

consultation with other members of Group Management. In addition to the CEO, Group Management includes the CEO, the CFO and the heads of the business areas.

In 2014, the Group Management met six times (eight). Meetings focus primarily on the Group's strategic and operational development and reviewing performance. Operations are organised into three business areas.

For further information about Group Management, please see page 87 and [www.midsona.com](http://www.midsona.com).

#### Instructions for the CEO

The Board adopts written instructions for the work of the President that, among other things, clarify responsibilities for day-to-day management, the division of duties between the Board and the CEO, as well cooperation with, and the information to, the Board.

#### Evaluation of the CEO

The Board continuously evaluates the CEO's work and expertise. The evaluation is made once a year without his presence.

#### Guidelines for remunerations to senior executives

For information on the guidelines for remuneration to senior executives adopted by the 2014 Annual General Meeting and the Board's proposed guidelines for remuneration to senior executives for the 2015 Annual General Meeting, please see page 87 and [www.midsona.com](http://www.midsona.com).

#### REGULATIONS REGARDING SHARE TRADING

Board members, the CEO and other senior executives registered as insiders may trade in Midsona shares in accordance with applicable legislation and regulations. Beyond these, there are no specific internal regulations.

#### EXTERNAL AUDITOR

Deloitte AB, with authorised public accountant Per-Arne Pettersson as the principal auditor responsible, was elected by the 2014 Annual General Meeting for a period of one year. For information on fees and remunerations to audit firms, please see Note 8 Fees and remuneration to auditors on page 54.

#### Audit assignment

The audit assignment includes an audit of the annual and consolidated financial statements. An audit is also performed of the proposal for appropriation of the company's profit or loss and the administration by the Board of Directors and the CEO. The audit culminates in an audit report and an opinion on the corporate governance report being issued prior to the

Annual General Meeting. In addition, a statutory review is conducted of the interim reports for the periods 1 January to 30 September and 1 January to 31 December within the framework of the audit assignment.

The principal auditor responsible participates in Audit Committee meetings and reports in an on-going manner to the Chairman of the Audit Committee as necessary. The Board meets with the principal auditor responsible in connection with its handling of the year-end report. The principal auditor responsible participates at the Annual General Meeting, outlining there the audit and presenting the Audit Report.

#### ADDITIONAL INFORMATION

At [www.midsona.com](http://www.midsona.com), information including the following is available – an overview of the company's application of the Swedish Code of Corporate Governance, the Articles of Association, the company's Code of Conduct, information from previous Annual General Meetings and previous Corporate Governance Reports.

Information regarding legislation and generally accepted practices in Sweden regarding Corporate Governance can be found at, for example – The Swedish Corporate Governance Board ([www.bolagsstyrning.se](http://www.bolagsstyrning.se)), Nasdaq Stockholm ([www.nasdaqnordic.com](http://www.nasdaqnordic.com)) and Finansinspektionen – the Swedish Financial Supervisory Authority ([www.fi.se](http://www.fi.se)).

#### INTERNAL CONTROL OF FINANCIAL REPORTING

The report on internal control of financial reporting has been prepared by the Board of Directors in accordance with the Swedish Code of Corporate Governance and the guidelines issued by the Confederation of Swedish Enterprise and FAR. It describes how internal control is organised to manage and minimise the risk of errors in financial reporting.

#### INTERNAL CONTROL

Within the company, the following targets have been set with regard to internal control.

- It shall ensure compliance with the framework of applicable laws, regulations, rules and standards to which we are subject.
- It shall ensure that financial reporting is reliable and provides shareholders, the Board of Directors, management and other stakeholders adequate information on which to assess performance and development.
- It shall ensure that business operations are appropriately organised and conducted in such a manner that risks are continuously assessed, managed and minimised to meet financial and operational targets. On-going efforts to meet these targets involves a process building on a framework for internal control in which there is a particularly crucial interplay between control activities and the development of an effective control environment whereby responsibilities are assumed within the organisation.

