

CORPORATE GOVERNANCE REPORT

Com Hem applies the Swedish Corporate Governance Code (the Code), see www.corporategovernanceboard.se/. The Corporate Governance Report is submitted in accordance with the Swedish Annual Accounts Act and the Code.

In 2016, Com Hem did not deviate from any of the Code's provisions, nor breach the Nasdaq Stockholm's Rule Book for Issuers or the general accepted principles in the Securities Market.

Com Hem's corporate governance ensures that the company is managed sustainably, responsibly and as effectively as possible on behalf of its shareholders. Governance shall support the company's long-term strategy, while helping to maintain trust in Com Hem among all stakeholders: shareholders, customers, suppliers, capital markets, society and employees. Good corporate governance is not only about internal frameworks and efficient processes, a strong ethical approach is also required throughout the entire organisation.

Shareholders and general meeting

Com Hem Holding AB is a Swedish public limited liability company, with shares traded on Nasdaq Stockholm. At year-end, the number of shareholders in Com Hem was 1,407. The largest single shareholder was NorCell S.à.r.l., with a total stake of 31.8% and the corresponding voting rights (excluding treasury shares). Foreign ownership was approximately 97%. For more information about the ownership structure, share capital and the share see page 18 and key events after end of period on page 33.

Nomination Committee

In accordance with the Nomination Committee's proposal, the Annual General Meeting (AGM) 2016 resolved that the Nomination Committee shall, until the general meeting resolves otherwise, comprise of representatives of the three largest identified shareholders on 30 September, according to the register of shareholders maintained by Euroclear Sweden AB, plus the Chairman of the Board. Should one or more shareholders not wish to appoint a representative to the Nomination Committee, the next-largest shareholder shall be contacted. The Chairman shall convene the first meeting of the Nomination Committee. If the shareholder next in line refrains from appointing a representative of the Nomination Committee, the Chairman of the Board will only need to contact the eight largest shareholders in order to obtain a Nomination Committee composed of at least four members (including the Chairman of the Board). If a Nomination Committee composed of four members (including the Chairman) is not obtained after having contacted the eight largest

shareholders, the Chairman shall continue to contact the shareholders that are next in line until a Nomination Committee composed of three members (including the Chairman) has been obtained. The Chairman of the Nomination Committee shall, if the members of the committee unanimously do not agree otherwise, be the member that represents the shareholder controlling the largest number of votes. The Nomination Committee's instructions include procedures for changing the composition of the Nomination Committee as required should a member leave the Committee before its work is completed, or to reflect changes in the ownership structure.

The members of Com Hem's Nomination Committee ahead of the 2017 AGM are:

- Pierre Stemper, Chairman of the Nomination Committee, appointed by NorCell S.à.r.l.
- Henry Guest, appointed by Adelphi Capital LLP
- Andrew Barron, Chairman of the Board of Com Hem Holding AB

Information about how shareholders can submit proposals to the Nomination Committee has been published on www.comhemgroup.com, where the Nomination Committee's motivated opinion regarding its proposal to the AGM and a brief presentation of its work will also be published well in advance of the AGM on March 23, 2017.

Board of Directors

According to the Articles of Association, the Board of Com Hem shall consist of a minimum of three and a maximum

of ten members elected by the general meeting with no deputies. In addition, the Board comprises two employee representatives with two deputies.

Andrew Barron, Monica Caneman, Eva Lindqvist, Anders Nilsson (Com Hem's CEO), Joachim Ogland and Nikos Stathopoulos were re-elected to the Board of Directors in 2016. Andrew Barron was re-elected Chairman of the Board. The appointed employee representatives were Marianne Bolin and Tomas Kadura, and their deputies Åsa Borgman and Fredrika Jonson (who replaced Mattias Östlund).

Information about the year of birth of the Board members, their educational background and professional experience, significant assignments outside the company, their holdings of shares and other financial instruments in the company and those of closely associated persons, as well as the year they were elected to the Board is presented on page 40.

Independence of the Board

In 2016, the Board of Com Hem complied with the Code's provision that the majority of members are independent in relation to the company and Executive Management, and that at least two of them also are to be independent in relation to the company's major shareholders (i.e. those with a holding exceeding 10%). Details of the Board members' independence are presented in the table below.

The work of the Board

During the year, the Board of Directors held 13 Board meetings, excluding statutory meetings and meetings by


correspondence. Prior to each ordinary Board meeting, Board members receive a written agenda, based on the Board's established rules of procedure, and a complete set of documents for information and decision-making. Recurring items include the company's financial results and position, the market situation, investments and adoption of the financial statements. Reports from the Audit and Remuneration Committees, as well as reports on internal control and financing activities are also regularly addressed. The CEO presents matters for discussion at the meetings, and the company's CFO and other members of management also participate and present specific matters. The Group General Counsel is the Board's secretary. The attendance of Board members at Board and committee meetings is presented in the table below.

Important issues addressed during the year include strategic issues, the SDU expansion programme, the acquisition of Boxer TV-Access AB, the 2017 budget process, forms for the distribution of capital to shareholders, refinancing activities and organisational issues.

