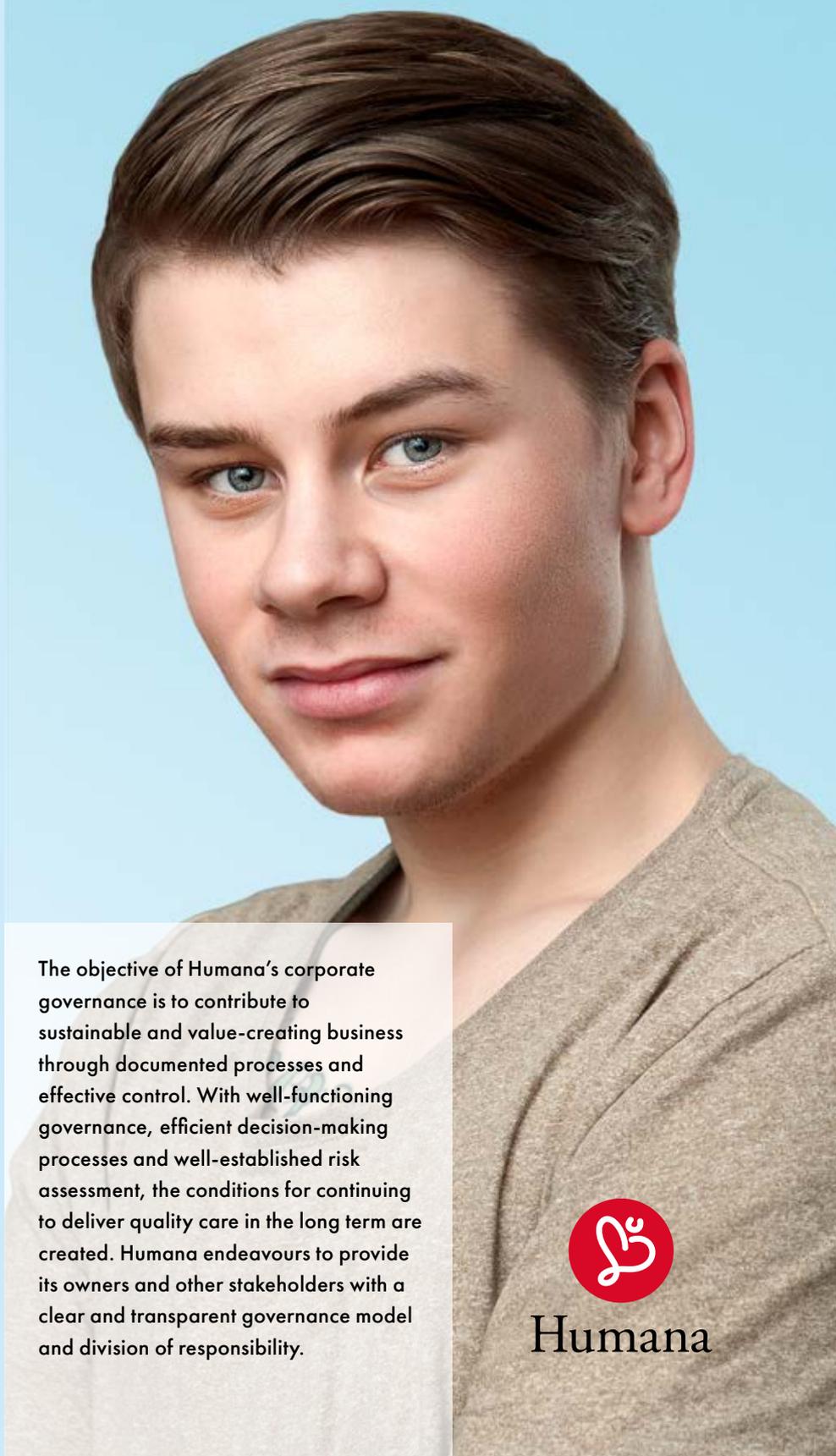


Corporate Governance 2016



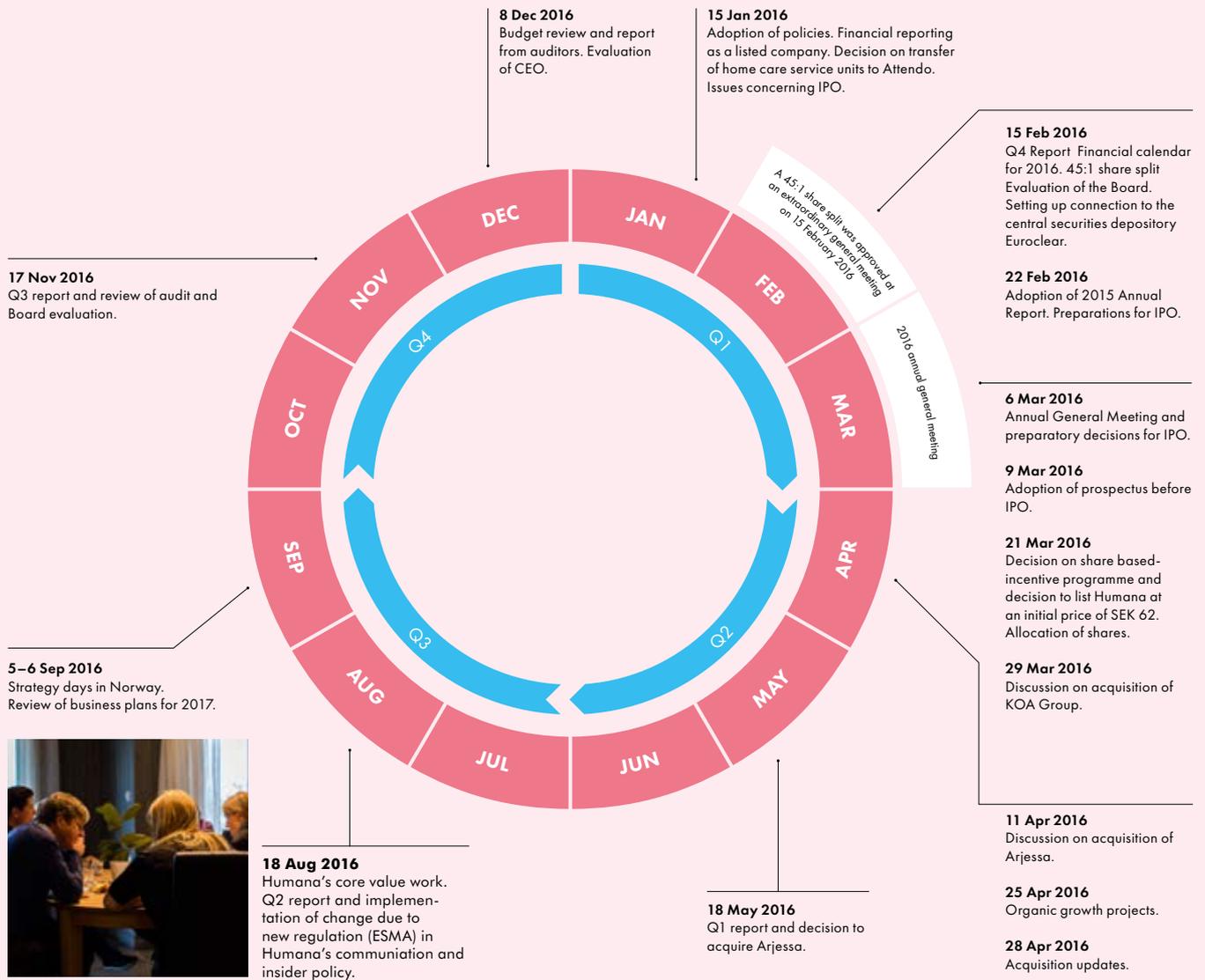
The objective of Humana's corporate governance is to contribute to sustainable and value-creating business through documented processes and effective control. With well-functioning governance, efficient decision-making processes and well-established risk assessment, the conditions for continuing to deliver quality care in the long term are created. Humana endeavours to provide its owners and other stakeholders with a clear and transparent governance model and division of responsibility.



