

Corporate Governance

Catella AB (publ) is a public Swedish limited liability company whose registered office is in Stockholm, Sweden. Catella has been listed on Nasdaq Stockholm Mid Cap since 2016 and is governed by the Swedish Companies Act, the Swedish Corporate Governance Code and the rules and regulations of Nasdaq Stockholm.

Governance and control

Responsibility for management and control of operations in Catella and subsidiaries is allocated among the shareholders at the Annual General Meeting, the Board of Directors, CEO, other senior management, and the internal audit, compliance and risk management functions. This responsibility proceeds from the Companies Act, the Articles of Association, the Corporate Governance Code, the rules and regulations of Nasdaq Stockholm and internal rules of procedure, policies and instructions. These provisions are applied and monitored by means of corporate reporting procedures and standards.

Shareholders

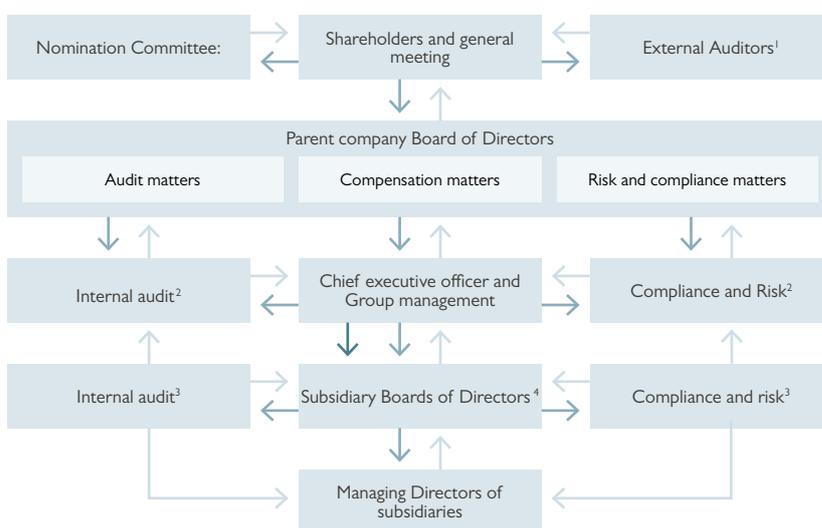
At the top of the corporate governance structure, shareholders exert their influence to guide the main direction of the company.

The largest individual shareholders at 31 December 2017 were the Claesson & Anderzén Group, with a holding of 49.8 percent (49.8) of equity and 49.1 percent (49.1) of voting rights, followed by Swedbank Robur fonder, with a holding of 6.1 percent (0.0) of equity and 6.3 percent (0.0) of voting rights. See "The Catella share and ownership" section for further information.

Annual General Meeting

The AGM, which is the company's supreme governing body, gives all shareholders the opportunity to exert their influence. Amendments to the Articles of Association are subject to resolution by the AGM. The Articles of Association do not impose any limitation on the number of votes a shareholder may cast at a general meeting. All shareholders are also entitled to vote at the general meeting for the entire number of shares they hold.

CATELLA'S CORPORATE GOVERNANCE STRUCTURE



¹⁾ In addition to the Auditor's report, the external Auditors submit reports concerning review of the annual accounts, management and internal control for financial reporting to the Board of Directors and executive management of the Catella Group and its subsidiaries

²⁾ Internal audit, compliance at risk management functions at the Group level for Catella's consolidated financial situation.

³⁾ Internal audit, compliance and risk management functions exist in subsidiaries that conduct regulated operations.

⁴⁾ Subsidiary Boards deal with matters related to auditing, compensation and compliance correspondingly to the Board of Directors of the Parent company.

The AGM was held 29 May 2017 in Stockholm. The Board of Directors, Auditor and owners representing 62.7 percent of total voting interest. Resolutions at the AGM included:

To dispose of retained earnings and net profit for the year so that SEK 0.80 per share (0.60) is distributed to shareholders and the remainder carried forward.

To pay Directors' fees of SEK 2,120,000 in total (1,870,000), including SEK 550,000 (550,000) to the Chairman and SEK 330,000 (330,000) each to other Directors. It was further resolved to pay a fee to the Chairman of the Audit Committee of SEK 80,000 and to the other two committee members of SEK 50,000 each, as well as a fee to the Chairman of the

Compensation Committee of SEK 40,000 and to the other committee member of SEK 30,000.

