

Corporate governance report

Sveaskog is a limited company owned by the Swedish state. Governance of Sveaskog is based on the Swedish Companies Act, the State ownership policy, the Swedish Code of Corporate Governance (the Code) as well as applicable Swedish and foreign legislation and regulations.

This corporate governance report has been prepared as part of Sveaskog's application of the Code. The report has been reviewed by the company's auditors.

In accordance with the State ownership policy and guidelines for state-owned companies, Sveaskog has deviated from the Code in three instances:

- Preparation of decision on nomination of the Board and auditors, which means that Sveaskog has not appointed a nomination committee.
- With regard to reporting of Board members' independence in relation to the state as a major owner, which is not reported since the Code in this respect focuses on companies with a diverse ownership base.
- Date and location of the Annual General Meeting shall be stated on the company's website in conjunction with the interim report for the third quarter. Here Sveaskog has chosen to comply with Nasdaq Stockholm's rules for issuers and therefore provided details of the planned date of the Annual General Meeting in the year-end report.

The state's ownership policy and guidelines for companies with state ownership are applied according to the "comply or explain" principle which means that companies are entitled to deviate from these guidelines provided a clear explanation motivating the deviation is provided in the company's annual report. In the annual report, the Board shall also describe how these guidelines were applied in the most recent financial year. In 2017, Sveaskog has not deviated from the state's ownership policy and guidelines for companies with state ownership in addition to what is set out above as deviations from the Code.

ASSIGNMENT

According to the articles of association, Sveaskog owns and manages real and personal property, conducts forestry operations and forest industry as well as related business activities. The core business is forest management. Sveaskog must also be an independent player without major interests as an end user of wood raw material. The company can also conduct related activities if these contribute to higher returns. Sales of land on market terms shall enable rezoning of land holdings and add-on purchases for private forestry, particularly in rural areas. Sales of land shall be carried out until 10% of the land area owned by the company at its formation in 2002 has been divested. Operations shall be conducted on a commercial basis and generate a market return.

ANNUAL GENERAL MEETING

The Annual General Meeting is Sveaskog's highest decision-making body. The Annual General Meeting of the Parent Company Sveaskog AB (publ) was held on 26 April 2017 in Stockholm. The 2018 Annual General Meeting will be held on 23 April. More information about the 2018 Annual General Meeting is provided on page 107.

According to the State ownership policy, guidelines for companies with state ownership and the articles of association, members of parliament are entitled to attend and ask questions at Sveaskog's general meetings. The meetings are also open to the public.

Nomination process

The State ownership policy and guidelines for state-owned companies specify a different nomination process than that prescribed by Code with regard to the Board and auditors. Nomination of the Board is coordinated by the Government Offices of Sweden. The Government Offices of Sweden also submit a proposal for the Chairman of the Board and chairman at the Annual General Meeting. Nomination of members of the Board is presented in the notice of the meeting and on Sveaskog's website. The Government Offices of Sweden is responsible for election of auditors and a decision on this is made at the Annual General Meeting. A proposal for election of auditors is presented in the notice of the meeting and on Sveaskog's website. Auditors are appointed with a mandate period of one year. The practical work of procurement of auditors is handled by the Board's audit committee together with the company and owner.

BOARD OF DIRECTORS

The Board is responsible for the company's organisation and management of the company's affairs. According to the articles of association, the Board shall consist of a minimum of five and a maximum of nine members. In addition, there are two employee representatives with two deputies. The articles of association do not contain any regulations on the appointment or dismissal of Board members. The company's legal counsel is the secretary to the Board.

Composition of the Board

Six Board members were elected at the 2017 Annual General Meeting. After the 2017 Annual General Meeting the Board comprises three women and three men. The Board also has two employee representatives and two deputies for them. At the Annual General Meeting the Chairman of the Board Helene Biström declined re-election and Eva Färnstrand was elected as Chairman.

The work of the Board

The work of the Board is governed by the Board's formal work plan. The Chairman of the Board shall ensure that the work of the Board is conducted efficiently and that the Board meets its commitments. According to the formal work plan the Board shall normally hold eight meetings per year, in addition to its statutory meeting in conjunction with the Annual General Meeting. The formal work plan stipulates which issues should be examined at each meeting and which specific issues should be submitted to the Board. The work plan also states that the Chairman, on behalf of the Board, shall consult with representatives of the owner on matters of decisive significance to Sveaskog. The work plan also contains details of the Chairman's role in the Board and on assignment of responsibilities and tasks between the Board and the CEO. Every year the Board evaluates the work of the Board and monitors the work of the CEO on an ongoing basis. At least once a year the work of the CEO is evaluated without any member of group management being present.

