

Corporate governance report

Corporate Governance Report for the Group

Arise AB (publ) is a Swedish public limited liability company which is quoted on Nasdaq OMX Stockholm. Arise therefore applies the Swedish Code of Corporate Governance (the "Code"). This corporate governance report has been established in accordance with the provisions included in the Code, Chapter 6, Sections 6 – 9 of the Swedish Annual Accounts Act and Chapter 9, Section 31 of the Swedish Companies Act and refers to the financial year 2013. Arise's Articles of Association and other information regarding corporate governance in Arise is available on our website, www.arise.se.

Application of the Code

Corporate Governance in Arise complies with the Code and is, therefore, based on the principles stated in applicable legislation, listing agreements, guidelines and good practice. One noted deviation from the Code is that the Chairman of the Board has served as the Chairman of the Nomination Committee. The reason for this deviation is based on the Chairman's experience of similar assignments, as well as his other merits. The other deviation is that the Audit Committee is to be comprised of at least three Board members and according to point 7.3 of the Code while Arise's Audit Committee is comprised of two Board members. The reason for this is that the Nomination Committee and the Board have determined that the Audit Committee functions effectively with two Members. Other deviations from the Code are reported in the relevant sections of this Corporate Governance Report. In 2013, the Company did not contravene any regulations applied in the regulated market on which the Company's shares are quoted for trade, nor did it, in any other manner, breach good practice on the securities market.

Shareholders

According to Euroclear Sweden AB's shareholder register, Arise had approximately 3,158 shareholders on 31 December 2013. The Company has one shareholder with a direct or indirect participation representing more than 10% of the votes, which is Johan Claesson with companies. Further information on major shareholders is also provided on Arise's website, www.arise.se.

Shares

The share capital in Arise as per 31 December 2013 amounted to SEK 2,674,245.60, distributed between 33,428,070 shares. All shares are of the same type and thus entitle the

holder to the same rights to the Company's assets, profits and dividends.

Annual General Meeting

Arise's highest decision-making body is the Annual General Meeting of shareholders. Notice of the Annual General Meeting, or an extraordinary general meeting in which issues concerning changes in the Articles of Association are discussed, is given no earlier than six weeks and no later than four weeks before the meeting. All shareholders who are listed in the shareholder register, and who have announced their intention to participate before the registration period has elapsed, have the right to take part and vote in the meeting. The number of votes a shareholder is entitled to is not restricted. The shareholders who are unable to attend the meeting in person may be represented by proxies. The Company does not apply special arrangements with regard to the function of the Annual General Meeting, neither on the basis of regulations in the Articles of Association nor, to the extent they are known to the Company, shareholder agreements. Furthermore, the Articles of Association do not include specific regulations relating to changes in the Articles of Association. The most recent Annual General Meeting took place on 2 May 2013 in Halmstad. The Annual General Meeting resolved on a change to the Company's business name, on the issuance of subscription warrants, and authorised the Board to decide on the issuance and divestment of the Company's own shares. The minutes from the Annual General Meeting are available on Arise's website. The next Annual General Meeting will be held on 6 May 2014 in Halmstad. Shareholders wishing to add items to the agenda at the Annual General Meeting may send a written request to Arise AB (publ), Att: Chairman of the Board, Box 808, 301 18 Halmstad. The Board of Directors must receive such requests no later than seven weeks before the meeting, or at least in sufficient time so that the issue can be, if required, included in the notice of the meeting.

Nomination Committee

The Annual General Meeting on 22 May 2013 resolved to establish procedures for the appointment of a Nomination Committee prior to the next elections and for determinations of remuneration. According to the resolution, the Nomination Committee is to comprise five regular members, appointed by the Annual General Meeting 2013. The Nomination Committee prior to the Annual General Meeting 2014 consisted of Bengt Hellström (Third Swedish National Pension Fund), Joachim Gahm (founders, including family and com-

panies (L Energy Holding & Ny Holding AB etc.), Albert Hæggström (Länsförsäkringar), Peter van Berlekom (Nordea Fonder) and the Chairman of the Board of Directors, Pehr G Gyllenhammar. The majority of the Nomination Committee's members are independent in relation to the Company and management. No remuneration has been paid to the members of the Board for work in the Nomination Committee.

According to the Code, the Nomination Committee's duties include preparatory work on issues regarding appointments and remuneration prior to the following Annual General Meeting. Prior to the Annual General Meeting on 6 May 2014, the Nomination Committee has proposed the re-election of the members Joachim Gahm, Peter Nygren and Maud Olofsson, and the election of the new members Jon Brandsar and Peter Gyllenhammar. Furthermore, the Nomination Committee has proposed that Joachim Gahm be appointed the new Chairman of the Board. The Nomination Committee will present a description of their activities at the Annual General Meeting on 6 May 2014. Shareholders wishing to submit proposals to the Nomination Committee are requested to contact the Chairman of the Nomination Committee: Arise AB (publ), Att: Chairman of the Nomination Committee, Box 808, 301 18 Halmstad.

