

Corporate Governance Report

Chairman's word

2016 was Capio's first full year as a listed company. The year has been characterized by accelerating the execution of Capio's strategy which is based on Modern Medicine and Modern Management.

Modern Medicine and Modern Management are Capio's core value drivers to improve healthcare in the best interests of patients, funders and society at large. A prerequisite for the execution of the Group strategy is a strong governance structure which supports Capio's decentralized organization where business decisions are taken close to the patients.

The Board of Directors have devoted significant attention to further develop Capio's governance structure during the year. A strong governance structure includes for example a clear delegation of authority and other steering documents, a reporting system mirroring the organization and a company culture with empowered people taking responsibility and driving change in the day-to-day activities. Among other things, our work has resulted in an updated set of Group policies being approved and implemented during the year. Furthermore, a new routine whereby formal risk assessment meetings are held by the business areas has been established and implemented. In order to build and strengthen the Capio culture among our managers we have also continued the focus on our internal training programs. The management program focuses on supporting managers in their business development, and how they can apply the Capio Model to further develop and expand their business.

During 2016, we also initiated a review of Capio's sustainability work. To gain a deeper understanding of what stakeholders expect from Capio in terms of social and environmental responsibility, we conducted a stakeholder survey at the beginning of 2017. The outcome of the stakeholder survey will form the basis for a materiality analysis in which Capio's most significant sustainability aspects and focus areas will be identified. Following the materiality analysis, Capio's sustainability agenda and reporting will be further developed during 2017.

Our ambition is to continue being a driving force in developing high quality healthcare services.

Anders Narvinger

Chairman of the Board of Directors



Anders Narvinger

The Swedish corporate governance code

Capio complies with Nasdaq Stockholm's Rule Book for Issuers, the Swedish Corporate Governance Code (the Code) as well as other applicable laws and regulations such as the Swedish Companies Act and the Swedish Annual Accounts Act.

The new European Union directive regarding disclosure of non-financial information is applicable in Sweden from the financial year starting on or after January 1, 2017. Following this, Capio will disclose non-financial information based on the Global Reporting Initiative (GRI) framework

in the annual report for 2017. During 2016, a review of the sustainability work in Capio was initiated. Please refer to page 24 for further information about the current and ongoing sustainability work within Capio.

Capio complies with the Code principle "comply or explain" and has no deviations to explain for 2016. This Corporate Governance Report has been reviewed by Capio's auditors in accordance with the Swedish Companies Act and a report from the auditors is presented on page 145.

Governance and organizational structure

Capio is a decentralized and empowered organization which allows important decisions to be made as close to patients as possible. This enables us to meet the unique requirements and conditions of the respective healthcare units in the best possible way. We strive for a culture of continuous quality improvements where line managers and staff take the initiative and the responsibility. In order to succeed in this, a solid governance structure with clear goals, authorities and responsibilities is a prerequisite. Another requirement is a clear and transparent reporting structure which mirrors the line organization. Local managers should have access to quality and financial reports concerning their respective areas of responsibility in line with Capio's financial model.

Capio's organizational structure

Capio's organization is built from the bottom up and is organized around patient needs. This creates a culture of continuous improvement, for the benefit of our patients.

