

Corporate Governance Report

The objective of Humana's corporate governance is to promote sustainability and create value through documented processes and effective control. A foundation of well-functioning governance, efficient decision-making processes and well-established risk assessment means that we can continue to deliver quality care in the long term.

Humana endeavours to provide its owners and other stakeholders with a clear and transparent governance model and division of responsibility. Humana's corporate governance is aimed at long-term and sustainable value creation for shareholders through good risk control and a sound corporate culture. Efficient and well-functioning corporate governance creates better control while providing scope for new business opportunities. The aim is to ensure that Humana is effectively governed and operated in accordance with current laws and regulations.



We see excellent opportunities to take advantage of our current attractiveness as an employer.

Chairman's statement

Humana had a very good year in 2018. Investments in improved efficiency and a coherent IT infrastructure, in terms of operation, economy and quality, have yielded the desired results. We have considerably better operational control, which will support Humana's continued development and expansion.

Humana's financial capacity has strengthened as profitability has improved. This means that we can better harness opportunities for both organic and acquired expansion that we consider relevant to our future growth. We also note that the investments made in operations under own management in Elderly Care and Individual & Family, provide both the quality and the financial base we require to soon continue expanding somewhat faster. Our concepts are demonstrably very good, and we have solid experience from construction and start-up work, which is crucial to the success of the projects. We also have a clear property strategy, meaning that we can cluster care properties, which we have either built ourselves or acquired, and then divest them to trusted property owners with long leases. This will free up capital for continued expansion.

Humana's operations in Sweden, Norway and Finland developed well in 2018. The Finnish operations have essentially performed just as well as in 2017. The operations in Norway have rallied well during the year in a very competitive market situation, mainly due to the decrease in immigration. The situation in Sweden has similarities to that in Norway, with the reduced influx of refugees in 2016 and 2017 having contributed to an overcapacity of care resources and an adjustment that had a negative effect on profitability last year. We can now see that demand and capacity are more balanced; in other words, the necessary adjustment to the current immigration policies in Sweden and Norway has been effective.

The implementation of a Group-wide quality system has continued during 2018 and we have introduced several new procedures. We are strengthening these efforts in 2019 and supplementing them

with expanded business and operational development to take greater advantage of opportunities, such as those offered by digitalisation and e-health.

The major challenge for the care business in the Nordic region in 2019 and beyond will be the shortage of trained personnel, and this is where we see excellent opportunities to take advantage of our current attractiveness as an employer. We can fill positions and develop skills in a way that public providers find difficult to do without support from staffing agencies. We are investing more resources in training and skills development in 2019 by strengthening Humana Academy, which has proved to be a very effective way of both increasing our attractiveness as an employer and improving the skills and employability of our staff.

The political climate for private care providers in Sweden has also improved in 2018. We find that the public debate is increasingly characterised by problem descriptions of the present situation and a more fact-based discussion when it comes to the need for measures going forward. We hope for a similar political development in 2019 in Norway, where there is still a relatively negative climate for private care providers.

Finally, I would like to thank all staff for their very strong and dedicated contributions in 2018. After serving ten years on Humana's Board, it is with both humility and pride that I am standing down from the chairmanship at the Annual General Meeting in May.

Per Båtelson, Chairman



Regulatory framework 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.

The objective of Humana's corporate governance is to ensure that the Board and Group management work to develop the Company's operations so that long-term value is created for all stakeholders, including customers, clients, employees and shareholders. The work involves ensuring a well-functioning organisation, clear operational goals, a system for efficient management, effective monitoring, governance and internal control, and transparent internal and external reporting. The structure and different components of Humana's corporate governance are shown in the illustration below. Responsibility for governance, management and control is distributed between the Board, its elected committees, the CEO and the shareholders.

Humana's governance is based on external and internal governance instruments.

External governance instruments

External governance instruments form the framework for Humana's corporate governance. 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, The Code. Humana applies The Code. The Company has previously derogated from The Code on one point:

Derogation from Code Rule 9.7

The Code stipulates a minimum vesting period of three years for share and share-price related incentive programmes. One of Humana's incentive programmes, the Company's warrant programme for eight senior executives, entitles warrant holders to subscribe for shares within two years.

This is a departure from The Code, which states that the vesting period or the period from the commencement of an agreement to the date on which shares may be acquired is not to be less than three years. The part of the incentive program that derogated has expired in 2018.