To pay fees to the Auditor in accordance with approved invoice.

To re-elect Johan Claesson, Jan Roxendal, Johan Damne, Anna Ramel and Joachim Gahm as Directors and elect Johan Claesson Chairman of the Board.

To appoint PricewaterhouseCoopers AB as the company's Auditor and Patrik Adolfson as Auditor in charge for a term beginning at the close of the 2017 AGM and ending at the close of the 2018 AGM.

To endorse the Nomination Committee's proposed nomination principles for the 2018 AGM.

To approve the Board of Directors' proposed guidelines for compensation to senior management personnel.

Nomination Committee

The members of the Nomination Committee are appointed in a procedure where the Chairman of the Board contacts the three largest shareholders in terms of voting rights as of 30 September, each of which appoints one representative. These representatives, along with the Chairman of the Board, make up the Nomination Committee for the period until the next AGM. The Nomination Committee appoints a committee chair internally, who cannot be the Chairman of the Board. The composition of the Nomination Committee must be publicly announced immediately upon appointment and no later than six months before the AGM. The Nomination Committee's remit is to present proposals to the AGM concerning the number of Directors, Directors' and Auditor's fees, composition of the Board of Directors, Chairman of the Board, resolutions concerning the Nomination Committee, Chairman of the AGM and election of Auditors. The Nomination Committee's proposal is presented on Catella's website before the AGM. At the AGM, the Nomination Committee reports how its work has been conducted and presents its proposals and reasoning.

The members of the Nomination Committee ahead of the 2018 AGM are Thomas

Andersson Borstam, privately and appointed by TAB Holding AB and Chairman of the Nomination Committee; Johan Claesson, appointed by CA Plusinvest AB and Chairman of the Board of Catella AB (publ); and Kennet Andersen, appointed by Strawberry Capital AS. Two of the three members are independent in relation to the company, management and major shareholders.

Board of Directors

As resolved by the general meeting, the Board of Directors shall be composed of five ordinary Directors and no alternates.

The Annual General Meeting held 29 May 2017 resolved to re-elect Johan Claesson, Jan Roxendal, Johan Damne, Anna Ramel and Joachim Gahm as Directors for a term ending at the close of the next AGM. Johan Claesson was elected Chairman of the Board. Refer to the section "Board of Directors and Auditors" for further information about the Directors.

The Board's area of responsibility

The Board of Directors is responsible for the organisation and management of the Group in accordance with the Swedish Companies Act and also appoints the CEO and the Audit and Compensation Committees. The Board also decides pay and other compensation to the CEO and other members of Group management.

The Board adopted an updated charter in May 2017, which includes the establishment of the Audit and Compensation Committees. The Board decided that the Audit Committee will be composed of Jan Roxendal, serving as Chairman, Johan Claesson and Anna Ramel. The Board decided that the Compensation Committee will be composed of Johan Claesson, serving as Chairman, and Jon Roxendal. The Board has also adopted an instruction for financial reporting, an instruction to the CEO and new and updated policies. The charter regulates matters including the duties of the

ATTENDANCE AND COMPENSATION TO THE BOARD OF DIRECTORS

	Independent of Elected company/owners	Attendance at Board meetings	Attendance at Audit Committee meetings	Attendance at Compensation Committee meetings	Fees 2017/2018, SEK K ¹⁾	
Johan Claesson, Chairman	2008	No/No	12/12	4/4	2/2	580
Jan Roxendal ²⁾	2011	Yes/Yes	12/12	4/4	2/2	482
Johan Damne ²⁾	2014	No/No	12/12	2/4	1/2	330
Joachim Gahm ²⁾	2014	Yes/Yes	12/12	2/4	1/2	434
Anna Ramel	2014	Yes/Yes	12/12	4/4	1/2	456

¹⁾ See Note 11 for a specification of Directors' fees paid.

²⁾ Refers to invoiced amounts. See further disclosures under Note 11, Compensation of the Board of Directors and senior managers.

