Group Management, their experience and competence, please refer to pages 110–111.

The group also has an extended management forum, Top Management Team, comprised of each country's respective management organization together with all Group Function Managers, which met twice during 2015. The group brings together its approximately 130 senior managers at its annual Management Days forum, where these individuals can create contacts, exchange experiences, gain inspiration and discuss common issues.

REMUNERATION PRINCIPLES FOR THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

The fees paid to members of the Board of Directors are voted on at the Annual General Meeting pursuant to a proposal tabled by the Nomination Committee. The Chairmen and elected members of the Committees are entitled to a supplementary fee.

The Annual General Meeting also determines the principles for remuneration to senior executives in the group. These guidelines stipulate that the total remuneration is to be market-based and competitive, and should reflect the individual's performance and responsibilities.

Matters related to remuneration to senior executives are prepared by the Board's Remuneration Committee, which also maintains a continuous overview of and evaluates remuneration structures and reward levels.

For a full analysis of all resolutions pertaining to remuneration guidelines, please refer to Note 9.

EVALUATION OF THE BOARD OF DIRECTORS AND THE CEO

Coor's shares were listed in June 2015, and a full evaluation of the work of the Board of Directors will be executed after the company has been listed for one complete financial year.

The work of the CEO is evaluated during a meeting of the Board of Directors, at which company management is not present.

INTERNAL CONTROLS AND RISK MANAGEMENT IN RELATION TO FINANCIAL REPORTING

Coor's framework for internal control is intended to make internal control an integral part of the day-to-day operations to the greatest extent possible. On the basis of a group-wide risk assessment, key risks are identified and controls to manage these are defined, and supporting documents in the form of policies and guidelines are drawn up. A central aspect of Coor's internal control is the on-going financial monitoring and analytical controls which are a key element of risk management at all levels in the organization.

The Board of Directors' responsibilities with regard to internal control are detailed in the Companies Act, the Annual Accounts Act and the Code. Coor's internal control framework has been designed to ensure accurate, reliable financial reporting in accordance with IFRS, applicable laws and rules, and other requirements incumbent on companies listed on the Nasdaq Stockholm Stock Exchange.

Coor has categorized the various aspects of internal control relation to financial reporting into the components designated by COSO (Committee of Sponsoring Organizations of the Treadway Commission): Control environment, Risk assessment, Control activities, Monitoring and Information and communication. These five components are

integrated and work collectively to prevent and identify material errors in the financial reporting, thereby facilitating the possibility of ensuring reliable financial reporting. Coor has defined six significant financial processes and has, for each of these processes, identified the inherent risks, designed control activities and produced a model for monitoring. In addition to the six financial processes, IT is also considered a significant process, with the potential to materially impact reliability within the financial processes.

Control environment

The control environment forms the basis for internal control with regard to the financial reporting. The control environment is defined in governing documents in the form of policies, routines and manuals, and is upheld through clearly-defined and communicated decision-making channels, authorities and areas of responsibility within the organization. A central element of the control environment is structured, well-functioning financial monitoring, reflecting financial responsibilities. Coor has a well-defined monitoring structure, from site level up to group level, encompassing contract, business area and country. One feature of the financial monitoring is standardized analytical controls, i.e. deviation analyses and reasonability assessments of larger items in the income statement, balance sheet and cash flow statement.

Coor's Board of Directors bears the overall responsibility for establishing an effective internal control system. The Board has determined a number of fundamental instructions and governing documents which are intended to clarify the allocation of roles and responsibilities

among the CEO, the Board of Directors and the Committees. The Board of Directors has established an Audit Committee among its members responsible for monitoring all matters concerning internal control in relation to financial reporting, pursuant to the Committee's rules of procedure.