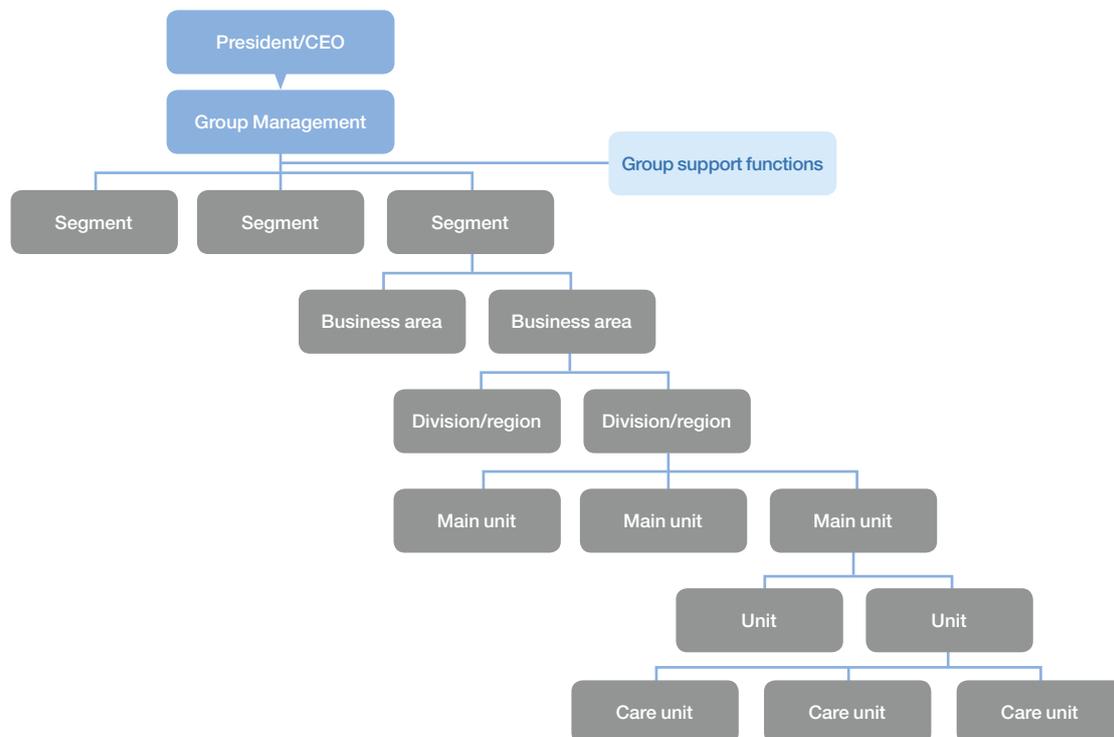
Our organizational structure is based on the care units where our patients are treated, for example operating theatres, wards, primary care units and specialist clinics. In total we have around 600 care units at Capio. Most of these are part of a unit consisting of two or more care units, which in turn form part of a main unit, often a hospital. For small units, the organizational levels care unit and unit could be the same.

Each care unit is headed by a manager who has clear authority, resources and responsibility for achieving the objectives that have been set. This allows us to utilize the knowledge of our local managers in the best possible way, while giving our staff the opportunity to grow and see how their own knowledge and initiative can make a difference.

All main units form part of a business area. The Capio Group consists of 7 business areas (8 business areas from 2017 when Denmark is part of the Group) which are geographically driven except in Sweden where the operations are divided into several business areas driven by the kind of operations performed. Capio's operations are divided into three operational segments; Capio Nordic (Sweden, Norway and Denmark from 2017), Capio France and Capio Germany. The segments are based on the Group's management structure and geography. The organization is structured to facilitate the provision of healthcare on the most relevant care level for each patient.

There are 8 Group support functions; Treasury and Insurance, Corporate Finance, Group Reporting and Control, Investor Relations, Group Communication & Public Affairs, IT Projects, Management Support and Chief Medical Officer (CMO), providing support to the CEO and Group Management as well as supporting the operations and developing standards through policies, directives and guidelines.

Capio's organizational structure



Clear goals, authorities and responsibilities

The Capiro model has a key role in the Group. The Group Management, which is appointed by the CEO, holds the overall responsibility for the operations of the Group through its segments and business areas in line with the strategy and long-term objectives adopted by the Board of Directors based on the Capiro model. The Group CFO's responsibilities include the Group's financial and operational reporting, business management support, risk management, auditing, internal control over financial reporting, financing, and support in connection with mergers, acquisitions and potential divestments. Capiro's CMO holds the ultimate responsibility to the Group CEO for all medical governance.