THE WORK OF THE BOARD OF DIRECTORS AND KEY DECISIONS IN 2017

QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
<ul style="list-style-type: none"> Year-end report 2016. Evaluation of compensation matters prior to the Annual General Meeting. Review of the audit and evaluation of the Auditor's performance. Review of internal audit and decision on internal audit plan for 2017. Review of risk reporting and decision on risk plan for 2017. Review of compliance and decision on compliance plan for 2017. Evaluation of the CEO 	<ul style="list-style-type: none"> Annual Report 2016. Interim report Q1 2017. Review and decision on external audit plan for 2017. Review of risk and compliance, Q1 2017. 2017 AGM. Adoption of the Board charter; instruction to the CEO and reporting instruction. Appointment of audit and Compensation Committees Adoption of updated and new policies and guidelines for the Catella Group in 2017. Decision to issue convertible bond of SEK 500 million. Strategic reviews of the Equity, Hedge and Fixed Income Funds and Property Investment Management business areas. 	<ul style="list-style-type: none"> Interim report Q2 2017. Review of risk and compliance, Q2 2017. Review and decision on updated risk policy. Adoption of charters for the audit and Compensation Committees. 	<ul style="list-style-type: none"> Interim report Q3 2017. Review of risk and compliance, Q3 2017. Strategic review of Banking business area. Review of Auditor's report, Q3 2017. Adoption of updated and new policy documents. Decision on budget for 2018. Decision to acquire additional 10 percent of IPM.

Chairman of the Board, the business to be addressed at every meeting of the Board and business to be addressed at particular times during the year.

The Board assures the quality of financial reporting through a series of Group policies, rules of procedure, frameworks, clear structures with defined areas of responsibility and documented powers.

The work of the Board of Directors in 2017

The Board held 12 meetings (9) in 2017, of which 3 (1) were held by telephone. The CEO, Knut Pedersen, reported to the Board but did not serve as a Director. Knut Pedersen attended all Board meetings. In addition to ongoing operations, matters related to the development of the Property Investment Management and Banking business areas, strategy and operational coordination and risk and compliance issues were accorded particular focus during the year. The Chairman presided over the work of the Board of Directors and maintained continuous contact and dialogue with the CEO. The Board met with the Auditors once to receive their opinions on the company's financial reporting and internal control. The company's chief operating officer recorded the minutes at all Board meetings in 2017. The minutes were verified by the Chairman and one Director. A review of the Board's work and decisions during the year is presented below.

Evaluation of Board performance

The Chairman of the Board is responsible for evaluating the work of the Board through contacts with individual Directors and has ensured that the assessments were provided to the Nomination Committee.

Audit committee

The Committee supports the Board in its work to assure the quality of financial reporting and internal control over financial reporting.

Specifically, the Committee monitors financial reporting, the effectiveness of internal control, the activities of the internal audit function and the risk management system. The Audit Committee also keeps itself apprised concerning the statutory audit of the annual accounts. It will assess the independence of the external Auditor and services in addition to the audit will be subject to its approval.

The Committee will present its conclusions and proposals to the Board of

Directors prior to its decisions. The Audit Committee held 4 (2) meeting in 2017. Catella's statutory Auditors were present at all meetings.

The work of the Audit Committee in 2017:

- Internal and external Auditor's reports for Q3 2017
- Risk report for Q1 2017
- Risk report for Q2 2017
- Risk report for Q3 2017
- Compliance report Q1 2017
- Compliance report Q2 2017
- Compliance report Q3 2017
- Review of Audit Committee charter
- Examination and review of ICLAAP
- Examination of Long Form Report
- Updating and proposals on new policy documents
- Risk policy

Compensation committee

The Compensation Committee will deal with matters related to pay, variable compensation, share-related incentive programmes and other forms of compensation to members of Group management and to other management levels if the Board of Directors so decides. The Committee will present its conclusions and proposals to the Board of Directors prior to its decisions. The Committee held 2 (0) meetings in 2017.

Guidelines for compensation to senior management personnel

Compensation to the CEO and other members of Group management shall comprised fixed salary, variable compensation, other benefits and pension benefits. Total compensation shall be market-based, competitive and proportionate to the employee's duties and powers. Variable compensation is based on performance in relation to individually defined qualitative and quantitative targets and shall never exceed the employee's fixed salary. Upon termination of an employment contract by the company, pay during the period of notice and severance pay combined shall not exceed twelve months' salary. Pension benefits shall be provided through defined contribution plans, unless other arrangements are justified by special circumstances. The Board of Directors is permitted to depart from these guidelines only if justified by special circumstances in individual cases.