Humana

Work of the Board 2016

The Board held 14 meetings in 2016, six of which were by conference call. Important Board issues processed during the year was the IPO of Humana made in March last year, evaluation and analysis of companies Humana acquired during the year and an evaluation of the Finnish market, which was the basis for the decision to expand into Finland through the acquisition Arjessa Oy.





“Now that Humana is a *Nordic* company, we have new *opportunities.*”

Chairman's statement

As we look back on 2016, we can see that this was an intensive and successful year, with continuing growth for our operations, both financially and in terms of quality. During the year, Humana made a successful establishment in Finland and we were able to double our operations in Norway, both through acquisitions and by our own efforts. Humana's successful launch to trade on Nasdaq Stockholm in the spring brought a strengthening of the Company's financial resources and has contributed to increased visibility and brand awareness.

In parallel with Humana's positive business development, the sector is being affected by a highly unfavourable, and largely unjustified, political process. In an arrangement with the Left Party, Sweden's current government is proposing the introduction of legislation imposing profit limits for private companies in the welfare sector. In the current debate, it should be noted that Humana, which is a leading player in Sweden's private healthcare sector, is an important partner of the country's municipalities, and our market share and that of other private companies continues to increase. This means that contractors of our services and the customers and clients who actively choose Humana as their caregiver appreciate our services and the quality we offer.

Humana and other private players are together contributing towards taking social responsibility in order to resolve the increasing care and healthcare needs while making necessary investments and, particularly important, ultimately creating more care for taxpayers' money. We can only see what is going on as pure propaganda and electioneering, which does not address the main challenges of welfare.

Instead, we should work with politicians and principals to develop new strategies and action plans to enhance the attractiveness for young people to study and work in care and healthcare professions. There is a staffing crisis throughout the sector, which will become worse in the next few years unless significant efforts are made to increase the sector's attractiveness, particularly to public sector employers.

Humana has a strong position in the increasingly intense competition for skilled labour, and we are pleased to confirm that our work on core values, increased training and the Company's decentralised working model, involving a high level of individual responsibility, have contributed to consistently good results in Humana's employee survey.

The challenges for 2017 and the next few years largely concern grasping the opportunities offered by an IPO in the form of raising of capital, brand development and recruitment of the employees of the future. Now that Humana is a Nordic company, opportunities for cross-border human resources and business development have already opened up. This strengthens our expertise and competitiveness and enhances our attractiveness on the market, which is an advantage that we must harness. Market characteristics, challenges and opportunities vary from country to country, which creates significant scope for Humana to transfer product development, experience and inspiration from one market to another.

2016 has been an exciting and eventful year for all of us at the Company. We feel well prepared to embrace an equally, and perhaps even more, exciting and challenging 2017.

Per Bätelson
Chairman of the Board

Regulations and governance model

Humana is a Swedish public limited company listed on Nasdaq Stockholm. The Company, corporate ID number 556760-8475, has its registered office and head office in Stockholm. The corporate governance report is part of the Company’s Board of Directors’ Report and is audited by the Company’s auditors.

Humana’s governance is based on Swedish rules and legislation, primarily the Swedish Companies Act, but also the listing agreement with Nasdaq Stockholm. The governance can be divided into external and internal governance instruments.

External governance instruments

External governance instruments form the framework for corporate governance at Humana. The external instruments include the Swedish Companies Act, the Swedish Annual Accounts Act, Nasdaq Stockholm’s Rules for Issuers and the Swedish Corporate Governance Code. Humana applies the Swedish Corporate Governance Code. The Company has deviated from the Code in one point in the 2016 financial year:

Deviation from the Code (Rule 7.3)

For companies that do not have a separate internal audit function, the board of directors is to evaluate the need for such a function annually and to explain its decision in its report on internal controls in the company’s corporate governance report.

Explanation

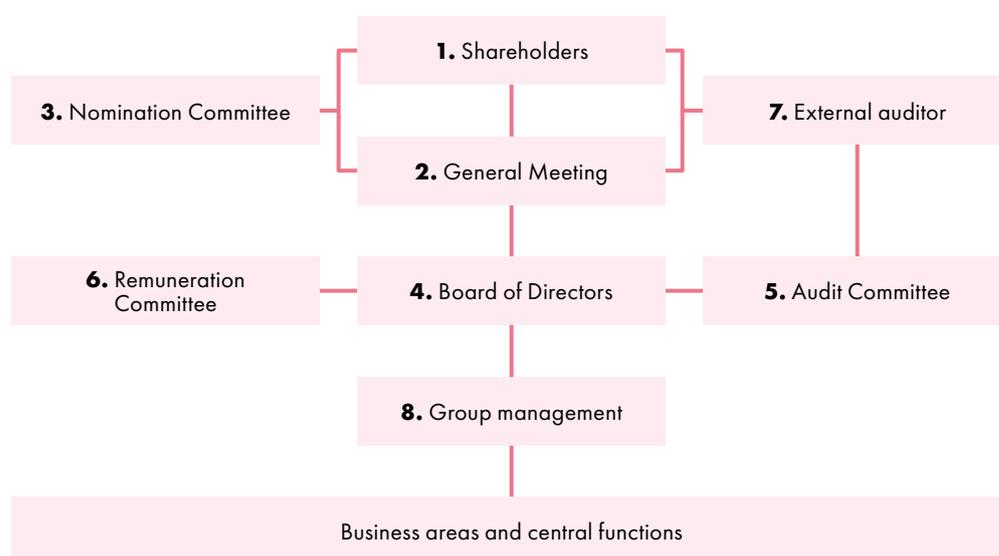
It is the assessment of Humana’s Board of Directors and Audit Committee that Humana’s internal governance and control functions sufficiently satisfactorily as to ensure good order. The Board bases its assessment on Humana having strengthened its internal control function with the addition of one employee and the Company having further expanded its quality management organisation during the year. In addition, the Company is in the process of implementing a Group-wide quality management system. The system is expected to be implemented during 2017. Internal control is conducted through internal monitoring and self-assessment. The results are reported to the Board. Consequently, the Board has decided not to appoint an internal auditor.