THE BOARD OF DIRECTORS

General information

The Board of Directors is responsible for the management of the Company, as well as its affairs and organisation. In accordance with the Articles of Association, the Board of Directors shall comprise at least three and no more than nine Board members. The Articles of Association do not include any specific regulations regarding the appointment or the dismissal of Board members. At the most recent Annual General Meeting, held on 2 May 2013, a Board was elected consisting of the members Pehr G Gyllenhammar (Chairman), Birger von Hall, Joachim Gahm, Maud Olofsson, and CEO Peter Nygren. No deputy Board members were appointed.

In accordance with the formal work plan for the Board of Directors, the Board is to hold at least six scheduled meetings between each Annual General Meeting. In the financial year 2013, the Board held nine meetings. Minutes were kept for each of them. The attendance at the meetings by the members is presented in the table below. During the financial year 2014, three meetings have taken place so far.

Descriptions of the members of the Board of Directors, including information on their other directorships, independence and relevant holdings of shares and warrants are provided on page 91. Remuneration and other benefits to the Board of Directors are described in Note 4, on page 58.

All members of the Board, appointed by a general meeting, have been independent in relation to the Company and the management (see also page 91), with the exception of Peter Nygren. All members of the Board are independent in relation to major shareholders. More information on the Board of Directors is provided on Arise's website, www.arise.se.

Attendance of the members of the Board 2013

	Meetings	Present	Attendance %
Pehr G Gyllenhammar, Chairman	9	8	89
Birger von Hall	9	9	100
Joachim Gahm	9	9	100
Peter Nygren	9	9	100
Maud Olofsson	9	9	100
Jon Brandsar	3	3	100

The work of the Board

The meetings of the Board of Directors are preferably to be held by physical attendance at Arise's head office. Additional meetings can, however, be conducted over the telephone. In 2013, many of the Board meetings took the form of a conference call for practical reasons. The Chairman of the Board leads and organises the work of the Board. Lawyer Jonas Frii has served as the Board's secretary.

Prior to each meeting, a proposed agenda is sent out, along with the documents which are to be addressed in the meeting. The proposed agenda is prepared by the CEO in consultation with the Chairman. Issues presented to the Board are for information, discussion or decision. Decisions are taken after discussions and after all members of the Board attending the meeting have had the opportunity to express their opinions. The Board's broad experience in various areas often results in a constructive and open discussion. During the year, no member of the Board expressed a reservation against any issue regarding which decisions were taken. Objections are recorded in the minutes. Open questions are followed up on a continuous basis. The Board has not established a division of responsibilities among its members, other than that which is provided in the rules for the Board and its committees. The formal work plan for the Board, which is to be reviewed on an annual basis, regulates the division of duties among the Chairman, the Board and its committees. The formal work plan stipulates, for example, the obligatory issues to be addressed at every regular meeting. The Board reviews its own work via an internal evaluation conducted under the leadership of

the Chairman, covering the work of the Board as well as each of its members. The results of the evaluation have been made available to the Nomination Committee. The Board has also evaluated the work of the CEO.

Remuneration Committee

Up to the Annual General Meeting 2014, the Remuneration Committee comprises the Board members Maud Olofsson (Chairman), Birger von Hall and Joachim Gahm. The CEO normally submits matters to the Remuneration Committee, with the exception of issues dealing with his own salary or benefits. The Remuneration Committee convened three times during 2013. All members participated in all meetings. The Committee presents issues regarding remuneration and other terms of employment to the CEO and other senior executives, as well as issues regarding any variable remuneration programmes or share warrant programmes within the Group. All members of the Committee are independent in relation to Arise and its senior executives. The Committee's work is based on the decisions taken at the most recent Annual General Meeting, regarding the guidelines for remuneration to senior executives.

Audit Committee

Up to the Annual General Meeting 2014, the Audit Committee consists of the members of the Board, Birger von Hall (chairman) and Joachim Gahm. Issues addressed by the Committee are presented by the Company's CFO, Thomas Johansson. The Audit Committee held six meetings in 2013 and each meeting was attended by all members. The Audit Committee addresses matters concerning, for example, financial reporting, risks, governing documents, KPIs, accounting rules and internal control. The Audit Committee also maintains an on-going dialogue with the auditor. In addition, a specially established finance committee has prepared certain issues concerning the raising of capital and acquisitions.

Group management

Arise's Group management and the Group management's holdings of shares and warrants are described on page 92.