The Board held nine meetings in 2017, including two strategy meetings. In addition to processing standing items on the agenda, the Board focused on issues relating to sustainable forest management and digitalisation and decided on a number of major property sales.

Board committees

The Board's committees prepare issues ahead of a decision by the Board. Guidelines for the work of the

committees are found in the Board's formal work plan. In addition, there are special instructions for the property committee and the audit committee. Issues examined by the committees are minuted and reported at the next Board meeting.

Remuneration Committee

Prepares issues related to remuneration and terms of employment for senior executives. The Remuneration Committee consists of Eva Färnstrand (chairman) and Leif Ljungqvist.

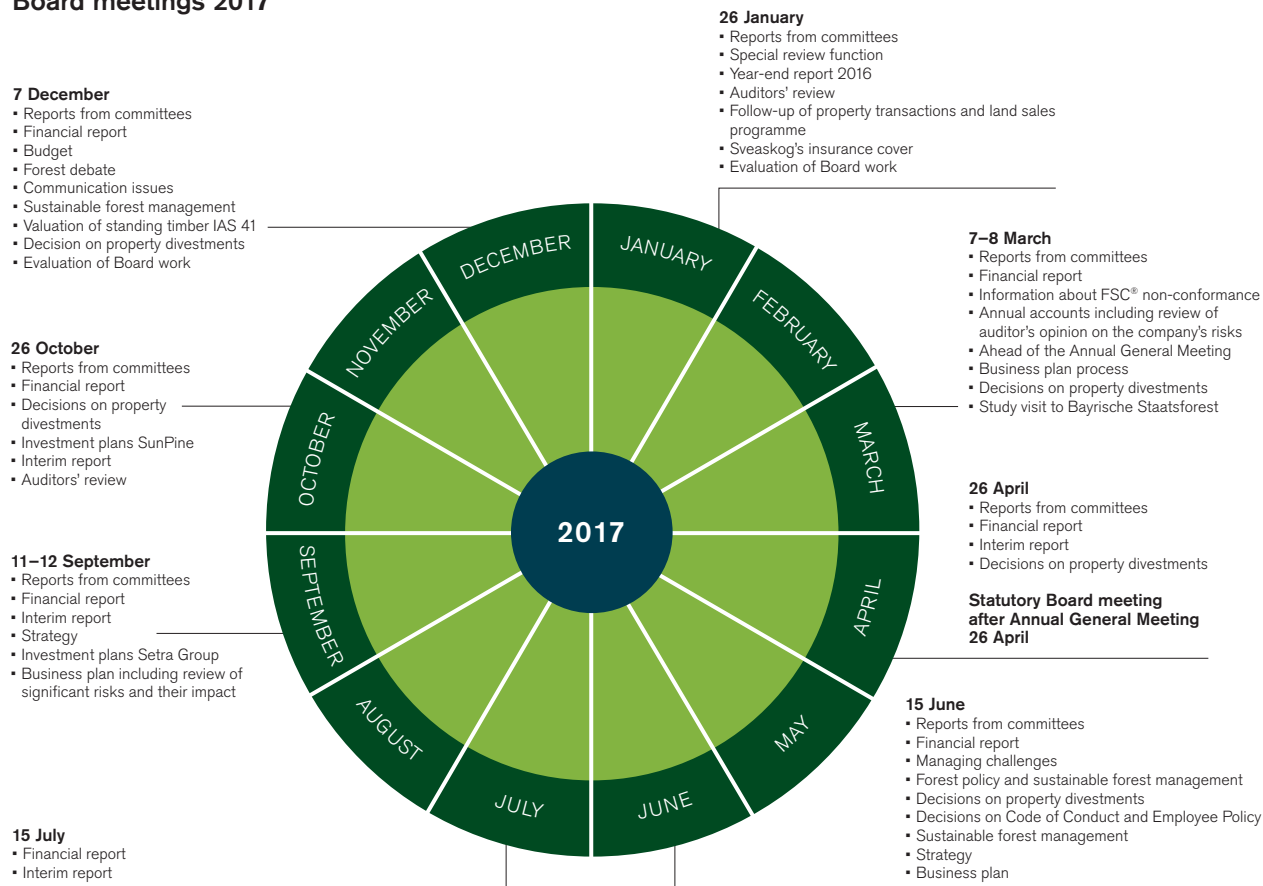
Property Committee

Prepares issues relating to property acquisition, management and divestment. In 2017 the Property Committee consisted of Sven Wird (chairman), Annika Nordin and Sofia Gilliusson. In January 2018 Sofia Gilliusson, who is an employee representative, was replaced by Sara Östh.