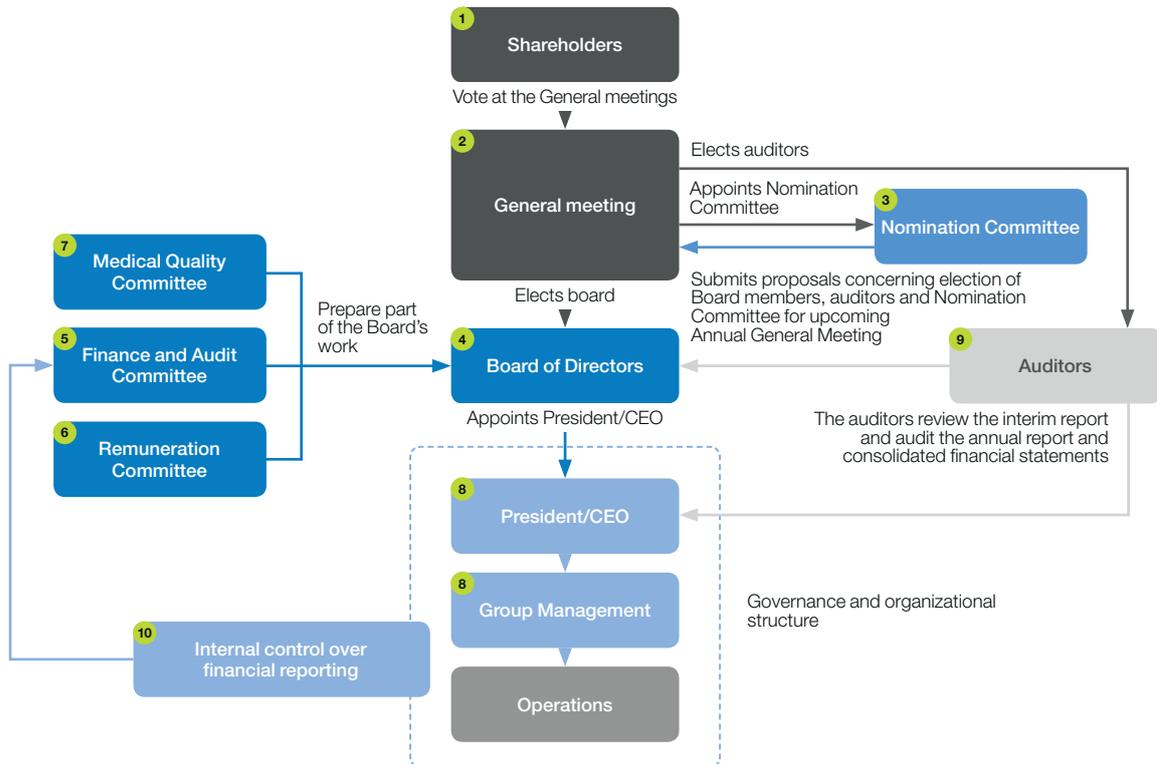
The business area managers are responsible for running the activities of the respective business areas in line with the guidelines and instructions laid down by the CEO and Group Management, as well as applicable laws and regulations. They are also responsible for oversight of medical quality and efficiency. The business area managers, of whom the majority has a medical background, report directly to the CEO.

The managers of the Group's main units are responsible for business operations in line with the guidelines set by the Group Management via the business area managers, as well as applicable laws and regulations. Day-to-day operations are managed with the help of clear and measurable delegation of areas of responsibility, which are followed up on the basis of quality performance indicators (QPIs) as well as key performance indicators (KPIs), income statements, balance sheets and cash flow statements in line with Capiro's financial model.

The local management together with business area managers and the Group Management are important elements of the Group's corporate governance. The finance functions also play an important governance role, with the ambition of supporting the operations and supporting the management with accurate, relevant and timely financial and operational reporting and follow-up.

For more information regarding the Capiro model and Capiro's financial model, refer to page 16 of the annual report.

Capiro's corporate governance model



1. Shares and shareholders

As of December 31, 2016 Capio had 5,423 shareholders according to the share register which is kept by Euroclear Sweden AB. The number of shares is equivalent to the number of votes. The 10 largest shareholders held a combined holding of 72.9% of the share capital in Capio and the largest shareholder was Nordic Capital Fund VI¹ through companies, which held 18.8% of the shares and votes. The second largest shareholder was Apax Europe VI Fund Group² through companies, which held 10.8% of the shares and votes. For more detailed information about the shareholders, see page 150 of Capio's annual report.

