

Corporate Governance Report

Since 9 June 2016, Bonava is a Swedish public limited liability company listed on Nasdaq Stockholm. Bonava complies with the Swedish Corporate Governance Code ("the Code"). It is intended to ensure efficient and value-creating decision-making by clearly defining the professional responsibilities and roles of the owners, the Board of Directors and Group management. This transparency is a pre-requisite for quick and appropriate responses to new business opportunities.

Chairman's comments



CARL ENGSTRÖM, CHAIRMAN

LISTING ON THE STOCKHOLM STOCK EXCHANGE

2016 was an exciting year for Bonava. We launched our new brand, production started more than 5,500 housing units, sold more than 6,000 housing units, recruited over 350 new members of staff and presented our best results ever. In the midst of all this, we also listed Bonava on Nasdaq Stockholm. The listing on 9 June was preceded by a year of intense preparation, and I would once more like to thank all of Bonava's outstanding employees for their hard work.

NEW BOARD OF DIRECTORS IN A RENEWED COMPANY

As part of the spin-off from NCC, an independent Board of Directors was appointed for Bonava in December 2015. As a business area within NCC, Bonava has been part of a listed group for many years and has a solid foundation to build on. While the spin-off creates new opportunities it also generates risks, as we are now in the process of establishing new functions, ERP systems, working methods and relationships. As part of our work during the year, the Board has focused sharply on the listing process and

risk management in an independent Bonava. We have done this by establishing the structures, processes and instructions required for positive and sound corporate governance in compliance with the Companies Act, Bonava's Articles of Association and the Swedish Code of Corporate Governance. The Board visited several housing projects on Bonava's two main markets in Sweden and Germany during the year. As a rule, each Board meeting also began with a presentation by one of the company's senior executives in order to provide the Board with deeper insight into the organisation, the different areas of responsibility and ongoing issues. Some of the areas discussed include Bonava's new brand, customer segments and sales channels, HR, IT platforms, sustainability, health and safety as well as strategy and procurement.

SOLD, COMPLETED AND DELIVERED

During the year, the Board of Directors decided to establish a separate Audit Committee in order to address the relevant questions in more depth. A key issue for the Board has been how to improve the communication with the stock market in

order to increase the understanding of Bonava's Income Statement and accounting principles. According to Bonava's principles, a housing unit is recognised for profit until it is sold, completed and handed over to the customer. Although this policy is conservative and safe, it also means that Bonava's profit or loss can fluctuate between quarters depending on when housing units are handed over.

A PASSION FOR AFFORDABLE HOUSING UNITS

Bonava's strategy continues to focus on affordable and sustainable housing units through cost leadership and efficient allocation of capital. The aim is to generate good returns for shareholders by creating great homes and vibrant neighbourhoods for our customers. This is something that all of Bonava's employees feel strongly about, and I am glad to say that this enthusiasm has spread to the Board room. Finally, I would like to take the opportunity to extend a warm welcome to all our new and existing shareholders.

Carl Engström
Chairman

Corporate Governance Report

Bonava is a Swedish public limited liability company listed on Nasdaq Stockholm on 9 June 2016 following a spin-off from NCC. NCC AB has been listed on the Stockholm Stock Exchange for a number of years. Bonava's Corporate Governance is based on Swedish law, the Articles of Association, Nasdaq Stockholm's Rule Book for Issuers and regulations and recommendations issued by relevant organisations. In the countries where Bonava conducts operations, the company complies with local legislation and other regulations. Bonava also complies with accepted securities market practice, which includes the application of the Swedish Corporate Governance Code.

Since listing in June 2016, Bonava has not departed from the Code. There have been no instances of non-compliance with from Nasdaq Stockholm's Rule Book for Issuers or accepted securities market practice.

This Corporate Governance Report has been prepared by the Board of Directors and is presented in compliance with the Annual Accounts Act and the Code, presenting Bonava's corporate governance in 2016.

SHAREHOLDERS' MEETINGS

Pursuant to the Swedish Companies Act, Shareholders' Meetings are the company's highest decision-making body, where the shareholders make decisions relating to the company.

Notices convening Shareholders' Meetings are made available on the company's website and through announcements in the

Swedish Official Gazette (Post- och Inrikes Tidningar). Confirmation that the notice has been issued is published simultaneously in Swedish daily broadsheets Dagens Nyheter and Svenska Dagbladet.

Shareholders' Meetings in 2016

The Extraordinary General Meeting (EGM) in Bonava on 25 January 2016 resolved on a new share issue, increasing the company's share capital to SEK 500,000.

The Annual General Meeting (AGM) 2016 was held on 22 April 2016, before Bonava was listed. In addition to electing the Board of Directors and other customary matters, the AGM authorised a bonus issue that increased Bonava's share capital to SEK 410,000,000.

The EGM on 18 May 2016 authorised a bonus issue that increased Bonava's share capital to SEK 433,743,288, thereby raising the quotient value of the share to SEK 4.00.

The EGM on 26 September 2016 authorised the introduction of a share-based incentive program for Group management and specified key executives.

Annual General Meeting 2017

Bonava's AGM 2017 will be held on 4 April 2017 in Stockholm, Sweden. Shareholders are entitled to raise matters at the AGM subject to submitting a written request by no later than 14 February 2017. The request should be addressed to the Board of Directors. Bonava always seeks to ensure that the Board of Directors, management, the Nomination Committee and the Auditor are present at

General Meetings. For more information about the AGM, see page 128 or Bonava's website, <http://www.bonava.com/en/general-meeting/annual-general-meeting-2017>.