Internal control instruments

Internal control instruments include the articles of association adopted by the AGM, internal rules and guidelines such as the Board’s rules of procedure and the CEO’s instructions. Humana has also adopted a set of instructions for financial reporting that are documented in the Company’s financial manual. Humana’s Board has also adopted a number of policies and guidelines that govern the Company’s operations. Alongside the above-mentioned internal documentation, Humana’s work follows a Group-wide vision, a business concept and four well-defined target areas.

Governance model

Humana’s shareholders ultimately decide on the Group’s governance by appointing the Company’s Board at the General Meeting. The Board, in turn, is responsible for ensuring that Humana’s corporate governance complies with laws and other external and internal governance instruments.



1. Shareholders

Humana's shares were admitted to trading on Nasdaq Stockholm on 22 March 2016. The number of shares outstanding was 53,140,064. All shares carry the same rights to the Company's earnings and capital. The Company's registered share capital on 31 December amounted to SEK 1,180,879. There is no provision in Humana AB's articles of association restricting the transfer of shares. There are also no outstanding mandates from the Board to issue new shares.

Humana had 4,190 shareholders at the end of the year. The ten largest shareholders registered directly or as an owner group with Euroclear Sweden accounted for 78 percent of the votes and shares in the Company. Swedish investors owned 44 percent of the shares. The largest shareholder as at 31 December was Argan Capital, through the company Air Syndication S.C.A., with 44,4 percent of the votes. More information about Humana's shares and shareholders can be found in the section entitled The Humana share on pages 68-69.

2. General Meeting

The General Meeting is Humana's highest decision-making body and all shareholders are entitled to attend. By exercising their voting rights, Humana's shareholders can participate and decide on a number of important issues such as the election of directors and auditors, adoption of the financial statements, discharge from liability for the President and CEO and the Board, and decide of the proposed appropriation of the Company's profit. All shareholders listed in the share register who have provided timely notification of their intention to attend according to the regulations contained in the notice convening the meeting are entitled to participate in Humana's meeting and vote their shares. Shareholders may also be represented by proxy at the meeting.

Humana held an extraordinary general meeting on 15 February 2016. All 89 shareholders were represented at the meeting.

Resolutions passed at the 2016 EGM included:

- a 45:1 share split
- adoption of instructions for the Nomination Committee
- guidelines for remuneration of senior executives

Humana's Annual General Meeting was held on 6 March 2016 in Stockholm. All shareholders were represented at the meeting.

Resolutions passed at the 2016 AGM included:

- that no dividend be paid for the 2015 financial year and that the Company's profits be carried forward instead.
- that the Board of Directors and the CEO be discharged from liability for the 2015 financial year.
- that the Board continue to comprise eight ordinary members without deputies and that all members be re-elected:
 - re-election of Per Båtelson as Chairman of the Board.
 - re-election of members Per Granath, Helen Fasth Gillstedt, Simon Lindfors, Maria Nilsson, Ulrika Östlund, Lloyd Perry and Wojciech Goc.
- payment of directors' fees totalling SEK 1,927,500. The fees were distributed as follows:
 - SEK 600,000 to the Chairman.
 - SEK 230,000 to each of the other elected Board members, apart from Lloyd Perry and Wojciech Goc who do not receive any fees.
 - payment of fees for committee work as follows: SEK 20,000 to each of the Audit Committee members, and an additional compensation of SEK 80,000 to the Audit Committee Chair.
 - SEK 12,500 to each of the Remuneration Committee members.
- that KPMG AB be elected as auditing firm, with Petra Lindström as chief auditor.

2017 Annual General Meeting

Humana's 2017 Annual General Meeting will be held on Thursday, 18 May at 15.00 in the IHM auditorium, Warfvinges väg 39, Kungsholmen. Registration begins at 14.30.

Notification

Shareholders wishing to attend the AGM must have notified the Company by 16.00 CET on Friday, 12 of May 2017 at the address: Humanas AGM 2017
Box 191
101 23 Stockholm

Notification may also be made directly to the Company by telephone on +46 8-402 91 60 between the hours of 09:00 and 16:00. The notification should include name, address, personal or corporate ID number, daytime telephone number, number of shares and the number of assistants (maximum two). If participation is by proxy, the original of the proxy (with any authorisation documents, such as registration certificate) should be received by Humana before the AGM.

Participation in the AGM

Shareholders registered in the share register maintained by Euroclear Sweden AB on or before Friday 12 of May 2017, and who have notified the Company of their intention to attend the meeting by 16.00 CET on the same day are entitled to participate in the meeting. Shareholders whose shares are registered in the name of a nominee need to temporarily register the shares in their own name with Euroclear Sweden AB in order to participate in the meeting. To do so, shareholders must contact their nominee in sufficient time before Friday 12 of May 2017.

Proposal for resolution at the 2017 AGM

The Board of Directors proposes a dividend of SEK 0.50 for 2016, corresponding to a total dividend of SEK 27 million.

Notice of annual general meeting

According to the current Articles of Association, a notice of a general meeting of shareholders shall be made through advertisement in Post- och Inrikes Tidningar and on the Company's website. An announcement to the effect that a notice has been issued shall be made in Dagens Industri. Documents to be presented at the Annual General Meeting will be available on the Company's website no later than three weeks before the meeting.

Important dates for the 2017 AGM

- 12 May - Record date for 2017 AGM
- 12 May - Deadline for notification of intention to attend 2017 AGM
- 18 May - Last day for trading in Humana shares, including right to dividend
- 18 May - 14:30 admission to AGM
- 18 May - 15:00 AGM begins
- 22 May - Record date for dividend
- 26 May - Payment date for dividend

3. Nomination Committee

The Nomination Committee's task is to make certain that members of Humana's Board of Directors have relevant knowledge and experience to participate in and ensure Humana's optimum development over time. The Nomination Committee assesses the Board's work, basing its assessment among others on the Board's own annual evaluation, the requirements of the Code, Company-specific needs and comments provided to the Committee by Humana's Chairman.

The Nomination Committee's work also includes presenting a proposal to the AGM on the number of Board members and the composition of the Board, and making proposals on remuneration of the Board, including fees for committee work. The Nomination Committee also proposes candidates for the positions of Chairman of the Board and Chairman of the AGM, and makes proposals on the election and remuneration of auditors. The Nomination Committee's proposals regarding Board members, Board fees and the election of auditors are presented in the notice convening the meeting. A statement explaining the Nomination Committee's proposed Board composition is published on Humana's website when the notice is issued.