Dividend policy

Under the dividend policy adopted by the Board of Directors, Capio targets annual dividends that reflect a yearly payout ratio of approximately 30% of the Group's profit for the period over time, allowing for a meaningful reinvestment in the business.

2. General meeting

General

The general meeting is Capio's supreme decision-making body through which shareholders exercise their voting rights. Capio's Articles of Association contain no limitation on the number of votes that each shareholder may exercise at a shareholder's meeting.

The general meeting has the right to decide in all matters not inconsistent with Swedish law. The general meeting held within six months after the end of the fiscal year adopting the income statement and the balance sheet is called the Annual General Meeting. Capio's Annual General Meeting is held in Gothenburg, Sweden, every calendar year before the end of June. Date and place of Capio's Annual General Meeting is announced no later than the date for publication of the interim report for the third quarter each year.

Notice to convene a general meeting is posted on Capio's website and in Swedish Official Gazette. Announcement that the notice has been sent is published in the national newspaper Svenska Dagbladet. All shareholders who are directly recorded in the share register five weekdays (Saturdays included) prior to the general meeting and who have notified Capio of their intention to participate in the general meeting not later than the date indicated in the notice of the general meeting, are entitled to attend the general meeting and vote for the number of shares they hold.

Annual General Meeting 2016

Capio's Annual General Meeting 2016 was held on May 11, 2016. The following key decisions were taken:

- The Annual General Meeting resolved to adopt the income statement and balance sheet as well as the consolidated income statement and consolidated balance sheet included in the annual report for the financial year 2015
- The Annual General Meeting resolved the dividend of SEK 0.50 per share as proposed by the Board of Directors
- The Annual General Meeting resolved to approve the Board of Directors proposal to implement a long-term incentive program for employees in the Capio Group entailing an issue of convertible bonds

- The Annual General Meeting resolved that the Board of Directors shall consist of eight ordinary members and one deputy member
- The Board of Directors was elected and Anders Narvinger was reelected as chairman of the Board
- The Annual General Meeting approved the Nomination Committee's proposal regarding principles for appointment of members of the Nomination Committee
- The Annual General Meeting resolved on the adoption of guidelines for remuneration for the CEO and other senior managers
- Ernst & Young AB was reelected auditor of the company for the period until the next Annual General Meeting. It was Noted that Staffan Landén would be the auditor in charge

3. Nomination Committee

Duties

The Nomination Committee shall propose the following to the Annual General Meeting: chairman at the general meeting, Board of Directors, chairman of the Board of Directors, auditor, remuneration to the Board of Directors (divided between the chairman and the other directors as well as remuneration for committee work), remuneration to the auditor and proposal regarding new instructions for appointing the Nomination Committee and its work. In performing its duties the Nomination Committee considers diversity and prior board experience when evaluating and proposing new board members.

Composition

According to the instructions to the Nomination Committee in respect of the Annual General Meeting 2017, resolved by the Annual General Meeting on May 11 2016, Capio's Nomination Committee shall comprise representatives of the five largest shareholders in terms of the number of votes, pursuant to Euroclear Sweden AB's register as of August 31 the year before the AGM, and the Chairman of the Board. The composition of the Nomination Committee shall be published no later than six months before the Annual General Meeting.

The Nomination Committee in respect of the Annual General Meeting 2017 was appointed in accordance with the instruction resolved by the Annual General Meeting 2016 and consists of:

- Anders Narvinger (the Chairman of the Board)
- Robert Furuholm, appointed by Nordic Capital Fund VI
- Bo Lundgren, appointed by Swedbank Robur fonder
- Joakim Rubin, appointed by Zeres Capital
- Per Hesselmark, appointed by R12 Kapital
- Per Colleen, appointed by the Fourth Swedish National Pension Fund (AP4)

All shareholders have the opportunity to contact the Nomination Committee with proposals for Board members. Please refer to Capio's webpage (www.capio.com) for contact information.