Details of compensation to the CEO and other senior management personnel are disclosed in Note 11.

Share-related incentive programme

At 31 December 2016, Catella had a total of 7,000,000 outstanding warrants divided among three series with exercise dates in 2018, 2019 and 2020. Upon exercise of the warrants, the subscription price per share is SEK 9.40. In the judgement of the Board of Directors, the incentive programme promotes the long-term financial interests of the company because, through personal investment, senior management personnel will benefit from and work to achieve long-term and positive appreciation in the value of the company's share. Further information is provided under "The Catella share and ownership."

CEO and Group management

Group management has overall responsibility for operations within the Catella Group in accordance with the strategy and long-term objectives set by the Board of Directors of Catella AB.

The CEO leads and regularly meetings with heads of subsidiaries and other senior management personnel to discuss the business situation and other operational matters. The CEO has delegated decision authority to the heads of subsidiaries by means including the rules of procedure for each subsidiary, but this does not relieve the CEO of his responsibility. To support his work, the CEO has appointed a Group management team and heads of business areas for consultation on important matters. Group management is described in greater detail in the Group management section.

Evaluation of the CEO

The Board of Directors continuously evaluates the CEO's performance. This matter is addressed in particular at one Board meeting per year, at which no members of Group management are present.

Auditing

The Auditor is appointed by the Annual General Meeting for a term of one year. According to the Articles of Association, Catella shall have at least one and no more than two Auditors and no more than two alternate Auditors. The Auditor and, where applicable, alternate Auditor, shall be an authorised public accountant or registered audit firm. The 2017 AGM elected the auditing firm of PricewaterhouseCoopers AB (PwC), with authorised public accountant Patrik Adolfson serving as Auditor in charge. The company's external Auditors were present

at four meetings of the Audit Committee, including one meeting attended by the entire Board of Directors. In addition to the audit, PwC has performed other assignments for Catella, including in relation to matters concerning various acquisitions in 2017.

As resolved by the AGM, audit fees shall be paid to the Auditor in accordance with approved invoice. Fees paid to the Auditors for the 2017 financial year are specified in Note 8.

Internal control

The Board of Directors' responsibility for internal control is governed by the Swedish Companies Act and the Swedish Annual Accounts Act (1995:1554). Information about Catella's internal control and risk management system and measures taken by the Board of Directors to ensure effective internal control must be disclosed each year in Catella's corporate governance statement. Catella's internal control process is based on the COSO framework developed by the Committee of Sponsoring Organizations of the Treadway Commission. The process was designed to ensure adequate risk management including reliable financial reporting in compliance with IFRS, applicable laws and regulations and other standards that must be applied by companies listed on Nasdaq Stockholm and which are the parent institutions in a consolidated financial situation. This work involves the Board of Directors, Group management and other staff.

Control environment

The Board of Directors has adopted policy documents that govern the roles and allocation of responsibilities between the CEO and the Board of Directors. The Board of Directors monitors and assures the quality of internal control in accordance with the Board charter. In addition, the Board has adopted a number of fundamental guidelines that govern risk management and internal control processes. These include risk assessment, mandatory control activities to manage the most material risks, an annual plan for internal control performance, self-assessment and reporting. The control environment within Catella encompasses these duties and powers, along with laws and regulations. All employees are responsible for compliance with adopted policy documents.

Risk assessment

Group management performs a comprehensive risk analysis each year, which identifies macroeconomic, strategic, operational, financial and compliance risks. Risks are evaluated based on estimated probability and impact as well as the effectiveness of established measures to manage the risks.

Control activities

The structure of control activities is profoundly important to Catella's work to manage risks and ensure internal control. Control activities are linked to the company's business processes and each unit ensures that control activities are executed in compliance with established standards.

Information and communication

Guidelines, instructions and manuals pertinent to financial reporting are communicated to relevant employees via the Group's intranet. The Board receives regular financial reports covering the Group's financial position and profit trend. The company holds meetings held at the management level and thereafter at the level each unit considers appropriate. A corporate communications policy has been adopted by the Board of Directors concerning external disclosures, which was designed to ensure that the company complies with requirements for disclosure of accurate information to the market.