In accordance with the Swedish Corporate Governance Code, Nomination Committee instructions were adopted at an extraordinary general meeting held in February 2016. The instructions require the Company to have a Nomination Committee consisting of one representative from each of the four largest shareholders (in terms of votes), based on information from Euroclear Sweden AB on the last banking day in August, and the Chairman of the Board (the convener). The member representing the largest shareholder in terms of voting rights shall be appointed Chairman of the Nomination Committee. The Chairman of the Board of directors shall not be the Chairman of the Nomination Committee. The members of the Nomination Committee for the 2017 AGM were presented on 23 September 2016, and represented approx. 72 percent of the votes in the Company. Members of the Nomination Committee do not receive any remuneration for their Committee work.

Members of the Nomination Committee prior to the 2017 AGM:

- Lloyd Perry, *representative from Argan Capital (through the company Air Syndication SCA), Chair of the Committee*
- Sven-Erik Zachrisson, *representative from Zirkona AB*
- Oskar Andersson, *representative from Bodenholm*
- Mikael Moll, *representative from Zeres Capital*
- Per Bätelson, *Chairman of the Board, Humana*

4. Board of Directors

The Board of Humana has overall responsibility for building a value-creating and sustainable business for shareholders and other stakeholders with continuity and a long-term perspective. The Board is responsible for the Company's overall strategy, ensuring well-informed decision-making processes and having a good perception of trends in the sector and Humana's business environment. Another important function of Humana's Board is to ensure that the Company has good risk management, control and business monitoring.

Board composition

According to the articles of association, the Board of Humana shall consist of three to eight members. Members of the Board shall together possess skills and experience that are important to Humana's optimum development. Humana's Board of Directors has five male members and three female members, and consisted of eight elected members without deputies during 2016. President and CEO Rasmus Nerman attends all Board meetings. Ulf Bonnevier, Humana's CFO, attends Board meetings and acts as Board secretary. Other Humana executives attend Board meetings in a reporting capacity for certain matters. All Board members are independent of the Company and

its management, with the exception of Per Granath. Six of the Board members are also independent of the Company's major shareholders. The exceptions are Lloyd Perry and Wojciech Goc. This means that Humana fulfilled Nasdaq Stockholm's requirements for 2016 and the Swedish Corporate Governance Code's rules on the independence of directors. The composition of the Board and a presentation of Board members can be found on pages 46-47.

The work of the Board

The Board's duties and responsibilities are regulated by the Swedish Companies Act and Humana's Articles of Association. In addition, the Board's work is also regulated by annually defined rules of procedure, which govern matters such as the division of duties and responsibility between Board members, the Chairman and the CEO. The Board also adopts instructions for the Board's committees.

The Board continuously monitors strategic direction, economic development and the Company's methods and processes in order to maintain well-functioning operations. Humana's Board is also responsible for ensuring good quality financial reporting and internal control, and evaluating the business in relation to the goals and guidelines defined by the Board. The Chairman of the Board and the CEO are responsible for monitoring the Company's development, and for preparing and leading Board meetings. The Chairman is also responsible for ensuring that Board members conduct an annual evaluation of their work and that they receive the information they need to perform their duties effectively and satisfactorily.

The Board held 14 meetings in 2016, six of which were by conference call. A report from the CEO and a review of results are permanent items at each meeting. Four times during the year, the Board reviews the interim reports: at the meetings in February, May, August and November. The annual report and annual financial statements were on the agenda of the February meeting. The meetings in February and March included discussions and decisions prior to the Company's IPO. The Board has also adopted and revised policies. Examples of policies that have been adopted or completely revised during the year are the communication policy and the insider policy. In September, the Board made a trip to northern Norway to visit businesses acquired in connection with the purchase of KOA Group in May 2016. The Board also held its two annual strategy days during the trip, with a review of the business plans of all business areas.

The Board regularly evaluates the work of CEO Rasmus Nerman. Humana's chief auditor Petra Lindström from KPMG reported on her observations in connection with the annual audit, and the Board also had a separate agenda item with the auditor during which members of Group management were not present.

During the year, the Board has focused on work and decisions prior to the Company's listing on Nasdaq Stockholm, refinancing of the Company in connection with the IPO, and the acquisitions and geographical expansion that have been made possible by the IPO. There has been a particular focus on identifying, analysing and evaluating the Finnish healthcare market.

Evaluation of the work of the Board

Humana's Chairman Per Bätelson is responsible for ensuring an annual evaluation of the work of the Board, including its committees (Audit Committee and Remuneration Committee), is conducted. His evaluation of the Board's work processes, skills, background, experience and composition has been presented to the Nomination Committee.

Directors' fees

The 2016 AGM adopted the following fees for Board members, the Chairman of the Board and committee work for assignments from the 2016 AGM to the 2017 AGM:

- Chairman Per Bätelson received SEK 600,000 in his capacity as Chairman of Humana's Board.
- Helen Fasth Gillstedt, Maria Nilsson, Ulrika Östlund, Per Granath and Simon Lindfors were each awarded fees of SEK 230,000.
- The Chair of the Audit Committee, Helen Fasth Gillstedt, received a fee of SEK 100,000. Audit Committee members Per Bätelson and Simon Lindfors each received SEK 20,000.
- Remuneration Committee members Per Bätelson, Maria Nilsson and Ulrika Östlund were each awarded fees of SEK 12,500.
- No directors' fees were paid to Wojciech Goc and Lloyd Perry.

Total remuneration for Board and committee work in 2016-2017 amounted to SEK 1,927,500.

5. Audit Committee

The Audit Committee's main task is to support the Board in fulfilling its responsibilities in the areas of financial reporting, accounting, auditing, internal control and risk management. The work also includes ensuring a solid financial structure. The Audit Committee works according to rules of procedure defined by the Board. The Committee's duties also include reviewing internal audit procedures, and scrutinising and monitoring the auditor's impartiality and independence.

The Chair of the Committee, Helen Fasth Gillstedt, has the accounting expertise required by the Swedish Companies Act, and three of the members are independent of the Company and its largest owner.

The Audit Committee held five minuted meetings in 2016. All Audit Committee meetings have been reported to the Board.

Audit Committee members 2016-2017

Helen Fasth Gillstedt, *Chair*

Per Bätelson

Simon Lindfors

Wojciech Goc

6. Remuneration Committee

The Remuneration Committee's main tasks are to submit proposals to the Board on remuneration of the President and CEO, remuneration policies and payments and other conditions of employment for Group management, and to monitor and evaluate current and completed variable pay arrangements and any long-term incentive programmes. The purpose of long-term incentive programmes is to attract and retain talented employees and to strengthen the link between employees' and shareholders' interests. Remuneration Committee members are also responsible for monitoring and evaluating application of the guidelines for remuneration of senior executives as adopted by the AGM. The Remuneration Committee according to a plan adopted by the Board of Directors.

The Remuneration Committee held five minuted meetings in 2016. All meetings have been reported to the Board.

Remuneration Committee members 2016-2017

Per Bätelson, *Chair*

Maria Nilsson

Ulrika Östlund

Lloyd Perry

7. External auditor

The external auditor's tasks are to audit Humana's annual report, financial reporting and accounting policies and to examine the administration of the Company. The external audit of the financial statements of Humana and its subsidiaries, including the admin-

istration by the Board and Group management, is performed in accordance with International Standards on Auditing and generally accepted auditing practice in Sweden.