Audit Committee

Tasks include preparing the Board's work on quality assurance of the company's financial reporting, regular meetings with the company's auditors in order to be informed of the focus, scope and result of audits as well as to discuss coordination between external auditors and internal control activities and approach to the company's risks. The Audit Committee consists of Anna-Stina Nordmark Nilsson (chairman), Leif Ljungqvist, Thomas Hahn and Kenneth Andersson.

Board meetings 2017



Principles for remuneration to the Board

Fees to the Board are decided by the Annual General Meeting. Fees to Board members on committees are also decided at the Annual General Meeting. In 2017, remuneration to the Board totalled SEK 1,306,666. The Board does not have a bonus or incentive programme. Employee representatives on the Board and the member employed by the Swedish Government Offices does not receive a fee.

Eva Färnstrand, Anna-Stina Nordmark Nilsson, Annika Nordin and Sven Wird invoiced fees through their own companies. An additional charge has been made for social security contributions. This arrangement is cost neutral for Sveaskog but will cease after the 2018 Annual General Meeting.

Related-party transactions

The following related-party transactions have been reported to Sveaskog: Annika Nordin's husband has a consulting agreement with the company and Sara Östh has sold timber to the company. Both transactions were conducted on business terms.

CORPORATE STRUCTURE

Sveaskog's operations are organised in three geographical market areas and Svenska Skogsplantor. The divisions into market areas is based on forest assets, customer structure and trade flows. The market areas have customer, production, and delivery responsibility for the wood raw material as well as responsibility for leases. The operating activities are supported by group-wide staffs.

Sveaskog also owns shares in companies where there is not a Group relationship, where the holding in the wood products company Setra Group AB is the largest.

CEO and Group Management

Sveaskog's CEO is responsible for ongoing management of the company in accordance with the Board's instructions. The CEO gives presentations at meetings

of the Board. The CEO is responsible for ongoing business activities and contacts with the Chairman and external stakeholders. The CEO also leads the work of Group Management. Group Management consists of six men and four women. The CEO's assistant is a co-opted member of group management. No changes in Group Management were made during the year.

SYSTEM FOR INTERNAL CONTROL AND RISK MANAGEMENT IN CONJUNCTION WITH FINANCIAL REPORTING

The Board's responsibility for internal control is regulated in the Swedish Companies Act and in the Code. Internal control is intended to provide reasonable assurance regarding the reliability of external financial reporting in the form of year-end reports, interim reports and annual reports. Control shall also include external financial reporting and that this is prepared in accordance with legislation, applicable accounting standards and other requirements on a limited company.

Framework for internal control

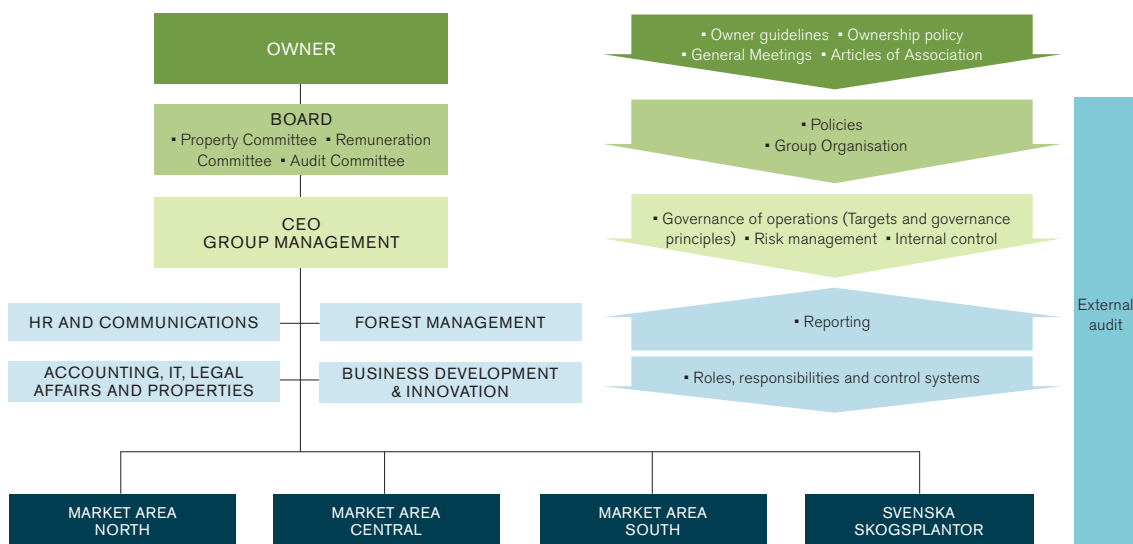
A description of how internal control is organised in relation to financial reporting is provided below.