Appointment of auditors

At the Annual General Meeting 2013, Öhrlings PricewaterhouseCoopers AB was appointed as the auditor, with Authorised Public Accountant, Bror Frid, as Auditor-in-Charge for the period up to the next Annual General Meeting.

Internal control

The goal for the internal financial control in Arise is to establish an effective decision-making process in which require-

ments, objectives and limits are clearly defined. The Company and the management apply the internal control system to monitor the operations and the Group's financial position.

Control environment

The control environment forms the basis for internal control. Arise's control environment comprises, for example, sound core values, integrity, competence, leadership philosophy, organisational structure, responsibility and authorities. Arise's internal work plans, instructions, policies, guidelines and manuals provide guidance to the employees. In Arise, a clear division of roles and responsibilities for the effective management of the operational risks is ensured, for example, through formal work plans for the Board of Directors and committees, as well as through terms of reference to the CEO. In the day-to-day operations, the CEO is responsible for the system of internal controls required for the creation of a control environment for significant risks. In Arise, there are also guidelines and policies regarding financial governance and evaluation, communication issues and business ethics. All companies in the Group have the same reporting system, and the same chart of accounts.

The Board has appointed an Audit Committee, which is responsible for, among other things, ensuring that adopted policies for financial reporting and internal control are complied with. The CEO or CFO reports the results of their work on internal control to the Audit Committee. The results of the work of the Audit Committee in the form of observations, recommendations and proposals for decisions and measures are reported to the Board on an on-going basis.

Thus, Arise's internal control environment is based on the division of work between the Company organs, reporting to the Board of Directors, adopted policies and guidelines and on employees' compliance with the policies and guidelines.

Internal control regarding financial reporting

Internal control regarding financial reporting is part of the internal control within Arise and aims, for example, to provide reasonable assurance in the external financial reporting in the form of interim reports, annual reports and year-end reports, and to ensure that the external financial reporting is prepared in accordance with laws, applicable accounting standards and other requirements for listed companies.

Risk assessment and control activities

On an on-going basis, Arise performs risk analyses in order to identify potential sources of errors in the financial reporting. Relevant procedures are documented so as to increase traceability in accounting as Arise expands. Normal control activities include reconciliation of accounts and supporting controls. The purpose of all control activities is to prevent,

detect and correct any errors or deviations in financial statements. The most significant risks regarding financial reporting in the Group's activities and internal control are managed through control structures which are primarily based on reports on deviations from adopted goals or standards regarding, for example, currencies and hedging.

Follow-up

On an on-going basis, the Board of Directors evaluates the information provided by the management. In the activities of the Board of Directors and the Audit Committee, great importance is attached to the work on following up the effectiveness of internal control. The activities include, for example, ensuring that measures are taken regarding any proposals for actions arising in external audits.

Information and communication

The provision of correct information, both internally and externally, implies that all parts of the operations are able to exchange and report relevant and significant information about the business in an effective manner. In order to achieve this, Arise has issued policies and guidelines re-

garding the management of information in the financial processes, which has been communicated to the employees by the management group. Furthermore, for communication with external parties, there is a policy stating guidelines for the manner in which such communication is to take place. The ultimate purpose of the defined policies is to ensure that the disclosure requirements are complied with and that the investors receive the correct information in a timely fashion.

Internal audit

The size of the Company, in combination with the Audit Committee's work, and the fact that good control procedures have been prepared and applied, implies that the Board of Directors has not regarded it necessary to prepare a specific internal audit function. The issue of a specific internal audit function will, however, be addressed on an annual basis.

Activities in 2013

The focus during the year was on matters related to financing, investments and discussions regarding divestments.

Halmstad, 27 March 2014

Pehr G Gyllenhammar
Chairman

Birger von Hall
Board Member

Joachim Gahm
Board Member

Peter Nygren
*Board Member and
Chief Executive Officer*

Maud Olofsson
Board Member

AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE REPORT

The Board of Directors is responsible for the Corporate Governance Report for the year 2013 on pages 85–88 and for ensuring that it is prepared in accordance with the Annual Accounts Act.

We have read the Corporate Governance Report and, based on this reading and our knowledge of the Company and the Group, we believe we have a sufficient basis for our opinions. This implies that our statutory review of the Corporate Governance Report has a different direction and a significantly narrower scope than the direction and scope of an audit conducted according to International

Standards on Auditing and generally accepted auditing standards in Sweden.

We conclude that a Corporate Governance Report has been prepared, and that its statutory content is in accordance with the annual accounts and the consolidated financial statements.

Gothenburg, 27 March 2014
Öhrlings PricewaterhouseCoopers AB

Bror Frid
Authorised Public Accountant