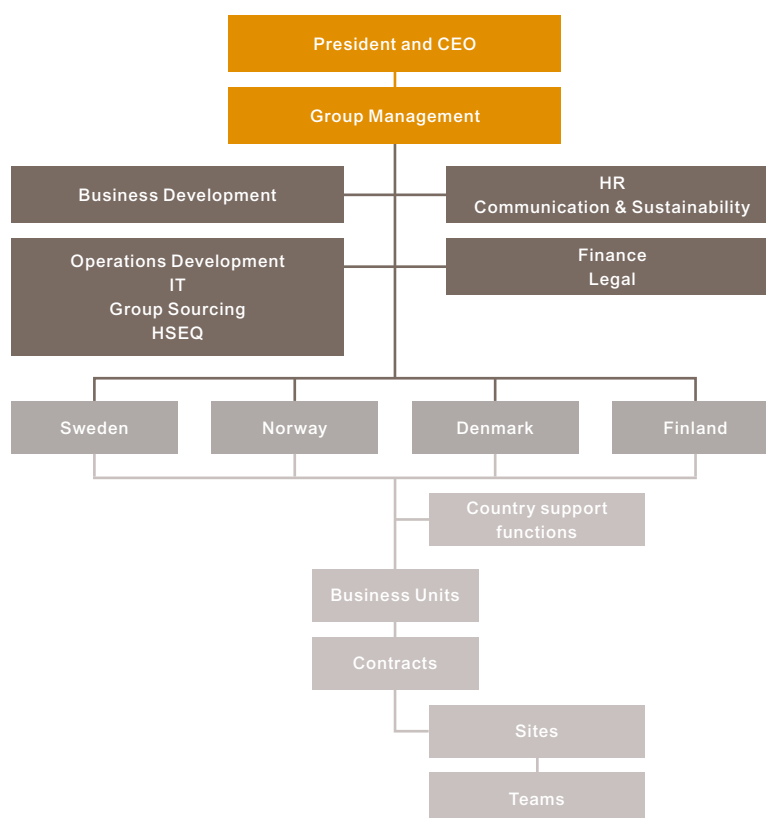
The group's Finance Function is responsible for the development, improvement and assurance of the internal control in relation to financial reporting. These responsibilities are fulfilled proactively through regular analysis and

updating of the group's internal control framework and reviewing the effectiveness of the internal controls. A key component of the follow-up of internal control is the self-assessment, which will be performed yearly.

Risk assessment

Group Management undertakes an annual comprehensive risk assessment in the form of an updating of the group's risk map, which summarizes risk exposure. Each individual risk is assessed in terms of its probability and potential

COOR'S CORPORATE GOVERNANCE STRUCTURE



GROUP-WIDE CONTROLS

Objective: Accurate and reliable financial reporting.

Identified risk: Inaccurate financial reporting arising from defective financial governance and follow-up.

Control activity: Maintain an unambiguous responsibility and organisation structure for financial governance and follow-up of monthly, quarterly and annual accounting records.

MANUAL CONTROLS

Objective: Accurate and reliable financial reporting.

Identified risk: Incorrect valuations, classifications and reporting of items in the balance sheet.

Control activity: All balance sheet accounts are to be reconciled on a monthly basis.

GENERAL IT CONTROLS

Objective: Ensure the effective use of IT.

Identified risk: Inaccurate financial reporting arising from changes in the IT environment not being verified and tested sufficiently.

Control activity: All changes in the group's key applications are to be tested and verified according to clear guidelines before being put into operation.

impact on the group's ability to reach its targets, as well as in terms of the effectiveness of existing controls and risk-mitigation measures. The risk map is combined with a risk register, which provides additional details and constitutes supporting documentation for the follow-up of risk management. The group's CFO is responsible for updating the risk assessment. The risk map, together with an annual summary report of risk management in the group, is reviewed by the Board's Audit Committee and subsequently reported to the Board.

This comprehensive risk assessment forms the basis for a detailed assessment of risks related to the financial reporting, the purpose of which is to identify and evaluate the material risks in the financial processes, as well as the risk of impropriety and fraud. The assessment of risks related to the financial reporting takes the income statement and balance sheet as its starting point and considers matters such as materiality, complexity and risk of fraud in various income statement and balance sheet items, as well as in underlying processes. The risk assessment results in bank of basic data which informs how risks are to be managed and controlled, as well as how control activities are to be designed such that they support the fundamental requirements on the external financial reporting (completeness, accuracy, valuation and reporting). Risk assessment, including the management of identified risks, is undertaken by means of a collaboration between the process owners in the respective country and Coor's Finance Function at group level.

For more information regarding the group's risks and risk management, please refer to pages 34–36 and Note 2.

Control activities

Based on the risks identified as applying to the financial reporting, control activities are designed to ensure that all material risks are managed and, thereby, that the group is able to achieve its goals. Control activities are undertaken at all levels within the organization, within all business processes and within IT to guarantee a secure IT environment for key applications. Well-designed control activities limit identified risks and contribute both to accurate and reliable

FINANCIAL PROCESSES



financial reporting and efficient processes. Control activities include both comprehensive and detailed controls and are intended to prevent, identify and remedy faults and deviations. Coor has defined six significant financial processes and, within each process, has defined a number of key controls which are to be applied by all large companies within the group. In addition to the six financial processes, IT is also considered a significant process, with the potential to materially impact reliability within the financial processes.