Control environment

The Board has overall responsibility for maintaining an effective system for internal control and risk management. The Board has appointed an audit committee which prepares matters related to risk assessment, internal control, financial reporting and audit. The Board's risk management has been given greater scope in recent years.

Responsibility for maintaining an effective control environment and day-to-day work with risk management and internal control relating to financial reporting is delegated to the CEO. Managers at different levels in the company have corresponding responsibility within their respective areas. The most significant parts of the control environment relating to financial reporting are

Organisation and governance



handled in the governing documents relating to accounting and financial reporting and in the accounting handbook which is published on Sveaskog's employee intranet.

Risk assessment and control structures

The Board is responsible for ensuring that the company manages its risks in the right way and that adopted principles for financial reporting and internal control are complied with. Risks in connection with the financial reporting are loss or misappropriation of assets, unlawful benefit of another party at the company's expense and other risks relating to material misstatement in the financial statements, for example relating to recognition and measurement of assets, liabilities, revenues and expenses or discrepancies in disclosure requirements. These issues are prepared by the audit committee before consideration by the Board. A number of items in the income statement and balance sheet have been identified where the risk of material misstatement is significant. These risks can mainly be attributed to measurement of standing forest, accruals and the IT systems which support operations.

Information and communication

Sveaskog has information and communication channels designed to promote the completeness and accuracy in financial reporting. For external communication there are guidelines designed to ensure that the company meets the owner's requirement that reporting is carried out in accordance with Nasdaq Stockholm's Rules for Issuers.

Monitoring

Monitoring is regulated in the Board's formal work plan and instructions to the CEO.

Special review function

The Board considers that Sveaskog's significant risks and risk areas are covered by the risk management process applied by the company. The CFO unit is

assigned by the CEO to be responsible for risk inventories and conducting the risk management processes. The CFO unit is also responsible for a number of central controls combined with local follow-up. Operational responsibility rests, however, with the market areas and other operating areas. The Board believes that there is no need for a special review function in the company. The CFO unit is headed by the Deputy CEO who is also the CFO and comprises the finance and accounting, IT as well as law and property staffs.

AUDIT

The task of the auditors is on behalf of shareholders to examine the company's annual accounting and accounting records as well as the administration by the Board and the CEO. The Board communicates with the auditors through the audit committee, by auditors attending Board meeting at which issues ahead of annual accounts and annual report are examined. At least once a year the auditors meet the Board without the CEO or another person in group management being present. The auditors participated six of the Audit Committee's seven meetings. Remuneration to auditors is specified in Note 6 of the Annual Report.

SUSTAINABLE BUSINESS

Sveaskog has an integrated sustainability perspective throughout its operations. Sveaskog's objectives for sustainable business are broken down into strategies and operational targets which are regularly monitored. This work is supported by a number of policies and guidelines which are available on Sveaskog's intranet and website. During the year the company started work with "Integrated Profit and Loss Reporting" which illustrates the impact from Sveaskog's operations from several perspectives. The analysis highlights, among other things, the added values the company has in addition to timber production, such as ecosystem services.