SHARES AND SHAREHOLDERS

Bonava's share was listed on Nasdaq Stockholm on 9 June 2016. At year end, the number of shares in the company was 108,435,822. On the same date, the share capital totalled SEK 433,743,288, with a quotient value per share of SEK 4.00.

At year end, Bonava had 41,489 shareholders. The company's five largest shareholders at year end were Nordstjernan AB, AMF Försäkring och Fonder, Swedbank Robur fonder, Lannebo fonder and SEB Investment Management.

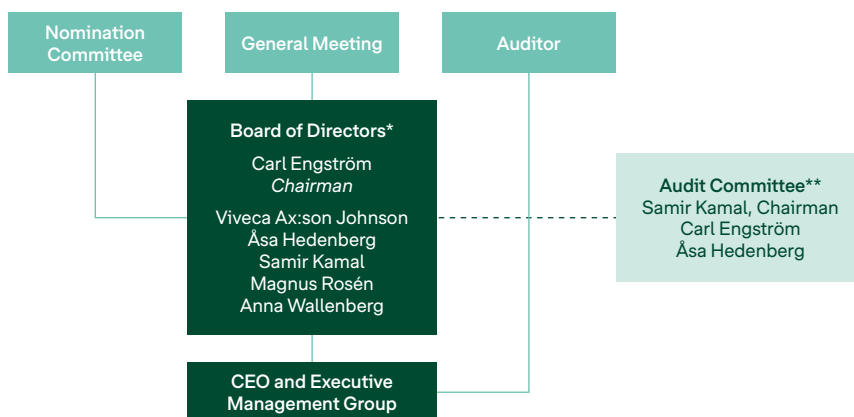
For more information about Bonava's shares and shareholders, see Bonava's owners and share on pages 53–55.

ARTICLES OF ASSOCIATION

Bonava's Articles of Association were adopted by the AGM 2016 and are available in full at bonava.com. The Articles of Association stipulate that the company, directly or indirectly through subsidiaries, develops and invests in residential properties and engages in real estate trading operations, and conducts other operations related to the above. The company also undertakes certain activities common to the Group as a whole, such as the provision of staff services. The registered office is in Solna, Sweden¹⁾. The company is prohibited from making any decisions that contravene the

¹⁾ A proposal to change the location of the company's registered office to Stockholm was presented ahead of the AGM 2017.

Bonava's Corporate Governance



* In 2016, the Audit and Remuneration Committees' tasks were carried out by Bonava's Board of Directors.

** From 1 January 17, Bonava has established a dedicated Audit Committee.

Contact the Board of Directors
at ir@bonava.com

Articles of Association without first referring such matters to the Shareholders' Meeting for a decision and potentially amending the Articles of Association. The Articles of Association do not contain any special stipulations regarding the appointment and discharge of Board members or amendments to the Articles of Association.

NOMINATION COMMITTEE

The AGM 2016 adopted instructions for the Nomination Committee's work. Coincident with this resolution, the AGM also adopted differing instructions for the period until the 2017 AGM, because the AGM 2016 was held prior to Bonava's listing on Nasdaq Stockholm.

Prior to the 2017 AGM, the instruction is as follows: On the basis of statistics as of the last banking day of the month in which the company's share was included for trading on Nasdaq Stockholm, the Chairman of the Board will contact the three largest shareholders in terms of voting rights, and each of these will be entitled to appoint one member to the Nomination Committee. If none of the three largest shareholders wish to utilise their right to appoint a member to the Nomination Committee, the next largest shareholder shall be offered the right to appoint a member. In the event that several shareholders relinquish their right to appoint members of the Nomination Committee, the Chairman is not required to contact more than a maximum of eight shareholders, unless it is deemed necessary in order to establish a Nomination Committee with a minimum of two members. Unless otherwise agreed between the members, the Chairman of the Nomination Committee represents the largest shareholder. However, the Chairman of the Board may never simultaneously hold the position of Chairman of the Nomination Committee.

The work of the Nomination Committee

According to the instructions, the Nomination Committee's task is to propose to the AGM the number of Board members and the composition of the Board, including the Chairman as well as proposals relating to remuneration to the Board, including any special fees for committee work. The Nomination Committee also proposes the Chairman of the AGM and, where applicable, Auditors

and their remuneration. Where required, the Nomination Committee also proposes any changes to the applicable regulations governing the Nomination Committee.

Ahead of the AGM 2017, the Nomination Committee held three meetings where minutes were taken, and also communicated by phone and email between meetings. The Chairman of the Board of Directors reported to the Nomination Committee on the Board's work during the year, and the Nomination Committee also met with and interviewed all Board members. The Nomination Committee concluded that the composition of the Board of Directors is satisfactory in terms of diversity and gender division. The Nomination Committee then evaluated the company's needs and the expedient composition of the Board with regard to existing Board members' backgrounds and competences. Against the background of this evaluation, the required competences for new Board members was produced, and the Nomination Committee identified, interviewed and evaluated potential candidates. The Nomination Committee also evaluated Directors' fees and addressed the matter of remuneration for committee work. All decisions taken by the Nomination Committee were unanimous.

Nomination Committee proposals

Shareholders have been invited to present their views and proposals to the Nomination Committee. Shareholders wishing to present a proposal to the Nomination Committee should do so by emailing ir@bonava.com.

No special remuneration was paid to the Chairman, or to any of the other members of the Nomination Committee.

The Nomination Committee's proposed Board members, Directors' fees and Auditors are presented in the Notice Convening the AGM and at bonava.com.