The auditor is appointed by the AGM following a proposal from the Nomination Committee and elected for a period of one year. Humana's AGM on 6 March 2016 adopted a resolution to elect KPMG AB as the Company's auditor until the end of the 2017 AGM. KPMG AB has performed tax consultancy services in addition to its audit work during the last five years.

8. Group management

Group management comprises Humana's President and CEO and nine other managers. The gender distribution for Group management is six women and four men. Members of Group Management have the following positions:

Rasmus Nerman, *President and CEO*

Ulf Bonnevier, *CFO*

Claus Forum, *Head of Individual & Family business area*

Anna Giertz Skablova, *HR Director*

Cecilia Lannebo, *Head of Investor Relations*

Mona Lien, *Country Manager Norway*

Eva Nilsson Bågenholm, *Director of Quality Assurance*

Helena Pharmanson, *Director of Marketing and Communications*

Eva-Lotta Sandberg, *Head of Elderly Care business area*

Harald Wessman, *Head of Personal Assistance business area*

Remuneration of Group management

The guidelines on remuneration and other conditions of employment for the CEO and other senior executives were adopted at an EGM held on 15 February 2016.

Group management's remuneration shall consist of a fixed salary, possible variable salary, pension and other benefits. Total remuneration shall be market-based and competitive and reflect the individual's performance and responsibility.

Humana has two long-term incentive programmes: one for the Company's senior executives and one for 187 other Humana employees. The purpose of the incentive programmes is to encourage a broad shareholding among Humana employees, facilitate recruitment, retain competent employees and increase motivation to achieve or exceed Humana's financial targets. The programmes comprise a warrant programme and a share saving programme. The warrant programme, which is for eight members of Group management, amounts to 1,440,420 warrants entitling holders to subscribe for the same number of new Humana shares. The market value amounts to approximately SEK 5.5 million and in the event of full subscription, dilution will be about 2.6 percent of the total number of Humana shares. The warrants have been issued in three series with different maturities. The share saving programme, implemented beginning of 2017, is for 187 key employees. Participants in the programme use their own money (or funds) to purchase Humana shares at the market price over the stock exchange. Participants who retain their saving shares over the programme's three-year period will, at the end of these three years, receive matching shares for each saving share acquired. At full allotment, the total number of shares is a maximum of 106,000 shares, corresponding to about 0.2 percent of the total number of shares outstanding in the Company.

The variable salary may include long-term variable pay in the form of cash, shares and/or share-related instruments in Humana AB. Variable cash salary shall be subject to the fulfilment of defined and measurable targets, and shall not exceed 30 percent of the annual fixed salary. The terms and conditions for variable salary should be designed in such a way that, in the event of exceptional economic circumstances, the Board has the ability to limit or withhold payment of variable salary if such a measure is considered reasonable.

In special cases, one-time remuneration may be agreed, provided such remuneration does not exceed an amount corresponding to the

individual's annual fixed salary and maximum variable cash salary, and is not paid more than once a year for the individual in question. Retirement benefits shall be defined-contribution arrangements.

The notice period shall be six months, whether given by the Company or the senior executive. If the period of service exceeds five years, the notice period given by the company is extended to twelve months, while from the senior executive the notice period remains six months. Termination benefits may be payable to senior executives whose length of service exceeds five years, but with the maximum amount corresponding to six months' salary. Termination benefit agreements are made separately after a decision by the Remuneration Committee.

The Board of Directors is entitled to deviate from the guidelines adopted by the AGM if there are particular reasons for doing so in an individual case.

Executives covered by the guidelines include the CEO and other members of Group management.

Board proposals for new guidelines on remuneration of Group management

Prior to the 2017 AGM, there are no proposed changes to the guidelines on remuneration and other conditions of employment for Group management.

Name	Position	Member of Group management since	Employed by Humana since	Shares held 31 December 2016
Rasmus Nerman	President and CEO	2014 ¹	2014	144,473
Ulf Bonnevier	Deputy CEO/CFO	2012	2012	160,436
Anna Giertz Skablova	Director of Human Resources	2017	2017	-
Claus Forum	Business Area Manager, Individual & Family	2011	2011	160,436
Cecilia Lannebo	Head of Investor Relations (IR)	2015	2014 ²	-
Mona Lien	Business Area Manager, Other Nordics	2014 ¹	2014	19,098
Eva Nilsson Bågenholm	Director of Quality Assurance	2015	2015	3,682
Helena Pharmanson	Director of Marketing and Communications	2010	2010	96,504
Eva-Lotta Sandberg	Business Area Manager, Elderly Care	2013	2012	80,459
Harald Wessman	Business Area Manager, Personal Assistance	2008	2008	960,201

¹ Rasmus Nerman was previously President and CEO of INOM Group, which was acquired by Humana in 2014. Mona Lien also came from INOM Group, where she was head of Norwegian operations.

² Contracted as Head of Investor Relations since August 2014.

Internal control over financial reporting

Internal control is about making an analysis of the current situation, assessing which risks are significant and which risks should be managed with effective controls. Everything cannot, and should not, be equally controlled in an effective organisation; instead, it is about managing relevant risks with effective controls in order to keep one step ahead and reduce the Company's overall risk exposure.

According to the Swedish Companies Act and the Swedish Corporate Governance Code, Humana's Board is ultimately responsible for ensuring the Company's organisation is structured in such a way as to allow satisfactory monitoring and control of financial reporting, administration and operations. Humana's CEO has delegated responsibility to the CFO for implementing and maintaining formal procedures that ensure compliance with established principles on financial reporting and internal control. However, it is each employee's responsibility to participate in internal governance and control. This includes complying with the financial manual adopted by the Board and performing the controls that have been established to prevent, discover and deal with defects and errors.

Responsibility for internal control

Internal governance and control is an integral part of the Company's corporate governance. To clarify and create a structure for how the organisation manages its risks and who is responsible for what in the area of the Company's risk management and internal governance and controls, the Company works on the basis of a model with three lines of responsibility for its control work.



At the top, the Board is ultimately responsible for the organisation, and defines policies for risk management based on owner preferences and directives. The organisation's President and CEO is subordinate to the Board and formally responsible for day-to-day management.

First line of responsibility:

Humana is a decentralised company that allows the individual a large measure of responsibility and freedom on a day-to-day basis to make decisions that help to improve and make life easier for the Company's customers and clients. The first line of responsibility in the process of managing operational risks is therefore the organisation in day-to-day operations, which includes regional managers, unit managers, supervisors and employees in the business operations. They are owners of their own risks and are responsible for working on daily internal control by identifying, evaluating, controlling and mitigating risks, and ensuring that policies and governing documents are understood and followed. They set up appropriate control activities and ensure that these are carried out correctly. Effectiveness is dependent on key factors such as corporate culture and the sense of right and wrong

that management establishes in the business, as well as the clarity of employees' responsibility for their work.