Follow-up of sustainability initiatives is ongoing both

Board attendance and remuneration 2017

	Attendance Board Meetings	Attendance Remuneration Committee	Attendance Property Committee	Attendance Audit Committee	Remuneration, SEK	
					Board	Committees
Board members						
Eva Färnstrand*	9/9	1/1	-	-	353,333	23,333
Thomas Hahn	9/9	-	-	4/4	170,000	13,333
Leif Ljungqvist	9/9	1/1	-	7/7	-	-
Annika Nordin	9/9	-	3/3	-	170,000	26,667
Anna-Stina Nordmark Nilsson	9/9	-	-	7/7	170,000	40,000
Sven Wird	9/9	-	3/3	-	170,000	26,667
Employee representatives						
Kenneth Andersson (elected 2017)	6/6	-	-	4/4	-	-
Sofia Gilliusson	9/9	-	3/3	-	-	-
Lars Djerf (deputy)	6/9	-	-	-	-	-
Thomas Esbjörnsson (deputy)	8/9	-	-	-	-	-
Board members who resigned at the 2017 Annual General Meeting						
Helene Biström	3/3	-	-	-	140,000	3,333
Sture Persson (employee representative)	2/3	-	-	2/2	-	-

* Eva Färnstrand took up the position of Chairman at the 2017 Annual General Meeting. She was previously a member of the Board. Helene Biström resigned as Chairman at the 2017 Annual General Meeting. In 2017, Sofia Gilliusson was an ordinary employee representative. She was replaced by Sara Östh in January 2018.

internally and externally. The CFO and CEO have regular business follow-ups with the market areas and Svenska Skogsplantor. The Board submits the sustainability report and the Audit Committee prepares work with the report.

Collaboration with local contractors and suppliers is important for Sveaskog's development. The Code of Conduct, general sustainability requirements linked to the UN Global Compact and detailed requirements for contractors govern the assessment of contractors. Follow-up takes the form of self-assessments and internal audits. Non-conformances are reported in the business management system. There is also an annual follow-up of framework agreements with external suppliers.

The external review consists of auditors reviewing the Annual Report and the Sustainability Report. There is also an external audit according to ISO 14001 of the integrated business management system. There is an external audit of the FSC® certificate and regular surveys for customers, employees, contractors, suppliers and the brand. This will be a tool for creating an understanding for the impact of operations from a stakeholder perspective and provides support for monitoring international regulations such as national environmental goals and the 2030 Agenda.

VALUES AND CODE OF CONDUCT

Sveaskog's values must permeate the corporate culture and help all employees to adopt a common approach. Sveaskog's values:

- Customer Focus
- Innovation
- Simplicity
- Transparency

The values cover:

- How Sveaskog conducts business
Employees must be professional and understand customer needs, take initiatives and be innovative.
- How employees should act as employees and colleagues
Employees must be led by the vision, goals and strategies and show respect for the integrity and knowledge of their colleagues.
- How managers and leaders take special responsibility
Managers and leaders must create an innovative climate and an open culture with feedback.

Sveaskog has a Code of Conduct that applies to all employees. Anyone concluding an agreement with customers, suppliers, contractors and consultants must ensure and monitor that these comply with the Code of Conduct. Sveaskog's managers shall ensure that the Code of Conduct is complied with in daily operations. The Code must always be gone through with new employees, at performance reviews, procurements, operational follow-up, etc. The Code of Conduct is included as an appendix to business and cooperation agreements.

Under the leadership of lawyers and HR specialists, regular meetings are held in the different profit areas where questions about the Code of Conduct, entertainment guidelines and other ethical issues are discussed.

Whistle-blower function

Sveaskog has an external whistle-blower function on its website Sveaskog.se ("Sveaskog's visslarfunktion"). Notifications are handled by an independent external party and can be submitted anonymously using the form on the website, e-mail, a telephone call or letter. The whistle-blower function is open to all stakeholders. No notifications were received via the whistle-blower function in 2017.

If you wish to read more:

State ownership policy

<http://www.regeringen.se/regeringens-politik/bolag-med-statligt-agande/>

Sveaskog's Articles of Association

<https://www.sveaskog.se/om-sveaskog/bolagsstyrning/bolagsordning/>

Sveaskog's Code of Conduct

<https://www.sveaskog.se/om-sveaskog/uppforandekod/>

Swedish Companies Act

www.regeringen.se

Swedish Code of Corporate Governance

www.bolagsstyrning.se

Nasdaq Stockholm's Rules for Issuers

www.business.nasdaq.com/list/Rules-and-Regulations/European-rules/nasdaq-stockholm/index.html

Sveaskog's policies	
Sveaskog's policies are adopted by the Board	
AREA	PURPOSE
Property strategy	Provide directives for the company's property strategy.
Communications Policy	Guide the company in its communications work.
Group Finance Policy and Group Insurance Policy	Provide directives on how the Group's treasury and insurance operations shall be designed and conducted.
Employee Policy	Provides guidelines for employeeship, leadership, salary levels and working environment.
Environmental Policy	States how the company will develop sustainable use of the forest's various natural resources as well as working to realise the nationally adopted environmental objectives.
Forest Policy	States how the company's forests should be managed.
Code of Conduct	Clarifies for employees how they should act as business partners, employers, employees and community members.