Explanation

It is the view of the Board and management that the two-year programme is an important complement to the three-year programme, aimed at attracting and encouraging a broad shareholding among senior executives and retaining and attracting employees in the future.

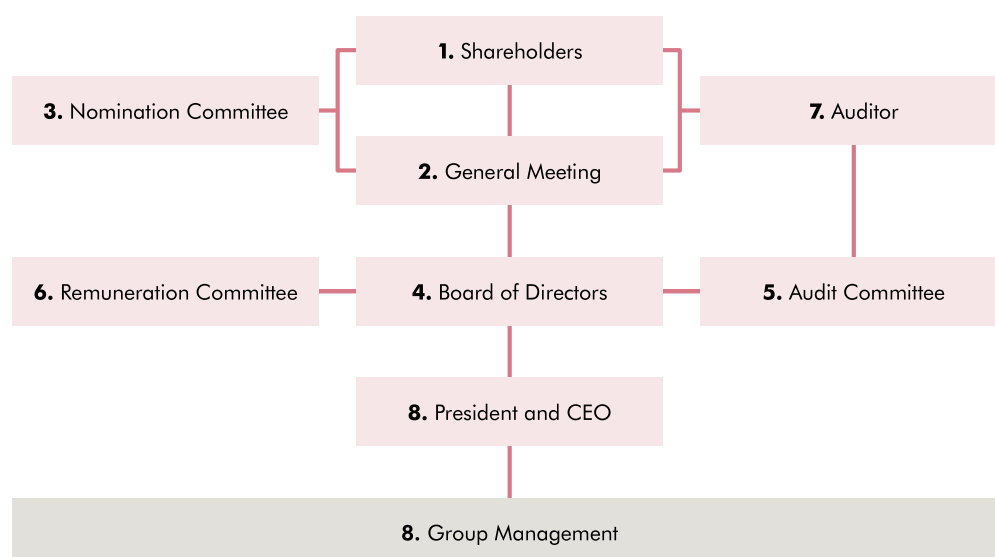
Internal governance instruments

The internal control instruments include the Articles of Association as adopted by the AGM, the rules of procedure for the Company's Board of Directors and CEO instruction, policies and internal rules and guidelines. Humana's Board has adopted several policies and guidelines that govern the Company's operations. Humana has also adopted a set of instructions for financial reporting that are documented in the Company's financial manual.

Alongside the above-mentioned internal documentation, Humana follows a Group-wide vision, a business concept and four clearly 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

The total number of shares outstanding in Humana, which is listed on Nasdaq Stockholm, is 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 2018 amounted to SEK 1,180,879.

There is no provision in Humana AB's articles of association restricting the transfer of shares. Since the 2018 Annual General Meeting, there has been an outstanding mandate for the Board to decide on a new share issue corresponding to a maximum dilution of 10 percent and an approval to repurchase own shares up to a maximum of 10 percent of the total number of shares outstanding. The 2018 Annual General Meeting also authorised the Board to transfer own shares.

Humana had 3,269 shareholders at the end of the year. The ten largest shareholders registered directly or as an owner group with Euroclear Sweden accounted for approximately 76 percent of the votes and shares in the Company. Swedish investors owned 31.5 percent of the shares. The largest shareholder as at 31 December was Argan Capital, through the company Air Syndication S.C.A., with 39.2 percent of the votes.

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 several important issues such as the election of directors and auditors, adoption of the financial statements, discharge from liability for the CEO and Board, and the 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's 2018 Annual General Meeting was held in Stockholm on 16 May 2018 at Lindhagen Mat & Möten.

Resolutions passed at the 2018 AGM included:

- a dividend payment of SEK 0.60 per share, totalling approximately SEK 32 million, for the 2018 financial year
- discharge from liability for the Board of Directors and the CEO for the 2018 financial year
- Board composition to be seven ordinary members without deputies
- All Board members were re-elected:
 - Per Båtelson as Chairman of the Board
 - Helen Fasth Gillstedt, Per Granath, Kirsi Komi, Monica Lingegård, Lloyd Perry and Ulrika Östlund as Board members.
- payment of directors' fees totalling SEK 1,997,500
- election of KPMG AB as auditing firm, with Helena Nilsson as chief auditor
- adoption of the guidelines on remuneration of the Company's senior executives in accordance with the Board's proposal
- authorisation for the Board to acquire own shares
- authorisation for the Board to transfer own shares
- authorisation for the Board to issue new shares on one or more occasions before the next AGM, but not exceeding ten percent of the total number of shares outstanding in the Company

2019 Annual General Meeting

Humana's 2019 Annual General Meeting will be held on Thursday, 9 May at 13.00 at Coor Lindhagen, Lindhagensgatan 126, Stockholm. Registration begins at 12.30.