The description of how internal controls are organised is delimited to the internal control of financial reporting and comprises the control environment, risk assessment, control activities, information and communication, and review.

### Control environment

The control environment forms the basis for the internal control of financial reporting. An important part of the control environment is that decision-making paths, authorisations and responsibilities are clearly defined and communicated between different parts of the organisation and that control documents in the form of policies, manuals, guidelines and instructions are in place. Consequently, an important part of the Board's work is to develop and approve a number of basic policies, guidelines and frameworks. These include the Board's formal work plan, the instructions to the CEO, regulations regarding investments, a financial policy and an insider policy. The purpose of these documents is to establish a basis for good internal control. The Board also works to ensure that the organisational structure provides clear roles, responsibilities and processes, facilitating effective management of operational risks and enabling the achievement of targets. As part of the responsibility structure, each month, the Board evaluates business performance and results through an appropriate package of reports containing income statements and balance sheets, analyses of key performance indicators, comments regarding the business situation of each operation and, on a quarterly basis, also forecasts for future periods. As part of efforts to strengthen the internal control, policies, regulations and procedures are in place that provide a clear picture of the economic situation. These are living documents that are updated regularly and adapted to changes in the operations. In addition to this there are instructions that provide guidance in the day-to-day work of the organisation.

### Risk assessment

An on-going process is underway to map the Group's risks. In this process, a number of income statement and balance sheet items are identified where the risk of errors in financial reports is elevated. The company makes continuous efforts to strengthen controls around these risks. Furthermore, risks are addressed in specific forums, for example issues related to acquisitions. For details of items subject to significant estimates and assumptions, please see Note 35 Significant estimates and assumptions on page 73.

### Control activities

The Group's control structure is designed to manage risks that the Board deems relevant in the internal control of financial reporting. The purpose of control activities is to detect, prevent and correct errors and inconsistencies in reporting. Control activities include, for example, processes and procedures for the making of important decisions, earnings analyses and other analytical follow-ups, reconciliations, stock-taking procedures and controls in IT systems.

### Information and communication

The Company's governing documents, including policies, guidelines and manuals are continuously updated and communicated through the appropriate channels, such as e-mail, internal meetings and the intranet.

### Follow-up

The Board continuously evaluates the information provided

by the Audit Committee, Group Management and the external auditor. The CEO and CFO hold frequent briefings with each of the business area managers regarding the business situation, performance, financial position and forecasts. In addition, the central controller function maintains close cooperation with finance managers and controllers at the business area and company level with regard to reporting and closing the accounts. Follow-up and feedback on any problems arising in the internal controls form a central component in the internal control processes.

### Financial reporting

Financial data are reported monthly from all reporting units, in accordance with standardised reporting procedures as documented in the Group's accounting manual. This reporting forms the basis of the Group's consolidated financial reporting. The consolidation, which is performed centrally, culminates in complete income statements and balance sheets for each company and for the Group as a whole. Reported financial data are stored in a central database from which it is retrieved for analysis and review at the Group, business area and company levels.

### Assessment of the need for a special review function

The Group currently has no separate review function (internal audit). In light of the existing process for self-assessment and objective testing by an independent party, the view is taken that there is currently no need for a special review function to perform effective monitoring of internal control.

### System improvements in 2014

The level at which review and evaluation should be performed is assessed continuously. This assessment also takes into account what systems should be implemented or updated and when.

In 2014, the functionality of the Group's reporting system was improved with regard to aspects including cash flow analysis.

### Auditor's report on the corporate governance statement

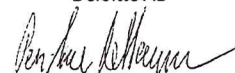
To the Annual General Meeting of the shareholders of Midsona AB (publ), corporate identity number 556241-5322

The Board of Directors is responsible for the Corporate Governance Report for 2014, included on pages 79-83 of the printed version of this document, and for it being 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.

Malmö, 30 March 2015

Deloitte AB



Per-Arne Pettersson, Authorised Public Accountant