BOARD OF DIRECTORS

According to the Articles of Association, Bonava's Board of Directors shall have a minimum of three and a maximum of eight members. The AGM on 22 April 2016 resolved to re-elect Carl Engström, Viveca Ax:son Johnson, Åsa Hedenberg, Samir Kamal, Magnus Rosén and Anna Wallenberg

as Board members. For information on Board members and their assignments outside the Group, and their shareholdings in Bonava.

The Board of Directors safeguards the shareholders' long-term interests and assumes ultimate responsibility for the company's organisation and administration. The Board of Directors also determines Rules of Procedure for the Board and instructions for the CEO. The Board of Directors has decided on a number of overarching policies, guidelines and instructions relating to the company's operations, see below. These internal governing documents are reviewed at least once annually and are also updated continuously to comply with legislation as and when required.

The Board of Directors and non-affiliation

According to the Code, a majority of Board members elected by the AGM must be non-affiliated to the company and its management. At least two Board members must also be non-affiliated to the company's major shareholders. Bonava's Board of Directors was deemed to satisfy the requirements of non-affiliation as all six of the members elected by the AGM are non-affiliated to the company and management. All Board members, with the exception of Carl Engström and Viveca Ax:son Johnson, are deemed to satisfy the requirement for non-affiliation with regard to major shareholders (in both cases this relates to Nordstjernan AB).

Chairman

The Chairman of the Board is elected by Bonava's General Meeting and leads the Board's work. The AGM on 22 April 2016 elected Carl Engström as Chairman. The Chairman ensures that the Board carries out its work efficiently and fulfils its obligations, and that Board resolutions are implemented by the company and management. The Chairman ensures that the Board of Directors receives the information and supporting documentation required to make well-informed decisions.

Board work in 2016

In 2016, the Board held ten meetings, including the inaugural meeting following election. The agenda for every regular Board meeting includes a number of standing

Nomination Committee ahead of AGM 2017

Board members	Appointed by	Non-affiliated ¹⁾
Tomas Billing, Chairman	Nordstjernan AB	Yes/No
Tomas Risbecker	AMF - Försäkring och fonder	Yes/Yes
Johan Strandberg	SEB Investment Management	Yes/Yes
Carl Engström	The Board of Bonava AB (publ)	Yes/No

¹⁾ Independent in relation to the company and management / in relation to the largest shareholder in terms of votes.

Contact the Nomination
Committee at
ir@bonava.com

items: the CEO's summary of operations, divestments and investments, financial reporting, a summary of major exposure and reports on any potential health and safety and Code of Conduct incidents. Matters relating to the spin-off of Bonava as an independent company have been a standing item at Board meetings during the year. In 2016, the Board made resolutions on Bonava's strategy as well as a number of major divestments and investments. The Board also decided on a sustainability agenda and the company's long-term sustainability targets.

Committees

The Board currently has two Committees: the Audit Committee and the Remuneration Committee. In 2016, both committees' assignments were carried out by Bonava's Board of Directors. At the meeting on 7 November 2016, the Board established a dedicated Audit Committee effective from 1 January 2017.

The committees' assignments are regulated more closely in the annually revised committee instructions.

Audit committee

The Audit Committee works according to an agenda which is set annually. Its task is to monitor the company's financial reporting and the efficiency of the company's internal control and risk management. The Audit Committee also keeps itself continuously informed about the auditing of the Annual

Report and Consolidated Financial Statements. The committee's role includes to review and monitor the Auditor's independence and impartiality, and especially to follow up whether the Auditor provides services other than those included under the auditing assignment. The committee also recommends the Auditor to the Nomination Committee.

From 2017 onwards, the Audit Committee consists of Board members Samir Kamal (Chairman), Carl Engström and Åsa Hedenberg, none of whom is employed by the company.

The Audit Committee, consisting of the whole Board of Directors, held three meetings during 2016. The members of the Committee attended all meetings. Also Bonava's Auditor was present at all three meetings during the year. The meetings addressed matters such as the company's Interim Reports, the focus of its external auditing and the company's internal control of financial reporting.