¹ Nordic Capital Fund VI is comprised of (1) Nordic Capital VI Limited, acting as general partner of Nordic Capital VI Alpha, L.P. and Nordic Capital VI Beta, L.P.; (2) NC VI Limited; and (3) Nordic Industries Limited.

² Apax Europe VI-A, L.P., Apax Europe VI-1, L.P. and Apax Capio Syndication Partners (Guernsey) L.P.

4. Board of Directors

Duties

The Board of Directors is ultimately responsible for Capio's organization and the management of the company's operations. The Board is responsible for the Group's long-term development and strategy, for regularly controlling and evaluating the Group's operations and financial situation and for the other duties set forth in the Swedish Companies Act, the Code and the formal work plan for the Board.

Composition

According to Capio's Articles of Association, the Board of Directors elected by the general meeting shall consist of not less than five members and not more than ten members.

During the period January 1, 2016 to May 11, 2016, Capio's Board consisted of six members. In addition, the Board had two members and two deputy members appointed by employee organizations. The Annual General Meeting 2016 reelected Anders Narvinger, Gunnar Németh, Fredrik Näslund and Gun Nilsson and elected Birgitta Stymne Göransson, Pascale Richetta, Michael Flemming and Arnaud Bosquet as ordinary members of the Board. Anders Narvinger was reelected Chairman of the Board and Gunnar Németh Vice Chairman of the Board.

For additional details on each member of the Board of Directors, refer to page 148 of the annual report.

Board independence

The current composition of the Board of Capio is assessed to meet the independence requirements set out in the Code. The assessment of each Board member's independence is presented in the table below.

The independence requirements mainly imply that only one person from the company's management may be a Board member, a majority of the elected members of the Board should be independent of the company and its management and that at least two of the elected members who are independent of the company and company management also must be independent in relation to major shareholders.

Rules of procedures

Every year at the inaugural Board meeting following the election at the Annual General Meeting, Capio's Board of Directors adopts work procedures that stipulate how the work should be divided between the Board, its committees and the CEO. It also contains matters to be addressed at regular meetings of the Board and duties incumbent on the chairman.

The Board should convene at least six times per year in addition to the inaugural Board meeting. The Board chairman organizes and manages the work of the Board. Apart from the responsibilities of the chairman, there is no particular division of tasks or responsibilities between the Board members. The CEO is not part of the Board, but attends all Board meetings and is responsible, together with the chairman, that the Board is provided adequate information prior to each meeting.

In addition to the regular meeting frequency, the Board convenes on events of great importance that cannot be referred to the next-regular Board meeting.

The Board's work in 2016

In 2016, the Board of Directors in Capio held 7 regular meetings, 4 extraordinary meetings and one inaugural meeting. The attendance of Board members at these meetings is presented in the table below.

Information regarding Board remuneration is presented in Note 4 of the annual report.

The Board met with the external auditors without the presence of management at one occasion during 2016.

The Chairman of the Board ensures that an annual evaluation is conducted of the work of the Board. The evaluation focuses on the Board's work methods, its work climate and its access to and need for particular Board competence. The evaluation 2016 took place during the second quarter and was a self-assessment based on individual structured discussions with those members being part of the Board last year and reelected at the Annual General Meeting 2016. The result of the evaluation is part of the supporting information used by the

The Board's composition, independence and attendance at meetings January 1, 2016–December 31, 2016

Name	Board member since	Independent of Capio and of Capio's Group Management	Independent of principal shareholders	Attendance Board meetings	Attendance FAC meetings	Attendance Remuneration Committee meetings	Attendance Medical Quality Committee meetings
Anders Narvinger	2011	Yes	Yes	12/12	–	2/2	1/2 ³
Fredrik Näslund	2006	Yes	No	12/12	5/5	2/2	–
Gunnar Németh	2011	No	Yes	11/12	–	–	3/3
Neal Dignum ¹	2013	Yes	No	2/4	1/2	1/1	–
Håkan Winberg ¹	2013	No	Yes	4/4	1/2	–	–
Gun Nilsson	2014	Yes	Yes	11/12	5/5	–	–
Pascale Richetta ²	2016	Yes	Yes	8/8	–	–	1/1
Michael Flemming ²	2016	Yes	Yes	8/8	–	–	–
Birgitta Stymne Göransson ²	2016	Yes	Yes	8/8	3/3	1/1	1/1
Arnaud Bosquet ^{2,4}	2016	Yes	No	7/8	–	–	–
Kevin Thompson, employee representative, ordinary member	2010	No	Yes	12/12	–	–	–
Julia Turner, employee representative, ordinary member	2012	No	Yes	12/12	–	–	–
Bengt Sparrelid, employee representative, deputy member	2010	No	Yes	8/12	–	–	–
Alexandra Ekengren, employee representative, deputy member	2014	No	Yes	7/12	–	–	–