Coor has three distinct types of controls; *group-wide controls*, *manual controls* and *general IT controls*. An example is provided on page 104 illustrating how risk and targets are associated with a control activity for each respective type of control.

Information and communication

In order for all employees within the organization to be able to assume their responsibilities for internal governance and control, it is crucial that they are aware of and have access to significant internal governance instruments. The group's finance policy, payment instructions and financial handbook are accessible to all employees on the group's intranet. Amendments and updates to these documents are communicated regularly to all relevant employees. In the coming year, the group's internal control framework, including process mapping and descriptions of controls, will be made available on the group's intranet in the form of an internal control handbook. For the current year, requirements and guidelines regarding financial processes have been communicated directly to the

employees involved in the respective process/control activity.

For communication with external parties, a communication and IR policy is in place which stipulates guidelines for how such communication is to take place and ensures compliance with the group's requirements as regards the information disseminated to the financial markets.

Monitoring – follow-up and improvement

The monitoring and follow-up of the group's internal governance and control constitutes a natural part of the group's improvement work, and is undertaken in order to ensure that the internal governance and control remain relevant and are correctly carried out.

The group's financial situation and financial strategies and targets are addressed at each Board meeting. Between meetings, the Board also receives detailed monthly reports regarding financial performance.

The Board of Directors has tasked the Audit Committee with ensuring that the company's internal control in relation to financial reporting is monitored and followed up. The Audit Committee is to follow up the quality of the group's internal control and is responsible for ensuring that any deficiencies and proposed actions brought to light in the external audit are addressed. Each year, the group's external auditors review the internal control and report their observations in a report provided to management and the Audit Committee. The Audit Committee reports to the Board of Directors at the following Board meeting.

The group has commenced work on implementing a process for the monitor-

ing and testing of the group's internal control framework. This process entails that an annual self-assessment is to be undertaken at various levels within the group in order to ensure that all risks are observed and managed in an effective manner. Monitoring should be undertaken at both a comprehensive level for the whole group and at a more detailed level for respective lands and processes. The purpose of this monitoring is to ensure that all control activities are satisfactorily completed, as well as to identify potential areas of improvement within the framework. Coor's Group Finance Function has the ultimate responsibility for the execution of this monitoring/evaluation and reports conclusions and proposals for improvement to the group's Audit Committee. The test results are also provided to the Group's external auditors, who then assess the dependabil-

ity of the work undertaken in the context of their audit.

INTERNAL AUDITING

The Code stipulates that the Board of Directors is to evaluate whether a separate internal audit function is required in the group. Considering the size of the group, the Board of Directors has made the assessment that there is currently no such requirement for a separate internal audit function. The internal audit work has been organized as an aspect of the work undertaken by the Group Finance Function. The evaluation as to whether a separate internal audit function is required is reassessed annually.

SUSTAINABLE BUSINESS

All companies have a substantial responsibility for the operations they conduct, and for the operations' environmental

and social impact from a wider perspective – in both the short and long term. Coor works with a long-term, structured perspective on the sustainability aspects that are deemed to have the largest impact on the company's local environment, from three dimensions: business, social and environmental. The purpose of Coor's sustainability work is to ensure the company's stable and profitable development with the application of sound business ethics and minimal environmental impact, while concurrently having a positive impact on the development of society in general. For more information on the sustainability aspects on which Coor actively works and for a description of how the sustainability work is managed, please refer to the Sustainability section on pages 37–49.



AUDITOR'S REPORT ON THE CORPORATE GOVERNANCE STATEMENT

*To the Annual General Meeting of the shareholders
of Coor Service Management Holding AB (publ),
Corporate Identity Number 556742-0806*

It is the Board of Directors who is responsible for the Corporate Governance Statement for the year 2015 on pages 97–106 and that it has been prepared in accordance with the Annual Accounts Act.

We have read the Corporate Governance Statement and based on that reading and our knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the Corporate Governance Statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

In our opinion, the Corporate Governance Statement has been prepared and its statutory content is consistent with the annual accounts and the consolidated accounts.

Stockholm, 29 March 2016

Öhrlings PricewaterhouseCoopers AB

Magnus Brändström
Authorized Public Accountant