Second line of responsibility:

The second line of responsibility is more functionally oriented. This involves Humana's functions that work specifically on monitoring risk-taking. Their task is to ensure compliance with the Board's level of risk in the first line, which is achieved by setting requirements, defining instructions and policies, and monitoring compliance. These functions are not responsible for operation of the business, but serve in a support and monitoring capacity. In its financial organisation, Humana has a function that works on risk control and compliance. This function helps to develop processes related to risk management and internal governance and control, and is responsible for monitoring the work of the first line.

Third line of responsibility:

The third line includes the internal audit function, which works on behalf of the Board and reviews the work of the first and second lines. Humana has not appointed a separate audit function (internal audit) and therefore deviates from the Code on this issue. It is the assessment of Humana's Board of Directors and Audit Committee that Humana's internal governance and control functions sufficiently satisfactorily as to ensure good order. The Board bases its assessment on the fact that Humana has a fully implemented set of values and associated quality control which underpins the entire organisation. It is also the Board's assessment that Humana has strengthened its internal control function with the addition of one employee and the Company having further expanded its quality management organisation. In addition, the Company is in the process of implementing a Group-wide quality management system. The system is expected to be implemented during 2017. Internal control is conducted through internal monitoring and self-assessment. The results are reported to the Board.

Internal control system – COSO model

Humana's internal control structure follows the COSO framework principles. The framework is based on five main components that together allow good internal control: Control Environment, Risk Assessment, Control Activities, Information & Communication and Monitoring. From the model, a number of development priority areas have been identified in the work on internal control.

Facts about COSO

COSO is an abbreviation of Committee of Sponsoring Organisations of the Treadway Commission and is the organisation behind the COSO cube. The cube represents a framework for evaluating and working on an organisation's internal governance and control in terms of operational goals, reporting, and compliance with laws and regulations. It is suitable for any business wanting to evaluate and develop its internal governance and control.

Control environment

The Board is responsible for establishing an effective system of internal control, and controls the work through the CEO. Members of Humana's Group management work within their respective functions and areas of responsibility to spread, influence and increase employees' knowledge and responsibilities in the area of control. An efficient control environment involves a clear organisational structure, decision-making channels, shared values in terms of ethics, morality and integrity, and authority that is clearly defined and communicated through governing documents. Examples of Humana's governing documents include policies, guidelines, manuals and instructions. Humana's quality management work is central to the business and includes quality management systems in each business area (implementation of a Group-wide quality management system is in progress), and systematic monitoring and control. Humana invests systematically in strengthening and developing its capital structure. By investing, Humana increases its competitiveness, while the Company reduces its level of risk in the business. Important elements of Humana's control environment and efforts to build long-term structural capital include:

- a strong corporate culture with well-grounded values that permeate the Company. Through a well-established corporate culture with shared values, Humana's employees are given a clear direction and mandate to work on personalised interaction with a focus on solutions in everyday life.
- clear guidelines on ethics and morality.
- extensive quality-assurance work at all levels of the Company.
- Group-wide policies in several key areas such as employees, communication, diversity and transparency.
- a decentralised organisational structure with clear delegation of authority and responsibility.
- identified and well-defined key processes, such as quality assurance, and evidence-based and measurable treatment methods. Humana works to ensure that care and healthcare is based on evidence-based methods as far as possible. Humana takes social responsibility, running and actively participating in several research projects with universities and colleges.
- comprehensive skills development through Humana Academy. Humana Academy provides traditional training and web-based interactive training, both for its own employees and for municipalities and colleagues in the sector.

In addition, Humana has a number of governing documents designed to support and help all employees to act in accordance with Humana's internal rules and guidelines. Governing documents on accounting and financial reporting cover areas of particular importance in working to establish correct, complete and up-to-date accounting, reporting and information disclosure. The financial manual is Humana's central governance document with respect to guidelines for achieving good internal governance and control over financial reporting. As Humana is an acquisition-driven company, it is an essential part of the integration process to ensure that values and the control environment in general are aligned with Humana's guidelines.

Risk assessment

Risks and risk management in Humana's operations are described in more detail in the section entitled Risks and risk management on pages 70-73. The specific financial risks are described in more detail in note G21.

Financial risk management is a natural part of the ongoing work on financial reporting. Humana continuously updates its analysis of risks that may lead to errors in financial reporting. A Group-wide analysis of risks of errors in financial reporting is conducted annually. The risk reviews identify a number of items in the financial statements and administrative flows and processes where the risk of

errors is more substantial. Identified risks are related to the schedule for the final accounts, integration of acquisitions, and IT and support systems.

Control activities

Humana regularly conducts control activities for the significant risks that are thought to exist and that the Board considers important to manage for internal control over financial reporting. The Company's CFO is responsible for ensuring that identified risks associated with financial reporting at Group level are managed. The control activities follow the structure of the reporting process and financial organisation. The financial staff in each reporting unit are responsible for producing correct accounting records, and true and fair financial statements. Each unit's reporting is validated and checked in the local accounting stage before being transferred to the business areas and Group finance for consolidation. Controllers and financial managers in each business area make budgets, update forecasts and analyse results. The checks and reports may be subject to special investigations where necessary. All business areas submit their financial results in monthly written reports to the CFO and Group Controller. The CFO presents these reports to Group management.

Information & Communication

Humana's Board receives monthly financial reports on the Group's financial position and financial performance. The Board deals with all quarterly and annual reports before they are published externally and monitors the audit of internal control and financial reports.

Humana's communication and information channels enable prompt communication of information to relevant employees. Governing documents in the form of policies, guidelines and manuals, in the case of financial reporting, are primarily communicated through the intranet and the Group's financial manual. The financial manual is updated regularly as required. In addition to written communication, there are also verbal discussions of news, risks, outcomes of controls and other matters during regular meetings and at the annual financial conference. Communication also takes the form of monthly closing accounts meetings which are attended by all financial managers. Individual employees have a responsibility to report only deviations take away defects and deviations that are discovered in controls, even if these have been remedied. The aim is to provide a good picture of how the work is conducted and to be able to make improvements to the processes.

Up-to-date information is communicated to external parties on Humana's financial website, with the publication of news and press releases. Quarterly reports are published externally and are supplemented by webcasts, presentations and investor meetings. There is also an agenda for communication with shareholders in connection with the Annual General Meeting. The annual report is provided to shareholders and other stakeholders, both in print and as a publication on Humana's website.

Monitoring

Each unit manager and financial organisation is ultimately responsible for ongoing monitoring of the financial information for the unit. The information undergoes further monitoring by the business area, corporate functions, Group management and finally the Board. A compilation of identified actions and their status is reported to the Board as part of the ongoing work of the Audit Committee. Humana's Audit Committee is responsible for ensuring compliance with the Company's financial reporting and internal control, and ensuring the Company's financial statements are prepared in accordance with the law, applicable financial reporting standards and other listing requirements.