Important dates for the 2019 AGM

3 May	Record date for 2019 AGM and deadline for notifying intention to attend 2019 AGM
9 May	Last day for trading in the share, including right to dividend
9 May	2019 AGM, at 12.30 admission to AGM, at 13.00, AGM begins
13 May	Record date for dividend
16 May	Payment date for dividend

Notice of annual general meeting, notification and attendance

According to the Articles of Association, the notice of the AGM 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.

Shareholders registered in the share register maintained by Euroclear Sweden AB on or before Friday 3 May 2019, and who have notified the Company of their intention to attend the meeting by 3 May 2019, 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 due time before 3 May 2019.

Shareholders wishing to attend the 2019 AGM must notify the Company by telephone on +46 (0)8-402 91 60 between 09.00 and 16.00 weekdays or by post at the address: Humana 2019 AGM, Box 191, SE-101 23 Stockholm.

The notification must have reached the Company no later than Friday 3 May 2019.

The notification should include your name or company name, personal ID or company registration number, address and daytime telephone number and the number of advisors. 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.

Proposals for resolution at the 2019 AGM

The Board of Directors proposes a dividend of SEK 0.70 per share for 2018, totalling approximately SEK 37 million and corresponding to approximately 15 percent of profit for the year.

3. Nomination Committee

The Nomination Committee's task is to work to ensure that members of Humana's Board of Directors together have the relevant knowledge and experience to promote and be part of Humana's optimum development over time. The Nomination Committee assesses the Board's work, based on factors such as the Board's 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, Humana has a set of Nomination Committee instructions. 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 votes shall be appointed Chairman of the Nomination Committee. The Chairman of the Board shall not be Chairman of the Nomination Committee. The members of the Nomination Committee prior to the 2019 AGM represented approx. 61 percent of the votes in the Company (as at 31/12/18).

Members of the Nomination Committee do not receive any remuneration for their Committee work.

Members of the Nomination Committee prior to the 2018 AGM:

- Lloyd Perry, *appointed by Argan Capital (through the company Air Syndication SCA), Chair of the Committee*
- Alexander Kopp, *appointed by Incentive AS*
- Katarina Hammar, *appointed by Nordea Funds Ltd*
- Sven-Erik Zachrisson, *appointed by Zirkona AB*
- Per Båtelson, *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 maintaining a clear 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 members

According to the articles of association, the Board of Humana shall consist of three to eight members. Members of the Board shall together possess key skills and experience to ensure Humana's optimum development. Humana's Board of Directors has four female members and three male members.

The Board consisted of seven elected members without deputies in 2018. President and CEO Rasmus Nerman attends all Board meetings. Ulf Bonnevier, Humana's CFO, attends Board meetings and is Board secretary. The seven Board members are independent of the Company and its management. Six of the Board members are also independent of the Company's major shareholder, the exception being Lloyd Perry. This means that Humana fulfilled Nasdaq Stockholm's requirements for 2018 and the Swedish Corporate Governance Code's rules on the independence of board members. The composition of the Board and a presentation of Board members can be found on pages 64-65.

The work of the Board

The Board's duties and responsibilities are regulated by the Swedish Companies Act and Humana's Articles of Association. The Board's work is also governed by annually defined rules of procedure, which describe areas such as the division of duties and responsibility be-

tween Board members, the Chairman and the CEO. The Board also draws up instructions for the Board's committees.

The Board of Humana 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 2018: seven ordinary meetings and seven extra meetings. A report from the CEO and a review of results are permanent items. The Board reviews the interim reports four times during the year, at the meetings in February, May, August and November. The annual report and annual financial statements were dealt with at the February meeting. The Board also adopted and revised several policies and discussed Humana's sustainability work. In September, the Board held its two annual strategy days in the Stockholm area, with a review of the business plans of all business areas. Business visits were also made in connection with this.

The Board regularly evaluates the work of CEO Rasmus Nerman. Humana's chief auditor Helena Nilsson from KPMG reported on her observations at the meeting dealing with the year-end accounts. At the same meeting, the Board had a separate agenda item with the auditor during which members of Group management were not present.