Remuneration Committee

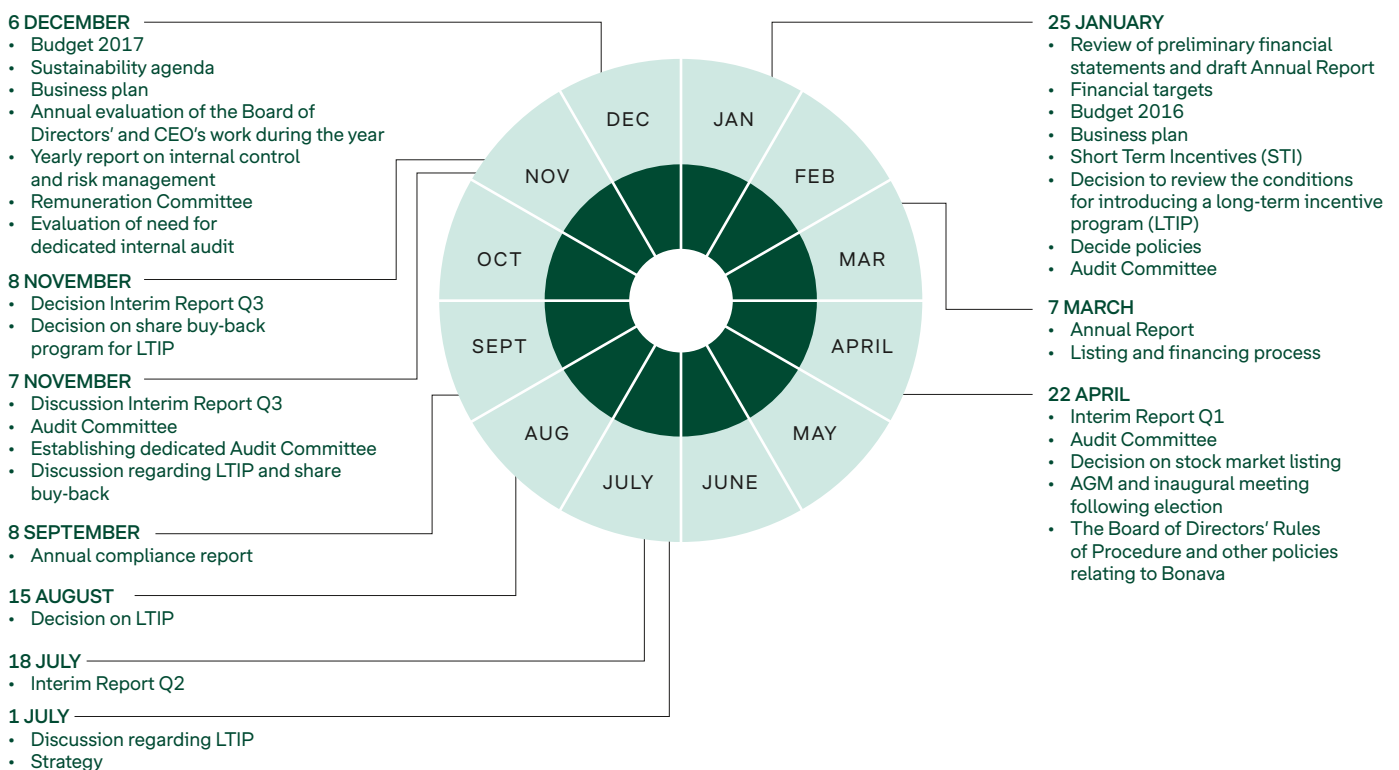
The task of the Remuneration Committee is to address matters relating to the principles governing remuneration to the CEO and senior executives, as well as individual remuneration to the CEO in accordance with the remuneration principles. The principles include the relationship between fixed and variable remuneration, and the correlation between performance and remuneration,

mainly the terms applying to potential bonuses and incentive programs, and the primary terms of non-monetary benefits, pension, termination of employment and severance pay. The whole Board determines the CEO's remuneration and other employment terms. Share-based incentive programs to Group management are decided by the AGM.

The Committee also assists the Board of Directors in monitoring the system for compliance with legislation, stock market regulations and the Code governing disclosure of information relating to remuneration to the CEO and other senior executives, as well as in producing, monitoring and evaluating ongoing programs, and programs terminated during the year, relating to variable remuneration to the CEO and other senior executives, application of the guidelines for remuneration to the CEO and other senior executives where an AGM resolution is a legislative requirement, and remuneration structures and remuneration levels.

The Remuneration Committee held one meeting (Board meeting) in 2016. All members were present at this meeting. The meeting addressed matters such as Bonava's remuneration guidelines for senior executives and remuneration to the CEO and other senior management, the share-based incentive program for senior executives resolved on in 2016, and the proposed basis for a potential share-based incentive program for senior managers for decision in 2017.

Board meetings 2016



Remuneration

The AGM on 22 April 2016 resolved to pay, in the period until the next AGM is held, annual fees of SEK 500,000 to the Chairman and SEK 260,000 to each of the other Board members, none of whom are employed by the company. No special fees were payable for committee work.

The AGM also authorised, provided it remains cost neutral to the company and following written agreement between the company and a Board member, invoicing of Board fees by companies wholly owned by Board members. In such cases, an amount corresponding to legislated social security contributions and sales tax must be added to the invoice.

Evaluating the Board of Directors and the CEO

In accordance with the Board of Directors' Rules of Procedure, the Chairman of the Board evaluates the Board's work annually. The evaluation for 2016 took the form of a questionnaire presented to Board members. The Chairman also had individual contacts with Board members. The purpose of the evaluation is to gather information about the views of Board members on the Board's work and what measures can be implemented to improve its efficiency, as well as to get an idea of the issues the Board of Directors considers should be given more prominence, and in which areas the Board may be in need of additional experience and competence. The results of the evaluation were presented to the Board of Directors, and the Chairman shared the results with the Nomination Committee.

THE CEO AND SENIOR MANAGEMENT

The CEO is appointed by the Board of Directors and is responsible for the daily management of the company and the Group's activities in accordance with the Board of Directors' instructions and regulations. The division of responsibilities between the CEO and the Board of Directors is defined in the Board's Rules of Procedure, and the instruction to the CEO is prepared by the Board of Directors. The CEO serves as the head of the Executive Management Group and makes decisions in consultation with other members of the EMG.

The EMG meets regularly on a monthly basis and as and when required. In 2016, the EMG met on nine occasions.

Guidelines for remuneration to senior executives

In accordance with the guidelines adopted by the AGM on 22 April 2016, Bonava applies the remuneration and employment terms required to recruit and retain management with a high degree of competences and the capacity to achieve the desired goals. The principles and forms of remuneration should motivate senior executives to do their utmost to secure the shareholders' interests.