¹ Resigned from the Board on May 11, 2016

² New board member as from May 11, 2016

³ Resigned from the Committee on May 11, 2016

⁴ Resigned from the Board of Directors as from March 15, 2017

Nomination Committee when nominating Board members and proposing remunerations. The evaluation process follows and is in compliance with the Swedish Corporate Governance Code.

Important Board decisions 2016:

- Approval of updated Group policies
- Acquisition of Clinique Grand Large and divestment of Clinique Bayard (France)
- Acquisition of CFR Hospitaler (Denmark)
- Acquisition of Backa Läkarhus (Sweden)

The Board's committees

In accordance with the Rules of Procedure for the Board of Directors, the Board of Capio has established a Finance and Audit Committee, a Remuneration Committee and a Medical Quality Committee. The committee members are appointed by the Board of Directors at the inaugural Board meeting for a term of one year.

The Finance and Audit Committee and the Medical Quality Committee prepare issues within each committee's responsibility and present recommendations for approval by the Board of Directors. The same authority rules apply for the Remuneration Committee with the exception of matters related to remuneration for other senior managers than the CEO. These questions are prepared and resolved by the Remuneration Committee.

The committees keep minutes of their meetings and the minutes are made available to the Board. Furthermore, the chairman of each committee accounts for the committee work at the Board meetings.

5. Finance and Audit Committee (FAC)

Duties

The overall task of the Finance and Audit Committee is to ensure fulfillment of the Board of Directors' supervisory duty in relation to internal control over financial reporting, audit, risk management, accounting and financial reporting.

The Finance and Audit Committee reviews procedures and routines for the aforementioned areas and also prepares the Board of Directors' report on internal control. In addition, the Finance and Audit Committee monitors the impartiality and independence of the auditor, evaluates the audit work including the external auditor's additional supervisory duties in relation to the Group's self-assessment process, to verify the internal control over financial reporting.

The Finance and Audit Committee also assists Capio's Nomination Committee in preparing nominations for auditors and recommendations for audit fees.

The Finance and Audit Committee should hold at least four meetings per year and the meetings should be held in conjunction with ordinary Board meetings.

During 2016, the Finance and Audit Committee held a total of five meetings. The attendance of Board members at committee meetings is presented in the table on page 142.

Composition

The following Board members were appointed members of Capio's Finance and Audit Committee at the inaugural Board meeting following the Annual General Meeting 2016:

- Gun Nilsson (chairman)
- Fredrik Näslund
- Birgitta Stymne Göransson

The current composition of the members of Capio's Finance and Audit Committee is assessed to meet the requirements of the Swedish Companies Act. Please refer to page 142 for the assessment of the independence of the Board. All members of the Finance and Audit Committee are highly familiar with accounting matters and the accounting standards that apply for an international Group such as Capio.

6. Remuneration Committee

Duties

The task of the Remuneration Committee is to prepare matters concerning remuneration and employment terms for Capio's CEO which is then resolved by the Board of Directors. The task is also to prepare and resolve matters concerning remuneration and employment terms for Group Management members who report directly to the CEO.

The work of the Remuneration Committee also includes proposing guidelines for, among other things, the relationship between fixed and variable compensation and the relationship between performance and compensation, the principal conditions for bonuses and incentive schemes, conditions for non-monetary benefits, pensions, termination and severance pay. Furthermore, the Remuneration Committee monitors and evaluates the outcome of variable compensation schemes and Capio's compliance with remuneration guidelines adopted by the general meeting.