In 2018, the Board focused on strategic issues in the different business areas, organic expansion initiatives, acquisitions, financing and Humana's sustainability work. In addition to sustainability, the Board's work has focused on Humana's introduction of a common quality management system and future initiatives in the HR, IT and digital areas. The Board also made decisions regarding acquisitions and new expansion investments. Areas that have been discussed on a regular basis by the Board are the political discussions in Sweden and Norway, but the SOTE reform in Finland has also dominated the debate.

Evaluation of the work of the Board

Humana's Chairman Per Båtelson is responsible for ensuring an annual evaluation of the work of the Board, including its committees (audit and remuneration), is conducted. An evaluation of the Board's work process, competence, background, experience and composition was carried out during the autumn. The results were presented to the Nomination Committee.

Directors' fees

The 2018 AGM adopted fees for Board members, the Chairman of the Board and committee work for assignments up to the 2019 AGM. Directors' fees (AGM year) are shown in the following table:

- Chairman Per Båtelson received SEK 600,000 in his capacity as Chairman of Humana's Board.
- Helen Fasth Gillstedt, Ulrika Östlund, Per Granath, Kirsi Komi and Monica Lingegård each received fees of SEK 230,000.
- The Chair of the Audit Committee, Helen Fasth Gillstedt, received SEK 150,000. Audit Committee members Per Båtelson, Per Granath and Kirsi Komi each received SEK 20,000.
- Remuneration Committee members Per Båtelson Ulrika Östlund and Monica Lingegård were each paid fees of SEK 12,500.
- No directors' fees were paid to Lloyd Perry.

Total remuneration for Board and committee work in 2018-2019 amounted to SEK 1,997,500 (1,947,500).

Remuneration, Board attendance and shareholdings

	Per Bätelson	Helen Fasth Gillstedt	Per Granath	Kirsi Komi	Monica Lingegård	Lloyd Perry	Ulrika Östlund
Director's fee (AGM year)	600,000	230,000	230,000	230,000	230,000	-	230,000
Remuneration for committee work	32,500	150,000	20,000	20,000	12,500	-	12,500
Independent of the Company and its management	yes	yes	no	yes	yes	yes	yes
Independent of the principal owner	yes	yes	yes	yes	yes	no	yes
Attendance at Board meetings (14)	12	14	13	13	14	13	14
Attendance at Audit Committee meetings (5)	5	5	3	5	-	-	-
Attendance at Remuneration Committee meetings (2)	2	-	-	-	2	2	2
Shares held at 31 December 2018 ¹⁾	61,182	35,990	2,894,610	1,956	1,500	-	163,217

¹⁾Total shareholding – own, through related parties, endowment insurance and in companies.

Board diversity policy

As a group, members of Humana's Board should have the right expertise, experience and background to contribute to the Company's development. The aim is for the Board to consist of members of varying ages, with both male and female representation, from varied geographical and ethnic backgrounds and complementing each other in terms of educational and professional backgrounds. The objective is for the Board to contribute independent and critical challenges. The Board has adopted a diversity policy, which the Nomination Committee considers in the preparation of its proposal for the AGM. The Nomination Committee also bases its work on Section 4.1 of the Swedish Corporate Governance Code. In 2018, Humana was awarded the AllBright prize for the second consecutive year for the Company's proactive gender equality work.

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 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 Audit Committee has regular meetings with the auditors in order to keep informed about the focus and scope of the audit and observations arising from the audit.

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

In 2018, the Audit Committee held five minuted meetings. All Audit Committee meetings have been reported to the Board.

Audit Committee members 2018–2019

Helen Fasth Gillstedt, *Chair*
Per Bätelson
Per Granath
Kirsi Komi

6. Remuneration Committee

The Remuneration Committee works in accordance with rules of procedure adopted by the Board of Directors. 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 incentive programmes. Remuneration Committee members are also responsible for monitoring and evaluating application of the guidelines for remuneration of senior executives adopted by the AGM.

The Remuneration Committee held two minuted meetings in 2018. The meetings have been reported to the Board.

Remuneration Committee members 2018–2019

Per Bätelson, *Chairman*
Monica Lingegård
Lloyd Perry
Ulrika Östlund

7. Auditor

The external auditor's tasks are to assess whether Humana's annual report has been prepared in accordance with the Annual Accounts Act and IFRS, and to examine the administration of the Company. The external audit of the accounts of Humana AB, including the administration 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 is elected for a period of one year. Humana's AGM on 16 May 2018 adopted a resolution to elect KPMG AB as the Company's auditor until the end of the 2019 AGM.