Humana does not have an internal audit function, as the Board's assessment is that the Company's internal organisation and processes for monitoring perform this function satisfactorily. See page 38 in

the section External governance instruments. The form of monitoring is decided on by the Board, which also annually assesses the need for a special internal audit function.

Activities in 2016

A number of workshops in the area of the Group's internal control were conducted during the year. The work has been focused on identifying and analysing risks that could affect financial reporting. In addition to the review at Group level, a risk analysis was also carried out in the Group's Swedish business areas. From the risk analysis, a number of control activities were identified that will form the basis of efforts to strengthen internal control in 2017.

During the year, Humana also formed a steering group that will lead work in the sub-areas of internal control. The steering group will be jointly responsible for driving the development of the Group's accounting and payroll systems, and working to establish a central management plan. The steering group's tasks are as follows:

- taking responsibility for common target-setting and deciding on targets.
- developing existing policies and guidelines, and producing new ones in areas that are not comprehensive at present.
- conducting risk analyses.
- implementing budgets and resource planning.
- taking responsibility for monitoring projects, targets, budgets and risks.

The steering committee continues the process of gathering all of the companies into one common accounting system. At the beginning of the year, there were about 10 active accounting systems being used by Humana's companies and the companies acquired during the year. The process of implementing a Group-wide payroll system is also initiated. The introduction of a common accounting and payroll system is aimed at reducing the risk of errors in financial reporting, achieving more efficient processes and enabling costs savings.

Humana also completed the process of improving the Company's financial manual during the year. The aim is that the documentation will help to achieve more uniform and more efficient processes.

Focus in 2017

Internal control work at Humana in 2017 will continue to focus on the work that was started in 2016. The work will be done according to the overall processes and procedures for the Group's internal control program that were formulated in 2016. The focus of the work is to continuously reduce risks through clearer and more established work processes and work manuals.

Efforts to further develop the Company's finance manual will be completed during the year, while the work processes for how acquisitions should gradually be integrated into existing operations will be clarified.

Other activities in the area of internal control that will be initiated in 2017 are:

- to implement a comprehensive risk analysis of the Norwegian operations.
- to move the finance function that is now handled externally in Finland to an internal function and raise the level of competence in the Finnish organisation.
- to continue the system shift from local systems to Group-wide systems.
- to introduce a greater degree of joint Group contracts in procurements.

Auditor's opinion on the Corporate Governance Report

To the shareholders of Humana AB, corp. id no. 556760-8475

Duties and allocation of responsibilities

The Board is responsible for the Corporate Governance Report for 2016 on pages 38-49 and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

Focus and scope of the review

Our review was conducted in accordance with FAR's statement RevU 16 Auditor's Review of the Corporate Governance Report. This means that our review of the Corporate Governance Report has a different focus and substantially smaller scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides a sufficient basis for our opinion.

Opinion

A corporate governance report has been prepared. Disclosures in accordance with chapter 6, section 6, paragraph 2, items 2-6 of the Annual Accounts Act and chapter 7, section 31, paragraph 2 of the same Act are consistent with the annual report and consolidated financial statements and comply with the Annual Accounts Act.

Stockholm, 6 April 2017

Petra Lindström
Authorised Public Accountant

Board of Directors



**Per
Bätelson**



**Helen
Fash Gillstedt**



**Wojciech
Goc**



**Per
Granth**

Position	Born 1950. Chairman of the Board since 2014, director since 2008. Chair of Remuneration Committee and member of Audit Committee.	Born 1962. Director since 2014. Chair of Audit Committee.	Born 1966. Director since 2011. Member of Audit Committee.	Born 1954. Director since 2006. Member of the Finance Committee.
Education	Engineering Physics, Chalmers University of Technology. Studies in business economics, University of Gothenburg.	M.Sc. Econ., Stockholm School of Economics. Studies in Sustainable Community Development at Stockholm University and the Royal Institute of Technology.	MBA, Texas Christian University. M.A. Economics, Poznań University of Economics.	M.Sc. Chemistry, Royal Institute of Technology. Economics studies at the Gothenburg School of Business, Economics and Law at the University of Gothenburg and at Stockholm University. Healthcare Management at Harvard Business School, Paris.
Other current assignments	Chairman of Internationella Engelska Skolan AB, IVBAR AB and SCI Innovation AB. Director of MedGroup Oy and Polybiocept AB.	Director of AcadeMedia AB, Munters AB, Handelsbanken Fonder AB, Samhall AB, NAI Svefa Holding AB and Lindorff Group AB. Director on the Advisory Board for Save the Children Sweden. Own company in business development.	Managing Partner, Argan Capital Advisors LLP (UK). Chairman of Janton OY (Finland). Chairman of the Supervisory Board of AAT Holding SA (Poland) and Hortex Holding SA (Poland).	Chairman of Aktiebolaget Salktennis. Director of Capacent Holding (publ), Svefa Holding AB (publ), G & S Fastigheter i Sverige AB and Föreningen Vårdföretagarna.
Professional experience and previous assignments	Chairman of Apoteket AB (publ). Director and CEO of Global Health Partner AB. Director of Oriola KD Oy, Forte AB, KRY AB, Permobil AB, Mediatech AB and Unilabs Holding AB. Also former director and CEO of Capio AB.	Director of Intrum Justitia AB, Swedesurvey AB, Precise Biometrics and nexUS Technology AB. Executive positions in the SAS Group and the Statoil Group.	Chairman of Paroc Group Oy (Finland). Director of GCE Group AB (Sweden) and EFL SA (Poland).	President and CEO of Humana 2006-2015. Chairman of Resurs Bemanning AB (publ). Director of Akademiska Hus Aktiebolag and GustaviaDavegårdh Holding Aktiebolag. President and CEO of Intellecta AB (publ), 2003-2006. Vice President Handelsbanken Capital Markets in charge of healthcare and services sectors, 2000-2003.
Director's fee (AGM year)	600,000	230,000	-	230,000
Remuneration for committee work	32,500	100,000	-	-
Independent of the Company and its management	Yes	Yes	Yes	No
Independent of the principal owner	Yes	Yes	No	Yes
Total shareholding, Dec 31 2016 (own, related parties, in companies and endowment insurance), of which:	59,182	32,473	-	3,869,610
Shareholding (own and related parties), number	59,182	32,473	-	483
Shares via company, number	-	-	-	3,869,127 ¹
Shares in endowment insurance, number	-	-	-	-
Attendance at board meetings (14)	14	13	13	14
Attendance at Audit Committee meetings (5)	5	5	5	-
Attendance at Remuneration Committee meetings (4)	4	-	-	-



**Simon
Lindfors**

Born 1964. Director since 2011. Member of Audit Committee and Finance Committee.



**Maria
Nilsson**

Born 1957. Director since 2006. Member of Remuneration Committee.



**Lloyd
Perry**

Born 1965. Director since 2008. Member of Remuneration Committee and Finance Committee.



**Ulrika
Östlund**

Born 1968. Director since 2014. Member of Remuneration Committee.

MBA, Stockholm School of Economics.

Higher education studies in HR administration, Frans Schartau.