The Remuneration Committee should hold at least two meetings per year.

During 2016, the Remuneration Committee held a total of 2 meetings. The attendance of Board members at committee meetings is presented in the table on page 142.

Composition

The following Board members were appointed members of Capio's Remuneration Committee at the inaugural Board meeting following the Annual General Meeting 2016:

- Anders Narvinger (chairman)
- Fredrik Näslund
- Birgitta Stymne Göransson

The current composition of the members of Capio's Remuneration Committee is assessed to meet the requirements stated in the Code. Please refer to page 142 for the assessment of the independence of the Board.

7. Medical Quality Committee

Duties

The duties and responsibilities of the Medical Quality Committee are to monitor medical risk, quality and compliance within the Group, as well as to develop and review appropriate policies and reporting within the medical compliance area.

The Medical Quality Committee should hold at least two meetings per year.

During 2016, the Medical Quality Committee held a total of three meetings. The attendance of Board members at committee meetings is presented in the table on page 142.

Composition

The following Board members were appointed members of Capio's Medical Quality Committee at the inaugural Board meeting following the Annual General Meeting 2016:

- Gunnar Németh (chairman)
- Pascale Richetta
- Birgitta Stymne Göransson

8. Group Management

General

During the period January 1, 2016 to December 31, 2016, Capio's Group Management consisted of six members being the CEO, the CFO, the Senior Vice President Group Communication & Public Affairs, the CMO, the French business area manager and the Deputy CMO.

For a detailed presentation of Capio's Group Management, see page 146 in the annual report.

The CEO is appointed by and receives instructions from the Board of Directors. The CEO, in turn, appoints other members of Group Management and is responsible for the ongoing management of the Group in accordance with the Board's guidelines and instructions.

Group Management holds regular meetings under the direction of the CEO to discuss, decide and execute on important operational and financial issues.

Remuneration to Group Management

The Board of Directors proposes to the Annual General Meeting guidelines for remuneration of Group Management including CEO. Matters of remuneration for the CEO is then prepared by the Remuneration Committee and resolved by the Board of Directors. The remuneration for Group Management members who report directly to the CEO is prepared and resolved by the Remuneration Committee.

The guidelines applied for remuneration and other terms of employment for Group Management pursuant to the resolution by the Annual General Meeting held on May 11, 2016 are referred to in Note 4 in the annual report.

9. Auditors

The Annual General Meeting 2016 re-elected Ernst & Young as the Group's audit firm for a period until the end of the 2017 Annual General Meeting. Auditor in charge is Staffan Landén. For a detailed presentation of Staffan Landén, see page 149 in the annual report. For information about the remuneration of the auditors, see Note 22 in the annual report.

The external audit is conducted in accordance with the Swedish Companies Act, generally accepted auditing standards in Sweden and International Standards on Auditing.

10. Internal control over financial reporting

Introduction

The Board's responsibility for internal control is regulated by the Swedish Companies Act and the Swedish Corporate Governance Code. Capio's internal control structure is inspired by the COSO framework. The purpose of this report is to provide shareholders and other interested parties with a description of how internal control is organized at Capio with regard to financial reporting.

Control environment

A fundamental part of Capio's framework for internal control over financial reporting is the overall control environment. The basis of Capio's control environment is the company culture which is reflected in everything we do. The company culture is based on the Capio model, our way of working in order to create value for the benefit of patients and society, and the ethics and values stated in Capio's Code of Conduct. Extensive management programs on this theme are conducted within the Group.

An important part of Capio's control environment is the Group policies and guidelines. The Board of Directors has delegated the ongoing work regarding the internal control over financial reporting within the

Group to the CEO and the CFO. The CEO and the CFO have determined detailed policies and guidelines regarding how the financial reporting within the Group should be organized and controlled.

Important Group policies that apply to internal control over financial reporting, including authorization rules is Capio Financial Policies and Guidelines (FPG) and Capio Accounting and Reporting Manual (CARMA).