In addition to auditing, KPMG AB has provided tax- and accounting consultancy, and acquisition-related advisory services. KPMG AB has been the Company's auditor since 2008. However, as Humana was not listed until 2016, KPMG can remain in charge of the audit until 2026, and after that be elected another 10 years. Authorised public accountant Helena Nilsson has been chief auditor since 2018.

8. President and CEO and Group management

Group management comprises Humana's President and CEO and nine other managers. Group management has a gender distribution of five females and five males. Members of Group management have the following positions:

Rasmus Nerman, *President and CEO*
Ulf Bonnevier, *CFO and Vice President*
Anders Broberg, *Business Area Manager, Elderly Care*
Claus Forum, *Business Area Manager, Individual & Family*
Anna Giertz Skablova, *Director of Human Resources*
Mona Lien, *Country Manager, Norway*
Eva Nilsson Bågenholm, *Director of Quality Assurance*
Helena Pharmanson, *Director of Marketing and Communication*
Johanna Rastad, *Director of Business Development**
Andreas Westlund, *Business Area Manager, Personal Assistance*
* Since 1 January 2019

Remuneration of Group management

The guidelines on remuneration and other conditions of employment for the CEO and other senior executives were adopted at the AGM on 16 May 2018. The guidelines cover remuneration of the CEO and other members of Group management. Remuneration of senior executives shall comprise a fixed salary, variable salary, pension and other

Humana's Group management 2018

Name	Position	Member of Group management since	Employed by Humana since	Shares held 31 December 2018 ²⁾	Number of warrants 31 December 2018
Rasmus Nerman	President and CEO	2014 ¹⁾	2014	154,431	159,744
Ulf Bonnevier	Executive Vice President/CFO	2012	2012	168,436	127,794
Anders Broberg	Business Area Manager, Elderly Care	2018	2018	-	-
Claus Forum	Business Area Manager, Individual & Family	2014	2011	160,436	137,792
Anna Giertz Skablova	Director of Human Resources	2017	2017	-	-
Mona Lien	Country Manager, Norway	2014 ¹⁾	2014	19,098	71,884
Eva Nilsson Bågenholm	Director of Quality Assurance	2015	2015	3,682	15,974
Helena Pharmanson	Director of Marketing and Communications	2010	2010	96,504	76,022
Andreas Westlund	Business Area Manager, Personal Assistance	2018	2009	22,942	-

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

²⁾ Total shareholding – own, through related parties, endowment insurance and in companies.

benefits. Total remuneration shall be market-based and competitive and reflect individual performance, responsibility and the Group's financial performance.

Fixed and variable salary

Variable salary may comprise annual variable cash salary and long-term variable pay in the form of cash, shares and/or share-related instruments in humana AB. Variable salary shall be subject to the fulfillment of defined and measurable targets, and shall be set at a maximum percentage of the annual fixed salary. Long-term variable salary in the form of shares and/or share-related instruments in humana AB may only be paid by means of participation in long-term incentive programmes adopted by a general meeting. Variable remuneration is a maximum of 30 percent of the annual fixed salary paid to the CEO and other senior executives.

In special cases, agreements may be reached on remuneration of a non-recurring nature, 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 and per individual. Severance pay will normally be paid on termination of employment by humana. Members of the Group management shall normally have a maximum notice period of six months, combined with severance pay corresponding to six months' fixed salary. If the period of service exceeds five years, the notice period in the case of termination by the Company is extended to twelve months, while the notice period remains six months in the case of termination by the senior executive. For the CEO, the notice period for termination by the Company is 6 months, with 12 months' severance pay. No severance pay shall be paid in the case of termination by the employee. Agreements regarding severance pay are reached separately following a decision by the Remuneration Committee.

Other benefits

Other benefits, such as company car, preventive care, health care and health insurance, shall comprise a small portion of total compensation and comply with customary market-based terms.

Pension

Retirement benefits shall be defined-contributed, based on what is customary in their country of employment.

Deviations from the guidelines

The Board is entitled to deviate from the guidelines adopted by the General Meeting if there are particular reasons to do so in an individual case. If the Board deviates from the defined guidelines, it will be required to explain the reason for the deviation at the next AGM.

Board proposals for new guidelines on remuneration of Group management

No changes to the guidelines on remuneration and other conditions of employment for Group management are being proposed to the 2019 AGM.