Remuneration should be on market terms and competitive. The remuneration structure should also be simple, long-term and measurable. Remuneration to senior executives may include a fixed and a variable element. The fixed salary for senior executives should be on market terms and based on competence, responsibility and performance. All variable remuneration is related to fixed

salary, maximised and rewards the meeting of pre-determined targets, mainly of a financial nature. All variable remuneration in Bonava is designed to motivate and reward value-creating activities that support the company's long-term operational and financial objectives. For complete information on the guidelines for remuneration, see note 3.

As regards pension benefits, Bonava seeks to ensure a gradual transition to defined contribution solutions, which means that the company pays premiums that constitute a specified percentage of salary. Members of senior management active in Sweden and who are not covered by pension benefits under collective bargaining agreements (ITP plan), receive a maximum of 30 per cent of annual fixed salary as an annual defined-contribution pension provision. Members of senior management who are active in another country are covered by pension solutions in accordance with local practice. Severance pay and redundancy payments to senior executives may not exceed nine months' salary, or twelve months' salary for the CEO and CFO, upon notice of termination of employment from the company's side, and six months upon notice of termination of employment by senior executives. Senior executives are defined as the CEO, CFO and other members of Group management.

The Board of Directors is entitled to depart from the above guidelines for remuneration to senior executives in specific circumstances in individual cases.

The table in note 3 shows remuneration to the CEO and other senior executives in the financial year 2016.

Remuneration and attendance at Board meetings 2016

Members appointed by Shareholders' Meeting	Elected year	Board	Audit Committee ¹⁾	Remuneration Committee ²⁾	Non-affiliated, shareholders	Non-affiliated, company and management	Total annual fees, SEK
Total no. of meetings		10	3	1			
Chairman Carl Engström	2015	10	3	1	No	Yes	500,000
Viveca Ax:son Johnson	2015	10	3	1	No	Yes	260,000
Åsa Hedenberg	2015	10	3	1	Yes	Yes	260,000
Samir Kamal	2015	10	3	1	Yes	Yes	260,000
Magnus Rosén	2015	10	3	1	Yes	Yes	260,000
Anna Wallenberg	2015	10	3	1	Yes	Yes	260,000

¹⁾ In 2016, the Audit Committee's tasks were carried out by the Board of Directors.

²⁾ In 2016, the Remuneration Committee's tasks were carried out by the Board of Directors.

Share-based incentive program

The Extraordinary General Meeting on 26 September 2016 adopted the Board of Directors' proposal to introduce a share-based incentive program for Group management and selected key executives, in total 25 individuals. Participation in the program requires an independent shareholding in Bonava. The aim of the program is to link the interests of shareholders and Group management as well as specified key executives in order to ensure maximum long-term value creation. The EGM also resolved to authorise the Board of Directors to repurchase series B shares to ensure the implementation of the incentive program. The Board of Directors has decided to utilise this authorisation and has initiated a share buy-back program. To Bonava's future AGMs, the Board of Directors intends to propose long-term incentive programs based on similar principles to the program implemented in 2016.

AUDITOR

The company's financial statements and accounts and Group management's administration are reviewed and audited by the company's Auditor. The AGM on 22 April 2016 elected EY (Ernst & Young) as Auditor for the period until the AGM 2017. Authorised Public Accountant Mikael Ikonen was appointed Auditor in Charge. For more information about Mikael Ikonen, see page 65.

The Auditor reports any significant accounting discrepancies to the Audit Committee, and in case of any suspected irregularity. At last once annually, normally in connection with the year-end accounts, the Auditor reports his observations in connection with the audit review to the Board

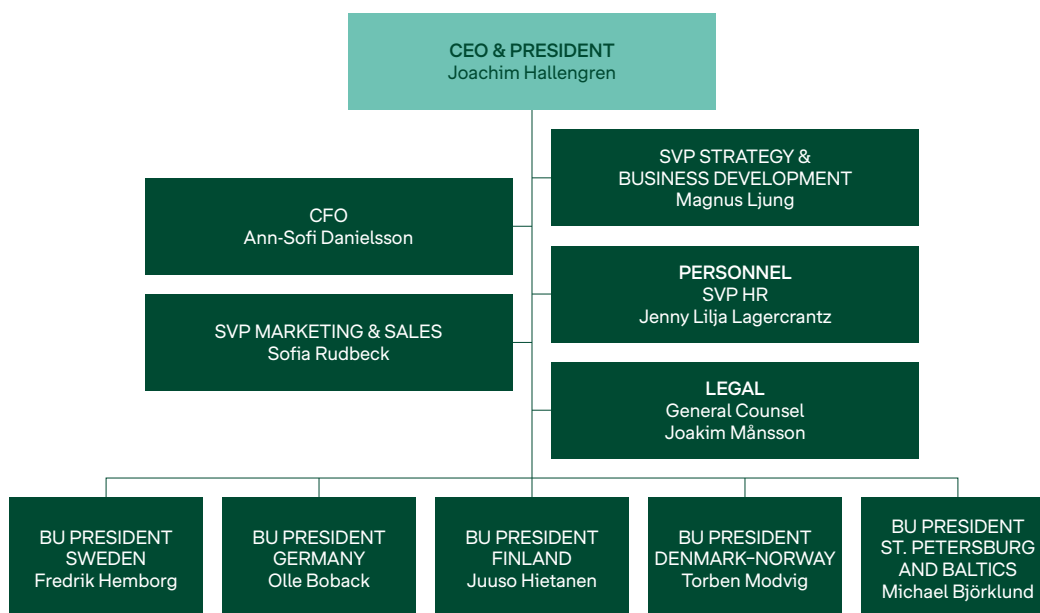
of Directors as well as an evaluation of the company's internal control. The Auditor also participates at the AGM to present the Audit Report which describes the audit work and any observations made.