MBA, University of Chicago, Graduate School of Business. B.A. Economics and History, Northwestern University, Evanston, Illinois.

Studies in Systems Science with complementary studies in economics, Mid-Sweden University, Östersund.

Nordic adviser to Advent International and Five Arrows, a fund established by the Rothschild family and Rothschild Group. Chairman of NFT Ventures. Director of Silvicapital AB, Silvilao AB and SilviPar AB.

Director of Ewalie AB, Samhall AB and SOS Alarm Sverige AB. Chairman of Swesale AB. Chairman of Store Support AB. Own limited company operating as independent consultant specialising in growth companies.

Managing Partner, Argan Capital Advisors LLP (UK). Chairman of GCE Group AB (Sweden). Member of the Supervisory Board of AAT Holding SA (Poland), DHI Company SAS (France) and Hortex Holding SA (Poland).

Director of Q-it AB. Owner of Q-it AB.

Principal at Apax Partners and Partner of IT Provider. Chairman of IPM Informed Portfolio Management AB. Director of Avesina Healthcare Holding, Capio AB och Unilabs SA.

Deputy CEO of Manpower AB and CEO of Right Management Consultant and 2Secure. Chairman of Resurs Bemanning AB.

Director of IX Europe (UK). Managing Partner of BA Capital Partners Europe. Vice Chairman of BA Partners Inc. Associate at Bear, Sterns & Co.

Chairman of Vård-företagarna. Director of Almega Aktiebolag and the Confederation of Swedish Enterprise. Director and CEO of Elina Management Aktiebolag and Familjeforum Holding AB. Director of Öjebo gruppbestad i Järvsö AB. CEO of INOM – Innovativ Omsorg i Norden AB.

230,000

230,000

-

230,000

20,000

12,500

-

12,500

Yes

Yes

Yes

Yes

Yes

Yes

No

Yes

373,504

330,355

-

168,366

-

330,355

-

-

373,504²

-

-

168,366³

-

-

-

-

11

13

11

14

4

-

-

-

-

4

4

4

¹⁾ Per Granath owns 3,869,127 shares through the legal entity Zirkona AB.

²⁾ Simon Lindfors owns 373,504 shares through the legal entity SLP Partners AB.

³⁾ Ulrika Östlund owns 168,366 shares through the legal entity Q-it AB.

Group management



Rasmus Nerman



Ulf Bonnevier



Claus Forum



Anna Giertz Skablova

Position	Born 1978. President and CEO since 2015. Former deputy CEO and Business Area Manager, Individual & Family, 2014.	Born 1964. CFO since 2012.	Born 1965. Business Area Manager, Individual & Family since 2011. Former Business Area Manager, Norway between 2014-2015.	Born 1970. Director of Human Resources since January 2017.
Education	M.Sc. Econ., Stockholm School of Economics. M.Sc. in International Leadership, CEMS MIM.	M.Sc. Econ. with focus on accounting and auditing, Uppsala University. Stockholm School of Economics IFL Executive Education.	M.Sc. in international social work and pedagogic leadership, University of Gothenburg. Teaching certificate, Lärarhögskolan i Jelling.	MBA in General Management at Rotterdam School of Management, Erasmus University (Netherlands) and M.Sc. in linguistics.
Other current assignments	Director of Vård-företagarna Bransch Individ & Familj.	-	-	-
Professional experience and previous assignments	President and CEO of INOM Group. Management consultant in healthcare, The Boston Consulting Group.	Country Manager of Ipsos in Sweden. CFO Western Europe of Synovate. CEO of Wolters Kluwer in Scandinavia.	Chairman and CEO of Vindora Utbildning AB. CEO of Nordstene AB.	Director of Human Resources for TietoEnator AB and Teligent AB. Senior Consultant at PA Consulting Group. Positions in human resources and organisation at ICA AB and Baltic Beverages Holding AB.
Total shareholding 31 Dec 2016 (own, related parties, in companies and endowment insurance), of which:	144,473	160,436	160,436	-
Shares own and related parties, number	144,473	160,436	160,436	-
Shares via company, number	-	-	-	-
Shares in endowment insurance, number	-	-	-	-
Shares in endowment insurance through companies, number	-	-	-	-
Share options, number	239,616	191,691	206,688	-



Cecilia Lannebo

Born 1973. Contracted as Head of Investor Relations since 2014.

M.Sc. in Business and Economics from the University of Mälardalen and Wirtschafts University in Vienna. International marketing at Mälardalen University. Financial analyst, Kämpasten. Paul Ronge Media Training and Crisis Communication.

Director and founder of i-Core Communications AB. Deputy director of Zubizuri AB.

Head of Investor Relations at Eniro AB, Hakon Invest AB and Retail and Brands AB. Equity Analyst at SEB.



Mona Lien

Born 1962. Country Manager, Norway. Former Business Area Manager, Norway, 2015.

B.A. Political Science and Psychology, Oslo University and Trondheim. Management programme at BI Norwegian Business School.

Member of NHO Service.

CEO Løft AS, Head of Business Development, INOM Norway.



Eva Nilsson Bågenholm

Born 1960. Director of Quality Assurance since 2015.

Nursing Degree, Umeå University. Medical Doctor degree, University of Gothenburg. Licensed physician, specialist in internal medicine.

Director of Stiftelsen Danviks Hospital. Vice Chairman, Director of Oriola-KD AB.

Specialist physician at Sahlgrenska University Hospital. Chairman of the Swedish Medical Association. Swedish government national coordinator for the elderly 2011-2014. Government investigator, Plastic Surgery Study (Skönhetsutredningen) 2015.



Helena Pharmanson

Born 1966. Director of Marketing and Communications since 2010.

International MBA, Uppsala University. Director's programme at the Stockholm Chamber of Commerce.

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Sales Director, Pfizer Sverige AB. Various marketing and sales roles at Pfizer and Pharmacia.



Eva-Lotta Sandberg

Born 1971. Business Area Manager, Elderly Care, since 2013. Business Development Manager 2012-2013.

B.Sc. Economics, University of Gävle. Knowledge Management studies at Luleå University of Technology. Stockholm School of Economics IFL Executive Education.

Director of Vårdföretagarna Bransch Äldreomsorg.

CEO and deputy director of AffärsConcept i Stockholm Aktiebolag. Co-author of the publication Strategiska Offentliga inköp (2010 and 2013).



Harald Wessman

Born 1956. Business Area Manager, Personal Assistance since 2008.

M.Sc. Econ., Stockholm School of Economics. MBA from Ivey Business School, Canada.

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CEO for several small companies, management consultant at McKinsey, management positions in organisational development and HR at Electrolux.

-	19,098	3,682	96,504	80,459	960,201
-	19,098	3,682	533	483	483
-	-	-	-	-	-
-	-	-	95,971	79,976	23,200
-	-	-	-	-	936,518 ¹⁾
-	107,826	23,961	114,033	114,033	114,033

¹⁾ Harald Wessman owns shares in endowment insurance through the company Dectera AB