Auditor's report

To the Annual General Meeting of Sveaskog AB (publ)
company registration number 556558-0031

Report on the Audit of annual accounts and consolidated financial statements

Opinions

We have audited the annual accounts and consolidated financial statements of Sveaskog AB (publ) for the financial year 1 January 2017 to 31 December 2017 with the exception of the Corporate Governance Report on pages 50–54 and the Sustainability Report on pages 6–7, 18–19, 22–23, 26–43, 45–47 and 52–54. The company's annual accounts and consolidated financial statements are on pages 6–17, 20–25, 28–29 and 32–90 of this document.

In our opinion the annual accounts have been prepared in accordance with the Annual Accounts Act and present a true and fair view in all material respects of the Parent Company's financial position as at 31 December 2017 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and the Annual Accounts Act. Our opinion does not cover the Corporate Governance Report on pages 50–54 or the Sustainability Report on pages 6–7, 18–19, 22–23, 26–43, 45–47 and 52–54. The statutory Administration Report is consistent with the other parts of the annual accounts and consolidated financial statements.

We therefore recommend that the Annual General Meeting adopt the income statement and balance sheet for the Parent company and for the Group.

Our opinions in this report on the annual accounts and consolidated financial statements are consistent with the content of the additional report that has been submitted to the Parent Company's Audit Committee in accordance with Article 11 of the Audit Regulations (537/2014).

Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the section Auditor's responsibilities. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in Article 5.1 of the Audit Regulations (537/2014) have been provided to the audited company or, if appropriate, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated financial statements of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated financial statements as a whole, but we do not provide a separate opinion on these matters.

VALUATION OF FOREST ASSETS

Standing timber comprises 81% of the Group's assets and is therefore quantitatively the Group's most significant asset. The company reports forest assets amounting to SEK 32,054 million as per 31 December 2017.

Sveaskog has assessed that there are no relevant market prices for measuring a forest holding of Sveaskog's size. Sveaskog's valuation is therefore made by calculating the present value of future anticipated cash flows from the standing timber. Valuation of standing timber places high demands on Sveaskog's valuation process and valuation models since it is based on an assessment of future cash flows over 100 years. The valuation is based on a number of critical assumptions regarding average felling cycle, long-term price development, long-term cost levels and the long-term average weighted cost of capital. Since yield models are based on very long periods of time, small changes can have major effects on the valuation.

See Note 15 for a more detailed description of how the company applies IAS 41 and the assessments made.

Our audit included the following examinations but was not limited to these:

- Documenting routines and processes in the valuation process as well as evaluating and verifying the effectiveness of implemented key controls in relation to documented guidelines

- Evaluation of the reasonableness of the assumptions underlying the company's valuation by comparing previous years' assumptions with actual outcomes
- Verification of the functionality of the calculation model in terms of mathematical accuracy and the company's process for obtaining input data
- Verification of input data in the valuation model on a random sample basis
- Review of relevant notes to the financial statements
- Our valuation specialists have reviewed the company's documentation regarding the long-term average weighted cost of capital which is based on the opinion of an external specialist. We have also evaluated the experience and competence of the specialist.

COMPLETENESS OF REVENUE RECOGNITION

Sales of sawlogs, pulpwood and biofuel are transaction-intensive which places high demands on accounting, follow-up and internal control. A large number of felling assignments are carried out every day on own account and for other forest owners and deliveries to end customers are continuous. There are therefore high demands on support systems to ensure correct handling when measuring volumes, reconciliation of delivery data and pricing based on contracted prices. See Note 4 for a description of the principles for revenue recognition.

Our audit included the following examinations but was not limited to these:

- Documenting significant transaction flows for revenues and critical business systems as well as evaluating the extent to which the company's significant controls for managing the risk of errors in financial reporting are appropriately designed and implemented
- Our IT auditors have specifically reviewed general IT controls regarding permissions and management of changes in the system environment
- An examination of the company's revenue recognition routines focusing on (1) input data in timber administration systems, (2) completeness of transmission between or data extraction from systems, and (3) a review of accounting documents and reconciliation with actual invoicing
- For a selection of individual revenue transactions verifying that these were priced according to current customer contracts and that revenue was recognised in the period in which Sveaskog fulfilled its commitments
- Implementation of a register analysis for examining the completeness of the flow from the timber administration system and recognition in the financial statements
- An analytical review of revenue recognition of a monthly basis and development of revenues and margins at segment level to identify significant fluctuations for further investigation.