In addition to its auditing assignment, EY also provided additional services in 2016, mainly related to tax and accounting, as well as services relating to the share-based incentive program. Such services have always and exclusively been provided in compliance with the regulations contained in the Audit Act and The Swedish Institute for the Accountancy Profession's (FAR) regulations governing professional ethics for the impartiality and independence of auditors.

Audit fees in 2016	SEK M
Audit fees	7
Fees for audit-related consulting services	0
Fees for tax consulting services	0
Other fees	0

Share-based long-term incentive program	LTIP 2016
No. of employees invited to participate	25
No. of employees opting to participate	25

Organisational structure



Board of Directors



Carl Engström

Chairman since 2015
Born in 1977

Education: M.Sc. (Econ.), Stockholm School of Economics, and M.Sc. (Eng.), Royal Institute of Technology in Stockholm.

Professional status: Senior Investment Manager and member of senior management of Nordstjernan AB.

Previous experience: Management consultant at Bain & Co.

Other ongoing assignments: Chairman of Salcomp Oyj and Salcomp Holding AB.
Shareholding in Bonava AB: 0 shares.



Viveca Ax:son Johnson

Board member since 2015
Born in 1963

Education: Social science secondary education (three years).

Other ongoing assignments: Chairman of Nordstjernan AB and Axel and Margaret Ax:son Johnson Foundation for Public Benefit and FPG Media AB. Director of NCC AB, Rosti Group AB and Axel and Margaret Ax:son Johnson Foundation.

Shareholding in Bonava AB: 25,000 series A shares och 123,000 series B shares.



Åsa Hedenberg

Board member since 2015
Born in 1961

Education: M.Sc. (Eng.), Royal Institute of Technology in Stockholm.

Professional status: CEO of Specialfastigheter Sverige AB.

Previous experience: CEO of Huga Fastigheter AB, CEO of Uppsalahem AB, Market Area Manager of Stockholm Kommersiellt Innerstad AP Fastigheter.

Other ongoing assignments: Member of the Council, Stockholm Chamber of Commerce. Convening of the Election Committee, Byggherrarna.

Shareholding in Bonava AB: 2,210 series B shares.

The information about shareholdings in Bonava refers to shares owned directly, through related parties and companies as of 31 December 2016.



Samir Kamal

Board member since 2015
Born in 1965

Education: M.Sc. (Econ.), Stockholm School of Economics. B.Sc. (Eng.), Imperial College London.

Previous experience: Partner of EQT Partners, partner of IK Investment Partners, Project Manager at Carnegie Investment Bank and Analyst at SEB.

Other ongoing assignments: Board member of Scandi Standard AB, Save-by-Solar Sweden AB, Rimas Holding AB and Stiftelsen Industrifonden
Shareholding in Bonava AB: 3,000 series B shares.



Magnus Rosén

Board member since 2015
Born in 1962

Education: M.Sc. (Econ.), Linköping University, and MBA, Stockholm School of Economics.

Professional status: CEO elect of Nobina PLC (from 1 June 2017)

Previous experience: CEO of Ramirent PLC, CEO of BE-Group Sverige and CEO of Cramo Sverige and SVP of Cramo Skandinavien.

Other ongoing assignments: Director of Llentab AB and Corroventa AB.
Shareholding in Bonava AB: 3,000 series B shares.



Anna Wallenberg

Board member since 2015
Born in 1975

Education: M.Sc. (Econ.), Uppsala University.

Professional status: Operating and Sales Director, Kronans Apotek.

Previous experience: Assortment and Purchasing Manager Kronans Apotek, Business Area Manager at Oriola AB and Strategy Consultant at Accenture.

Other ongoing assignments: Board member of Occasion Euro Events AB.
Shareholding in Bonava AB: 0 shares.

Auditor

Mikael Ikonen

EY (ERNST & YOUNG AB)

Key Audit partner. Born in 1963.

Other significant assignment: Auditor of D. Carnegie AB, Corem Property Group, NCC AB, Hemsö Fastighets AB and Slättö Förvaltning AB.

The information about shareholdings in Bonava refers to shares owned directly, through related parties and companies as of 31 December 2016.

Executive Management Group



Joachim Hallengren

President and CEO

Born in 1964

Education: M.Sc. (Eng.), Chalmers University of Technology

Professional experience: CEO of NCC Housing 2012–2016 and a total of 16 years' experience of a range of positions in the NCC Group, including Business Area Manager of NCC Property Development and member of the senior management of NCC AB (publ).

Other ongoing assignments: Director and owner of Aktiebolaget Phlebas, and directorships in other companies in the Phlebas Group. Chairman of Offside Press AB. Chairman of Centre for Management of the built environment (CMB), Chalmers.

Shareholding in Bonava: 10,000 series A shares and 43,400 series B shares.



Ann-Sofi Danielsson

CFO

Born in 1959

Education: M.Sc. (Econ.), Uppsala University.

Professional experience: CFO, Financial Director and a total of 13 years' experience as a member of NCC AB's senior management. *Other ongoing assignments:* Board member of Pandox AB, Bulten AB and Bulten Holding AB.

Shareholding in Bonava: 12,470 series B shares.



Magnus Ljung

SVP Strategy & Business Development

Born in 1975

Education: M.Sc. (Eng.), the Institute of Technology at Linköping.

Professional experience: Experience from senior positions within strategy and business development at Eniro and EDSA, Management Consultant at Bain & Co, Booz & Co and Accenture.