Sustainability work and governance at Humana

At Humana, the sustainability work is an integral part of the Company's business model and corporate governance. Sustainability is closely connected with how Humana creates value and acts as a quality provider in the care industry. Humana considers this work to be about making a major contribution to society, to the Company's customers, clients, contractors, employees and other stakeholders. The work is based on Humana's core values, our well-defined objectives and our code of conduct. For Humana, sustainability issues are an integral part of the business. Responsibility for overall strategies, objectives, measures and monitoring lies with Group management. Management reports to the Board, which monitors progress and is involved in driving the work forward. To ensure integration of the work, it is important that Humana's individual business areas have their own operational responsibility for driving and following up local sustainability efforts. Read more in Humana's sustainability report on pages 18-25.

Incentive programmes

Humana has two long-term incentive programmes: one for eight of the Company's senior executives and another for 150 Humana leaders. 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 savings programme.

The warrant programme was originally constructed for eight members of Group management and comprised 1,440,420 warrants. The remaining warrants amount to 960,280, entitling holders to subscribe for the same number of new Humana shares. In the event of full subscription, dilution will be about 1.8 percent of the total number of Humana shares.

The warrants have been issued in three series with different maturities, where the first series has expired.

The share savings programme is for 150 Humana leaders. Participants in the programme have used their own funds to purchase Humana shares at the market price on the stock exchange. Those who retain their savings shares over the programme's three-year period will receive matching shares for each savings share acquired at the end of those three years.

At full allotment, the total number of shares amounts to a maximum of 73,000, corresponding to approximately 0.1 percent of the total number of shares outstanding in the Company.

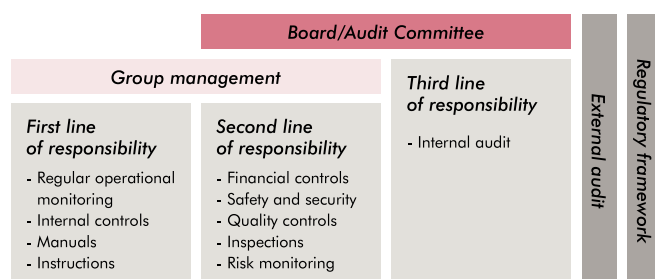
The Board's report on internal control

The purpose of internal control is to look at the current situation with the help of analyses and monitoring, and to use this as a basis for assessing which risks are significant and which ones 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 by keeping one step ahead, thereby reducing 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 and performing the controls that have been established to prevent, discover and deal with discrepancies and errors.

Responsibility for internal control

At Humana, 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 Humana's risk management, internal governance and controls, the Company bases its work on 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-taking in the first line, which is achieved by setting requirements, defining instructions and policies, and monitoring compliance. These functions serve in a support and monitoring capacity and are not responsible for operation of the business. Humana has an efficient quality assurance function that works continuously to prevent and reduce risks in the business. In its financial organisation, the Company also 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's internal control is conducted through internal monitoring and self-assessment. The results are reported to the Board. Based on the Audit Committee's assessment, the Board has decided against appointing a separate internal audit function.

The Company believes that the stronger quality management system and the controls in each business area and in the financial function provide the required control and monitoring. However, the Board assesses the need for an internal audit function every year.

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 and communication, and monitoring. From the model's components, several development priority areas have been identified in the internal control work.

Facts about COSO

COSO is an abbreviation of Committee of Sponsoring Organizations 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 manages 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, clear 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, instructions and the Code of Conduct. Humana's quality management work is central to the business and includes quality management systems, systematic monitoring and control. Humana systematically invests in strengthening and developing its structural capital. With regular investments, Humana increases its competitiveness, while the Company reduces its level of operational risk. Important elements of Humana's control environment and the process of building 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*
 - To further strengthen the work, a Group-wide Code of Conduct has been drawn up and implemented.
- *Extensive quality-assurance work at all levels of the Company*
 - Implementation of a common quality management system continued during the year.
- *Group-wide policies in several key areas such as employees, communication, diversity and transparency*
 - Several policies have been drawn up and integrated into internal control work during the year. Examples of policies that have been further developed and/or introduced during the year include a quality policy, environmental policy, work environment policy, and diversity and inclusion policy.
- *A decentralised organisational structure with clear delegation of authority and responsibility*
 - An ongoing work within HR to harmonize employee processes within the Group, to ensure succession planning for top managers and other key positions and to implement a Group-wide HR system. A Group-wide leadership development program has started.
- *Constant skills supply*
 - 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 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 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, an essential part of the integration process involves ensuring 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 48–52. The specific financial risks are described in more detail in note G19.