Performance review

The Board of Directors continuously evaluates the information provided by Group management. Catella's financial position and investments and ongoing operations within Catella are discussed at all Board meetings. The Board of Directors is also responsible for monitoring internal control. This work includes ensuring that measures are taken to correct any shortcomings, as well as following up on recommended actions noted in connection with the external audit, and, with regard to the consolidated financial situation, also from internal audit, the risk management function and the compliance function, which are further described below.

The company performs an annual self-assessment of its risk management and internal control work. This process involves self-assessment of the effectiveness of control activities each year for all operational business processes in each reporting unit. The CFO is responsible for the self-assessment. The Board of Directors is informed

of the key conclusions of the assessment process, as well as any actions concerning the company's internal control environment.

Internal control and monitoring in the consolidated financial situation

Several subsidiaries of the Group conduct operations that are regulated by the financial supervisory authority in their respective jurisdictions. Parts of the Group thus constitute a consolidated financial situation that is subject to applicable regulations, which require the establishment of control functions. In respect of the consolidated financial situation, the Board of Directors of Catella B has appointed risk management, compliance and internal audit functions that regularly report to the Board and the CEO. In respect of companies outside the consolidated financial situation, the Board has judged that internal audit is not necessary at present. The regulations applicable to subsidiaries affect their organisations and structures.

In companies within the consolidated financial situation there are, for example, risk management, compliance and internal audit functions that are independent of business operations and report to the respective subsidiary's Managing Director, directly to the Board of Directors and to the heads of each function in the Group's consolidated financial situation. Group management is represented on the Boards of Directors of subsidiaries and these representatives report to the Board of Directors of the Parent company. Subsidiary Boards also include independent Directors.

Whistleblowing function

A corporate whistleblowing function gives all employees a means to anonymously report serious wrongdoing that conflict with Catella's values, business ethics, policies or the law. The purposes of this function include to uphold good ethics and prevent irregularities within Catella to the benefit of the company's employees, clients, suppliers and owners. No issues were reported to Catella's whistleblowing function during 2017.

Compliance with the Swedish Corporate Governance Code

As a Swedish limited liability company listed on Nasdaq Stockholm, application of the Swedish Corporate Governance Code (the Code) began at Catella on 19 December 2016. Catella is obliged to follow the Code's principle of "comply or explain" and has not deviated from the Code in 2017.



Board of Directors and Auditors



Johan Claesson

Chairman

Born 1951.

Chairman of the Board of Catella AB since 2011 and Director since 2008

Other current assignments: Chairman of Claesson & Anderzén AB and directorships in other companies in the Group, Chairman of Apodemus AB, CEO and Director of Bellvi Förvaltnings AB and Johan och Marianne Claesson AB. Director of Fastighetsaktiebolaget Bremia, Alufab PLC Ltd, K3Business Technology Group PLC and Leeds Group PLC.

Background: Owner and executive Chairman of Claesson & Anderzén AB.

Education: MBA

Shareholding (December 2017): 1,087,437 Class A shares and 39,694,718 Class B shares.

Warrants (December 2017): None

Ownership: Private and via companies.

Independent of the company and management: No

Independent of major shareholders in the company: No



Johan Damne

Director

Born 1963.

Director of Catella AB since 2014

Other current assignments: CEO of Claesson & Anderzén Aktiebolag; directorships and CEO assignments in other companies in the Claesson & Anderzén group. Director of Parnas Park Holding AB, S Fanfar AB and Glasbtt 2 AB.

Background: CEO of Claesson & Anderzén AB.

Education: MBA

Shareholding (December 2017): 150,000 Class B shares.

Warrants (December 2017): None

Ownership: Private.

Independent of the company and management: No

Independent of major shareholders in the company: No



Joachim Gahm

Director

Born 1964.

Director of Catella AB since 2014

Other current assignments: Chairman of Arise AB and Sustainable Growth Capital SGC AB. Director of Kungsleden AB, Stiftelsen Josephinahemmet and S&A Sverige AB.

Background: Former President of Öhman Investment AB.

Education: MBA

Shareholding (December 2017): None

Warrants (December 2017): None

Ownership: –

Independent of the company and management: Yes

Independent of major shareholders in the company: Yes



Anna Ramel

Director

Born 1963.
Director of Catella AB since 2014

Other current assignments: Director of Erik Penser Bank AB (publ), Nordea Asset Management AB and Nordea Investment Management AB.