Other ongoing assignments: Director and owner of Avidor AB.

Shareholding in Bonava: 2,539 series B shares.



Sofia Rudbeck

SVP Marketing & Sales

Born in 1974

Education: M.Sc. (Eng.), Lund Technical University.

Professional experience: Experience as Product and Brand Director at Fagerhult Retail and responsible for PMO and strategy at Fagerhult, various positions within innovation, brand and marketing at Electrolux as well as Management Consultant at McKinsey & Company.

Other ongoing assignments: Chairman of Centre for the Future of Places (KTH)

Shareholding in Bonava: 2,500 series B shares.



Jenny Lilja Lagercrantz

SVP HR

Born in 1972

Education: B.Sc. (Phil.), Stockholm University.

Professional experience: Experience from senior positions within Human Resources at Skandia and Nasdaq OMX.

Other ongoing assignments: None.

Shareholding in Bonava: 2,300 series B shares.



Joakim Månsson

General Counsel

Born in 1967

Education: Master of Laws (LL.M.), Lund University. Zertifikat über Europäische Studien, Universität Saarbrücken.

Professional experience: General Counsel at NCC Housing since 2009. General Counsel at NCC Property Development. Legal Counsel at Skanska Sverige AB and Associate at Gernandt & Danielsson law firm.

Other ongoing assignments: None.

Shareholding in Bonava: 4,565 series B shares.

The information about shareholdings in Bonava refers to shares owned directly, through related parties and companies as of 31 December 2016.



Fredrik Hemborg

BU President Sweden
Born in 1972

Education: M.Sc. (Eng.), Royal Institute of Technology in Stockholm.

Professional experience: A total of 19 years of experience from various positions within the NCC Group, including as Regional Manager in NCC Property Development.

Other ongoing assignments: Chairman of the Board of Ursviks Exploaterings AB. Director of Tipton Fastighet I AB, Tipton Fastighet II AB, Tipton Fastighet III AB

Shareholding in Bonava: 4,787 series B shares.



Olle Boback

BU President Germany
Born in 1953

Education: Engineer, Rudbeckskolan in Örebro.

Professional experience: Responsible for the operations of NCC Housing in Germany since the start in 1994.

Other ongoing assignments: Director of Bauindustrieverband Berlin-Brandenburg e.V. Limited partner of GBS GmbH & Co. Zweite Schwalbenweg and GBS GmbH & Co. Dritte Schwalbenweg in Berlin-Schönfeld KG.

Shareholding in Bonava: 12,864 series B shares.



Juuso Hietanen

BU President Finland
Born in 1977

Education: M.Sc. (Eng.), Helsinki University of Technology (Aalto University), Real Estate Finance, Hanken School of Economics, Finland. Studies in financing, Budapest University of Technology, Hungary.

Professional experience: A total of 12 years from various positions within NCC in Finland, St. Petersburg and Estonia-Latvia. Responsible for NCC Housing's operations in St. Petersburg since 2008 and responsible for NCC Housing in Finland since 2015.

Other ongoing assignments: None.

Shareholding in Bonava: 3,428 series B shares.



Torben Modvig

BU President Denmark-Norway
Born in 1973

Education: M.Sc. (Eng.), Technical University of Denmark and BA and EMBA, Copenhagen Business School.

Professional experience: A total of nine years as responsible for NCC's housing development in Denmark. Experience as Director of the construction company Davidsen Partnere A/S and as Nordic Engineering Manager at Shell.

Other ongoing assignments: None.

Shareholding in Bonava: 6,474 series B shares.



Michael Björklund

BU President St. Petersburg and Baltics
Born in 1969

Education: M.Sc. (Eng.), Royal Institute of Technology, Stockholm, Bachelor of Economics, Stockholm University.

Professional experience: 5 years of experience from NCC Property Development and NCC Housing. Working experience as Property Director, Kingfisher Plc, Russia, Regional Manager Ikea Property Russia and Procurement Manager Skanska International

Other ongoing assignments: None

Shareholding in Bonava: 8,260 shares.

The information about shareholdings in Bonava refers to shares owned directly, through related parties and companies as of 31 December 2016.

Board of Directors' report on internal control

The Board of Directors' responsibility for the internal control is governed by the Swedish Companies Act and the Code. The Corporate Governance Report contains information about the most important aspects of the company's systems for internal control and risk management in connection with financial reporting and preparing the consolidated financial statements. This information is provided in the following section.

Internal control of financial reporting and risk management

Bonava's internal control regarding financial reporting is designed to manage risk and ensure a high degree of reliability in the processes surrounding the preparation of the financial statements, and to ensure compliance with applicable accounting standards and other requirements placed on Bonava as a listed company. In accordance with the Companies Act and the Code, the Board of Directors is responsible for the company's internal control regarding financial reporting. Bonava complies with the *Committee of Sponsoring Organizations of the Treadway Commission's ("COSO")* framework for evaluating a company's internal control over its financial reporting, "Internal Control—Integrated Framework." The Framework includes the following five components: control environment, risk assessment, control activities, information and communication, and follow-up. The process has been designed to ensure appropriate risk management, including reliable financial reporting in accordance with IFRS, applicable legislation and regulations as well as other stipulations with which companies listed on Nasdaq Stockholm are required to comply. This work involves the Board of Directors, Group management and other staff.

Control environment

The division and delegation of responsibilities have been documented and communicated in company policies that the Board of Directors and all other representatives of the company are regulated by.