Risk assessment

Risks relating to the financial reporting are evaluated and monitored by the Board through the Finance and Audit Committee. The Group performs regular risk assessments to identify key risks. Identified risk areas are summarized in Capio's Financial Policies and Guidelines together with relevant routines on how the risk is to be controlled. Risks are managed and followed-up in line with the control environment that the Group has established. Local risks related to the financial reporting are identified in the course of the normal business and in connection with the external audit.

During 2016 the Group finalized and implemented a routine whereby formal risk assessment meetings were held with the business areas. The result of the risk assessments were used as input when designing and performing the yearly self-assessment process for 2016.

Control activities

Control activities performed at Capio include decision and authorization rules, an appropriate assignment of responsibilities, manual and automated controls and verifications and reconciliations. In addition to process level controls, a number of Group-wide control activities are performed. The monthly financial and operational reporting, including follow-up of the Group, represents an important point of control, which also aims at securing that the financial reporting gives a true and fair view of the Group's financial position and development. The structured budget and forecasting processes are also examples of Group-wide control activities. Furthermore, the monthly reporting process with analysis and comparison to budget is an integrated part of the Capio model including QPIs, KPIs and financial results.

Information and communication

Group policies and guidelines related to the financial reporting are updated regularly, and communicated to relevant employees via appropriate channels within the Group. Furthermore, financial managers and controllers for each business area have regular meetings with relevant positions within the Group functions. In connection to these meetings, the fundamental control environment is reviewed and discussed as well as any other issues related to the internal control.

Furthermore, Capio has a communication policy governing both internal and external communication.

Monitoring

Monitoring of internal control over financial reporting is carried out at different levels of the organization. Key functions include the Board of Directors, the Finance and Audit Committee, Group Management, Group finance functions as well as business area and local management together with local finance functions. The Board of Directors, through the Finance and Audit Committee, is involved in the planning of Group-wide monitoring activities on a yearly basis as part of the internal control plan of the year. Process level controls consist of both formal and informal routines and monitoring is performed locally by managers and process owners.

The overall control environment and implemented control activities for financial reporting are evaluated on a regular basis in terms of a self-assessment process. The self-assessment process is coordinated by the Group support function Group Reporting and Control and carried out by management and finance teams at business area and main unit level. Areas evaluated are compliance with Group policies and guidelines with special emphasis on the Financial Policies and Guidelines and are selected in cooperation with the Finance and Audit Committee based on the risk assessment. The results of the self-assessment are compiled and presented to the Board of Directors, the Finance and Audit Committee as well as the Group Management. Reported results are verified by the Group's external auditor through interviews and sample testing on a selected number of entities. Group Reporting and Control also verify reported results as an important part of the self-assessment process.

Other Group-wide monitoring activities include a thorough review and follow-up of the monthly financial and operational reporting. Reviews are performed at different levels of the organization, from main unit level to Group level. The Board of Directors receive monthly financial reports from the CFO and the CEO regarding the Group's earnings and financial position and are involved in the review of all quarterly financial statements, quarterly reports and the Group's annual report before publication.

The Board involvement in the planning of the Group-wide monitoring activities and the established reporting procedures mentioned above, enables for the Board of Directors to verify that Capio has formalized routines to ensure that approved principles for financial reporting and internal control are applied, and that Capio's financial reports are produced in accordance with legislation, applicable accounting standards and other requirements for listed companies.

The Board of Directors of Capio has chosen not to establish a separate internal audit function. Based on Capio's current structure and decentralized organization, it is deemed most efficient that Group level internal control activities are coordinated by CFO and Group Reporting and Control in close collaboration with the Finance and Audit Committee. The need for an internal audit function is regularly assessed by the Finance and Audit Committee.

Gothenburg March 17, 2017
Capio AB (publ)
Board of Directors

Auditor's report on the corporate governance statement

To the general meeting of the shareholders of Capio AB (publ), corporate identity number 556706-4448

Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the year 2016 on pages 138–145 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been 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 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Gothenburg 17 March 2017
Ernst & Young AB

Staffan Landén
Authorized Public Accountant