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 items in the financial statements and administrative flows and processes where the risk of errors is more substantial.

Control activities

Humana regularly conducts control activities for the significant risks that have been identified. 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. 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.

Information and 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. Communication also takes the form of monthly closing accounts meetings which are attended by financial managers. Individual employees have a responsibility to report discrepancies and deviations that are discovered in controls, even if they 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. For communication with internal and external parties, there is a communication policy which provides guidelines on how this communication should take place. The purpose of the policy is to ensure full and correct compliance with all information obligations. 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.

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 at the business area level, by corporate functions, by Group management and finally by 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.



The major challenge for the care business will be the shortage of trained personnel, this is where we see excellent opportunities to take advantage of our current attractiveness as an employer.

Per Båtelson, Chairman



Board of Directors

	Position and year of election	Education	Other current assignments	Professional experience and previous assignments
1. Per Båtelson	Born 1950. Chairman of the Board since 2014, Director since 2008. Chair of Remuneration Committee and member of Audit Committee.	Engineering Physics, Chalmers University of Technology. Studies in business economics, University of Gothenburg.	Chairman of Takura AB, Hercare AB and Cellavos AB. Director of Polybi-ocept AB and Imagine Care AB.	Chairman of Apoteket AB (publ) and SCI Innovation AB, IES AB. Director and CEO of Global Health Partner AB. Director of Permobil AB, Mediatech AB and Unilabs Holding AB. Former Director and CEO of Capio AB.
2. Helen Fasth Gillstedt	Born 1962. Director since 2014. Chair of Audit Committee.	M.Sc. Econ., Stockholm School of Economics. Studies in Sustainable Development at Stockholm Resilience Center, Stockholm University and the Royal Institute of Technology.	Director of Munters AB, Handelsbanken Fonder AB and Samhall AB. Member of the nomination committee of Thule, Storytel, Instalco, XM Reality and MAG Interactive.. Own company in business development.	Directorships include Intrum Justitia AB, Academedia AB, NAI Svefa Holding AB, Lindorff AB, Swedesurvey AB, Precise Biometrics and neXus Technology AB. Executive positions in the SAS Group and the Statoil Group.
3. Per Granath	Born 1954. Director since 2006. Member of Audit Committee.	M.Sc. Chemistry, Royal Institute of Technology. Economics studies at the School of Business, Economics and Law, University of Gothenburg, and Stockholm University. Healthcare Management at Harvard Business School, Paris.	Founder and CEO of Brovik-en Gruppen AB, Chairman of Aktiebolaget Salktennis. Director of Capacent Holding, Svefa Holding AB, Northmill Group AB and G & S Fastigheter i Sverige AB.	President and CEO of Humana 2006–2015. Chairman of Resurs Bemanning AB. Director of Akademiska Hus AB. President and CEO of Intellecta AB, 2003–2006. Vice President Handelsbanken Capital Markets in charge of healthcare and services sectors, 2000–2003. CEO of KF Fastigheter 1998–2000. Deputy CEO of Scandiaconsult (publ) 1991–1998.
4. Kirsi Komi	Born 1963. Director since 2017. Member of Audit Committee.	LL.M Master of Laws, University of Helsinki.	Director of Metsä Board Oyj and Finnvera Oyj. Chairman of Docrates Cancer Centre in Helsinki, Blood Service under the Finnish Red Cross, Lindström Invest Oy and of the Directors' Institute Finland.	Vice chairman of the board of Patria Oyj. Chairman of the Board of Veikkaus Oy. Director of Bittium Oyj, Citycon Oyj and Martela Oyj. Executive positions within the Nokia Group.
5. Monica Lingegård	Born 1962. Director since 2017. Member of Remuneration Committee.	M.Sc. Econ., Stockholm University.	CEO of Samhall. Chairman of Svenska Rymdaktiebolaget and Director of Nobina.	Director of Wireless Maingate, Swedish International Development Cooperation Agency (SIDA) Orio, the Confederation of Swedish Enterprise and Almega. CEO of G4S.
6. Lloyd Perry	Born 1965. Director since 2008. Member of Remuneration Committee.	MBA, University of Chicago, Graduate School of Business. B.A. Economics and History, Northwestern University, Evanston, Illinois.	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 IX Europe (UK). Managing Partner of BA Capital Partners Europe. Vice Chairman of BA Partners Inc. Associate at Bear, Stearns & Co.
7. Ulrika Östlund	Born 1968. Director since 2014. Member of Remuneration Committee.	Studies in Systems Science with complementary studies in economics, Mid-Sweden University, Östersund.	Director and owner of Q-it AB.	Chairman of Vårdföretagarna. Director of Almega AB and the Confederation of Swedish Enterprise. Director and CEO of Elina Management AB and Familjeforum Holding AB. Director of Öjebo gruppobstad i Järvsö AB. CEO of INOM – Innovativ Omsorg i Norden AB.