RESERVES FOR ENVIRONMENTAL PROVISIONS

As a state-owned company that operates within the forest industry, Sveaskog is subject to high demands on identification and recognition of environmental provisions. Sveaskog owns and has previously owned a number of nurseries around the country. In addition to this there are a number of locations where operations were conducted previously and responsibility can be traced to the former Swedish Forest Service or AssiDomän which Sveaskog has taken over. Sveaskog recognises an environmental provision when the authorities have made a decision and called on the company to take action, which is in line with IFRS.

The size of the environmental provision amounts to SEK 23 million at 31 December 2017 and is therefore not a significant item but has been one of the areas discussed most with management during the year in view of the assessments and estimates that need to be made. As noted above, the completeness and valuation of environmental provisions are considered to be an area of particular importance.

Sveaskog's environmental work is described in several places in the annual accounts. Accounting principles and the size of the provision are provided in Note 24.

Our audit included the following examinations but was not limited to these:

- A review of Sveaskog's policies and guidelines for mapping and making an inventory of environmental commitments
- A review of provisions made against external documentation such as decisions by authorities and quotations from contractors.

Other information than the annual accounts and consolidated financial statements

This document also contains other information than the annual accounts and consolidated financial statements and is found on pages 1–5, 18–19, 26–27,

30–31, 94–102 and 103–107. The Board of Directors and the CEO are responsible for this other information.

Our opinion on the annual accounts and consolidated financial statements does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated financial statements, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and the consolidated financial statements. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation of the annual accounts and consolidated financial statements and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated financial statements, in accordance with IFRS as adopted by the EU. The Board of Directors and the CEO are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the annual accounts and consolidated financial statements, The Board of Directors and the CEO are responsible for the assessment of the company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters that can affect the company's ability to continue as a going concern and use the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the CEO intend to liquidate the company, to cease operations, or have no realistic alternative but to do either of these.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated financial statements.

A further description of our responsibility for the audit of the annual accounts and consolidated financial statements is provided on the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisorsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated financial statements, we have also audited the administration of the Board of Directors and CEO of Sveaskog AB (publ) the financial year 1 January 2017–31 December 2017 and the proposed appropriations of the company's profit or loss.

We recommend to the Annual General Meeting that the profit be appropriated in accordance with the proposal in the statutory Administration Report and that the members of the Board of Directors and the CEO be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the section Auditor's responsibilities. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. When proposing a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the Group's type of operations, size and risks place

on the size of the parent Company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organisation and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organisation is designed so that accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The CEO shall manage the ongoing administration in accordance with the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's Responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the CEO in any material respect:

- have undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way have acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with a reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is provided on the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisorsansvar. This description is part of the auditor's report

Auditor's examination of the Corporate Governance Report

The Board of Directors is responsible for ensuring that the Corporate Governance Report on pages 50–54 has been prepared in accordance with the Annual Accounts Act. Our examination of the Corporate Governance Report is conducted according to FAR's auditing standard RevU 16 The auditor's examination of the Corporate Governance Report. This means that our examination of the Corporate Governance Report 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 opinion.

A Corporate Governance Report has been prepared. Disclosures in accordance with chapter 6 section 6 second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 second paragraph of the same law are consistent with the other parts of the annual accounts and consolidated financial statements and are in accordance with the Annual Accounts Act.

Auditor's statement regarding the statutory Sustainability Report

The Board of Directors is responsible for the Sustainability Report on pages 6–7, 18–19, 22–23, 26–43, 45–47 and 52–54 and ensuring that it has been prepared in accordance with the Annual Accounts Act.

Our examination is conducted according to FAR's recommendation RevR 12 The auditor's opinion regarding the statutory Sustainability Report. This means that our examination of the Sustainability Report 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 opinion.

A Sustainability Report has been prepared.

Deloitte AB was appointed auditor of Sveaskog AB (publ) by the Annual General Meeting on 26 April 2017 and has been the company's auditor since 23 April 2015.

Stockholm, 8 March 2018
Deloitte AB

Hans Warén
Authorised Public Accountant