Background: Compliance consultant in the financial services sector. Former legal counsel and compliance manager for firms including ABG Sundal Collier AB and Alfred Berg Fondkommission AB.

Education: LL M (Master of Laws).

Shareholding (December 2017): None

Warrants (December 2017): None

Ownership: –

Independent of the company and management: Yes

Independent of major shareholders in the company: Yes



Jan Roxendal

Director

Born 1953.
Director of Catella AB since 2011

Other current assignments: Chairman of the Swedish Export Credit Agency. Chairman, CEO and owner of Roxtra AB. Vice Chairman of the Second Swedish National Pension Fund. Director of Magnolia Bostad AB.

Background: CEO and CFO of Gambro AB, President and CEO of Intrum Justitia Group, COO of ABB Group and CEO of ABB Financial Services.

Education: Higher public education in banking.

Shareholding (December 2017): 109,554 Class B shares.

Warrants (December 2017): None

Ownership: Private.

Independent of the company and management: Yes

Independent of major shareholders in the company: Yes

AUDITOR

Patrik Adolfson

Auditor

Born 1973.

PricewaterhouseCoopers AB (PwC) has been Catella's auditing firm since 2011. The Auditor in charge is Patrik Adolfson, authorised public accountant and member of FAR.

Other audit assignments: AcadeMedia AB, Attendo AB, Pandox AB and Securitas AB

Shareholding (December 2017): None

Warrants (December 2017): None

Ownership: –

Group Management



Knut Pedersen

President and Chief Executive Officer

Born 1968.

Member of Group management since January 2014

Other current assignments: Chairman of Catella Fondförvaltning AB and member of the Supervisory Board of Catella Real Estate AG Kapitalanlage-gesellschaft. Director of Catella Bank S.A and several other subsidiaries of the Catella Group.

Background: Extensive experience acquired in various positions in the financial sector in Sweden and abroad, most recently as CEO and Group Head of Markets for ABG Sundal Collier AB. Previous positions include trader for UBS Warburg and Head of Equities and Head of Nordic Trading at Nordea Sweden.

Education: BSc (Economics), Ross School of Economics, University of Michigan.

Shareholding (December 2017): None

Warrants (December 2017): 5,000,000.

Ownership: Private.



Johan Nordenfalk

Chief Operating Officer

Born 1973.

Member of Group management since March 2011

Other current assignments: Director of Catella Fondförvaltning AB, Catella Bank S.A., IPM Informed Portfolio Management AB and several other subsidiaries of the Catella Group. Also has minor Board assignments outside Catella.

Background: Employed by Catella since 2011. Former partner and practising lawyer with the law firm of Hamilton advokatbyrå.

Education: LL M, Lund University, Maîtrise en droit, Université Panthéon-Assas, Paris.

Shareholding (December 2017): 120,000 Class B shares.

Warrants (December 2017): 300,000.

Ownership: Private.



Marcus Holmstrand

Chief Financial Officer

Born 1980.

Member of Group management since September 2015

Other current assignments: Director of several other subsidiaries of the Catella Group and member of the Supervisory Board of Catella Real Estate AG.

Background: Employed by Catella since 2011, previously as Group Business Controller. Previously served as Group Business Controller at Haldex AB and controller with the SCA Group.

Education: MSc, Economics, Jönköping International Business School, post-graduate studies at University of California Davis Graduate School of Management.

Shareholding (December 2017): 4,000 Class B shares.

Warrants (December 2017): 300,000.

Ownership: Private.

Stockholm, 25 April 2018

Johan Claesson
Chairman of the Board

Johan Damne
Director

Joachim Gahm
Director

Anna Ramel
Director

Jan Roxendal
Director

Knut Pedersen
President and Chief Executive Officer

Auditor's opinion on the corporate governance statement

To the Annual Meeting of shareholders in Catella AB (publ), company registration number 556079-1419

Assignment and Responsibilities

The Board of Directors is responsible for the corporate governance statement for the 2017 financial year on pages 59-67 and for its preparation in accordance with the Annual Accounts Act.

Scope and Orientation of the Examination

Our examination of the corporate governance statement was conducted in accordance with FAR's auditing standard RevU 16 The Auditor's Examination of the Corporate Governance Statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, 25 April 2018
PricewaterhouseCoopers AB

Patrik Adolfson
Authorised Public Accountant