The Board of Directors reviews and authorises the following policies annually.

- The Board of Directors' Rules of Procedure
- Instruction to the CEO
- Decision order
- Finance policy
- Code of Conduct
- Corporate Governance policy
- Insider policy
- Communication policy
- IT policy
- Environmental policy
- Health and safety policy
- HR policy
- Purchasing policy
- Information security policy

All policies are decided by the Board of Directors. Bonava also uses other types of binding governing documents. All governing documents are updated regularly in connection with changes to legislation, accounting standards or listing requirements, and as and when necessary.

All the Group's policies and other Group governing documents are available to all employees on the company's intranet.

The Board of Directors monitors and ensures the quality of the company's internal control in accordance with the Board's Rules of Procedure and instructions to the Audit Committee. The Board of Directors has also adopted a number of fundamental guidelines that govern risk management efforts and internal control activities. These guidelines include risk assessment, demands for control activities to manage the most material risks, and an annual plan for internal control work, as well as self-assessment and reporting. Bonava's control environment is comprised of responsibilities, powers and governing documents, alongside laws and regulations. All employees have a responsibility to ensure compliance with all governing documents.

Risk assessment

In accordance with the Rules of Procedure, the Board of Directors and the Audit Committee review the company's internal control annually. Existing potential risks are identified and measures implemented to reduce these risks. Group management performs the overarching risk analysis, which identifies risks in the following areas:

- Bonava's surrounding world
- Strategic
- Operational
- Health and safety
- Customer-related
- Financial
- Legal

The risks identified in each area are evaluated on the basis of the estimated probability and impact, as well as the effectiveness of existing measures to manage the relevant risk. The outcome of the risk analysis is presented to the Board of Directors. For more information about the Group's risks and risk management, see pages 51–54 and note 23.

Bonava's external Auditor is invited to participate at Board meetings and to present a report on internal control to the Audit Committee.

Control activities

Bonava's risk management is based on a number of control activities taking place at different levels throughout the business operations, in Shared Service Centers (SSC) and at staff function level. The control activities are intended to ensure that Bonava's processes are efficient and that the risks identified are managed effectively. For the business operations, ERP systems form the basis of the control structure, focusing on key stages of business operations such as investment decisions, production start and sales. Bonava places considerable emphasis on following up its projects.

Bonava has established several SSCs, including Bonava Business Services (BBS), which handles most of the Nordic operations' transactions, and Human Resources Operations (HRO) which handles pay roll for the Nordic countries. Additionally, Group IT

assumes central responsibility for all of Bonava's IT systems. All these functions stipulate that processes must include control activities that manage identified risks efficiently. SSC has considerable potential to achieve a high degree of maturity in terms of internal control.

Other control activities mainly include:

- Quarterly Board meetings are held in each business unit, which are all incorporated as separate legal entities. The reporting on and discussion of financial forecasts and results, the business units' structured risk assessment, disputes and exposure are some of the key factors addressed at these meetings.
- Bonava has also implemented a far-reaching compliance program ("Our Foundation"). The program aims to minimise risk relating to regulatory compliance and business ethics, and includes written guidelines on anti-corruption and competition legislation, central and local advisors on these issues, compulsory training in business ethics and a whistle-blower function.

Information and communication

Bonava has established an organisation to ensure correct and efficient financial reporting. The internal control documents specify the division of responsibilities, and the daily interaction between the affected individuals means that relevant information and communication reaches all the relevant parties.

Guidelines, instructions and manuals of significance to financial reporting are communicated to the relevant employees through the Group's intranet.

The Board of Directors regularly receives financial reports regarding the Group's financial position and earnings performance.

Group management receives weekly and monthly specific financial information about the progress of Bonava's sales, profit, review and follow up of ongoing and future investments, and liquidity planning.

The company's communication policy ensures that all external and internal information is accurate and is presented in a timely manner.

Bonava's employees are invited to participate, directly or indirectly, in the production of internal policies and guidelines, and have been involved in producing a number of these governing documents.

Follow-up and improvements

Follow-ups continuously take place at all levels of Bonava. The Board of Directors regularly evaluates the information provided by management and the Auditors. The company's Auditor also personally reports observations based on their review, as well as an assessment of internal control, directly to the Board of Directors.

The Board of Directors assesses the information provided by Group management on a continuous basis. Bonava's financial position, investments and its ongoing operations are discussed at each Board meeting. The Board of Directors is also responsible for monitoring and improving the internal control, and ensuring that measures are taken to address any weaknesses that emerge, as well as following up on proposals to address the issues highlighted in connection with the external audit.

Each year, the company carries out a self-assessment of its risk management and internal control activities. The process entails an annual self-assessment of the effectiveness of its control activities for every operational business process across the various reporting units. The Group's CFO is responsible for the self-assessment. The Board of Directors receives information about important conclusions drawn from this annual assessment, and about any measures to be taken relating to the company's internal control environment.

Evaluation of the need for a dedicated internal audit function

Bonava does not currently have an internal audit function. The Board of Directors has reviewed the matter and considers that existing structures for follow-up and evaluation are satisfactory. In conclusion, this means that it is currently not justified to establish an internal audit function. The matter is reviewed by the Board of Directors annually.

SUSTAINABILITY

The Board of Directors assumes ultimate responsibility for Bonava's sustainability agenda and work. The starting point for Bonava's sustainability agenda is compliance with the UN Global Compact and the OECD guidelines for multinational companies, and sustainability reporting in accordance with GRI. Read more about Bonava's sustainability work on pages 26–35 and 70–77.