Group management

	Position	Education	Other current assignments	Professional experience and previous assignments
1. Rasmus Nerman	Born 1978. President and CEO since 2015. Deputy CEO since 2014. Former Business Area Manager, Individual & Family.	M.Sc. Econ., Stockholm School of Economics. M.Sc. in International Leadership, CEMS MIM.	-	President and CEO of INOM Group. Management consultant in healthcare, The Boston Consulting Group. Director of Vårdföretagarna Bransch Individ & Familj.
2. Ulf Bonnevier	Born 1964. CFO since 2012. Deputy CEO since 2016.	B.Sc. Econ., specialising in accounting and auditing, Uppsala University. Stockholm School of Economics IFL Executive Education.	Director of Karnov Group AB and member of the audit committee and of the remuneration committee of Karnov Group AB.	Country Manager of Ipsos in Sweden. CFO Western Europe of Synovate. CEO of Wolters Kluwer in Scandinavia.
3. Anders Broberg	Born 1969. Business Area Manager, Elderly Care, since 2018.	Nursing Degree, Örebro University, M.A. Religious Studies, Uppsala University. Leadership development programmes at Ramboll Management.	Board member of Vårdföretagarna Bransch Äldreomsorg, board member of the regional program council for the Care program in Storsthlm.	CEO and President of Temabo AB, Administrative Director Elderly Care City of Stockholm and operational manager at Poolia Vård AB.
4. Claus Forum	Born 1965. Business Area Manager, Individual & Family, since 2014. Former Business Area Manager, Norway.	M.Sc. in international social work and pedagogic leadership, University of Gothenburg. Teaching certificate, Lärarhögskolan i Jelling.	-	Chairman and CEO of Vindora Utbildning AB. CEO of Nordstenen AB.
5. Anna Giertz Skablova	Born 1970. Director of Human Resources since 2017.	MBA in General Management at Rotterdam School of Management, Erasmus University (Netherlands) and M.Sc. in linguistics.	-	HR Director for Tieto AB and Teligent AB. Consultant at PA Consulting.
6. Mona Lien	Born 1962. Country Manager, Norway.	M.Sc. in Psychology, Oslo University, Trondheim and New York University. Management programme at BI Norwegian Business School.	Board member of NHO Service.	CEO Løft AS, Head of Business Development, INOM Norway. Various public sector roles within schools and psychiatry. Four years of self-employment as owner of a training centre.
7. 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 Oriola and Stiftelsen Danviks Hospital.	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.
8. Helena Pharmanson	Born 1966. Director of Marketing and Communications since 2010.	International MBA, Uppsala University. Directors' programme at Stockholm Chamber of Commerce.	-	Sales Director, Pfizer Sverige AB. Various managerial roles within marketing and sales at Pfizer and Pharmacia.
9. Johanna Rastad	Born 1980. Director of Business Development since 2018, member of Group Management since 1 January 2019.	M.Sc. (Econ), Stockholm School of Economics.	Director of Tilleike AB, Hemsehem AB and Camanio Care AB.	Investment banking at ABN Amro, London, 2005–2008. BC Partners, London, 2008–2010. Procuritas AB, Stockholm, 2010–2013. Several years of operational experience in senior positions in the care sector at Team Oliva and Kry between 2013 and 2017.
10. Andreas Westlund	Born 1978. Business Area Manager, Personal Assistance since 2018.	Trainee program, studies within coaching and leadership at Företagsuniversitetet and Executive Master of Strategy, Mgruppen.	Board member of Vårdföretagarna Bransch Personlig Assistans.	CFO of Humana Assistans. Payroll Manager at Humana. Strålfors AB, Elajo AB and Admit AB. Founder of Effektiv Ekonomi. Professional ice hockey player for Brynäs.