Evaluation of the Board

The performance of the Board and the CEO is evaluated annually using a systematic and structured process. The aim is to obtain a sound basis for the Board's own development in terms of working methods and efficiency, and to present the results of the evaluation to the Nomination Committee as a basis for the nomination process. The Chairman of the Board is responsible for the evaluation, and for presenting the re-

Board of Directors and Committees

Board of Directors	Elected	Dependent ¹⁾	Committee		Attendance			
			Audit Committee	Remuneration Committee	Board meetings	Audit Committee	Remuneration Committee	
Andrew Barron	2013					13/13		
Monica Caneman	2014		Chairman			10/13	6/7	
Eva Lindqvist	2014		x		x	11/13	6/7	5/5
Anders Nilsson, CEO ²⁾	2014					13/13		
Joachim Ogland	2011		x		x	13/13	7/7	5/5
Nikos Stathopoulos	2011				Chairman	10/13		5/5
Marianne Bolin (E) ³⁾	2013					13/13		
Tomas Kadura (E) ³⁾	2013					13/13		
Åsa Borgman (E) deputy ³⁾	2014					11/13		
Mattias Östlund (E) deputy ^{3) 4)}	2013					1/13		
Fredrika Jonsson (E) deputy ^{3) 4)}	2016					6/13		

 = Dependent in relation to the company and Executive Management  = Dependent in relation to the company's major shareholder, NorCell S.ä.r.l.

¹⁾ According to the definition in the Swedish Corporate Governance Code.

²⁾ The company's CEO owns 203,469 shares in the company, which is a shareholding of 0.1% and not classified as significant. The CEO has no co-ownership in companies that have significant business relationships with companies within the Group.

³⁾ (E) = Employee representative.

⁴⁾ Mattias Östlund was replaced by Fredrika Jonson in connection with the AGM 2016.

sults to the Nomination Committee. In 2016, the evaluation was based on a questionnaire, interviews and discussions between the Chairman and the Board members.

Audit Committee

In 2016, the Audit Committee consisted of Monica Caneman (Chairman), Eva Lindqvist and Joachim Ogland. During the year, the Committee held seven meetings that were recorded and attached to the material for the Board. As part of its assignment to monitor financial reporting and the effectiveness of internal control, the Committee has dealt with a number of issues such as relevant accounting issues, new regulations, approval of financial statements, financing, the scope and focus of the external audit, as well as observations made in connection with the auditors' review. Observations made during internal reviews of the company's processes and valuation issues have also been addressed. During the year a number of risk areas have been identified and categorised by management and specific risk issues have been documented and analysed. The risk assessment will be performed semi annually as of 2017 and required control activities will be included in the yearly audit plan.

During the year externally procured internal control reviews have been performed and policies have been updated. The attendance of Board members at Audit Committee meetings is presented in the table on previous page.

Remuneration Committee

In 2016, the Remuneration Committee consisted of Nikos Stathopoulos (Chairman), Eva Lindqvist and Joachim Ogland. Five meetings were held during the year and the work focused primarily on remuneration and other terms of employment for Executive Management. The attendance of Board members at Remuneration Committee meetings is presented in the table on previous page.

External auditors

At the 2016 AGM, KPMG AB was re-elected as auditing firm until the 2017 AGM and the authorised auditor Tomas Gerhardsson was elected auditor in charge. In 2016, the auditors participated in all meetings of the Audit Committee. At these meetings, the auditors presented the focus and scope of the planned audit, and delivered written audit and review reports. The Board also held one meeting with the company's auditor at the beginning of 2017, without the attendance of the CEO or any other member of management.

The auditors reviewed Com Hem's interim report for the second quarter, and audited the annual financial statements. KPMG AB was also consulted in matters related to the share-savings incentive programme adopted by the 2016 AGM, as well as various accounting matters among others related to the acquisition of Boxer TV-Access AB.

CEO

Anders Nilsson has been the CEO of Com Hem since 2014. Information about the CEO's year of birth, educational background and professional experience, significant assignments outside the company, holdings of shares and other financial instruments in the company and those of closely associated persons, is presented on page 41.

In consultation with the Chairman of the Board, the CEO prepares the information and documentation required as a basis for the work of the Board and in order to enable Board members to make well-informed decisions. The CEO is supported by the Management team.

The Board evaluates the performance of the CEO on a regular basis. The Board also held one meeting to evaluate the CEO's performance, without the attendance of the CEO or any other member of management.

REMUNERATION TO EXECUTIVE MANAGEMENT AND THE BOARD

Guidelines for remuneration to Executive Management

The 2016 AGM resolved to adopt guidelines for remuneration to Executive Management in Com Hem based on fixed salary, variable remuneration, other benefits and pension. The guidelines for 2016 and levels of remuneration paid during the year are presented in Note 7, while the Board's proposal to the 2017 AGM regarding guidelines for remuneration to Executive Management are presented below.

At the 2016 AGM a long-term share savings incentive programme (LTIP), similar with the program adopted by the 2015 AGM, was adopted based on the Total Shareholder Return of the Com Hem share, and cash flow over a three-year period. The programme requires a personal investment in Com Hem shares by all participants at the beginning of the programme. Further details about outstanding long term incentive programmes may be found in Note 7.

Remuneration to the Board

In accordance with the 2016 AGM's resolution, annual fees paid to the AGM-elected Board members amounted to a total of SEK 3,689,000, of which SEK 1,814,000 was paid to the Chairman of the Board, and SEK 350,000 to each of the four Board members who are not employed by the company. In addition, an annual fee of SEK 110,000 was paid to the Chairman of the Audit Committee, and SEK 80,000 to each of the other two members. An annual fee of SEK 85,000 was also paid to the Chairman of the Remuneration Committee, and SEK 60,000 to each of the other two members, refer also to Note 7.

Proposed guidelines for remuneration to Executive Management to be approved at 2017 AGM

The Board of Directors of Com Hem Holding AB (publ) proposes that the 2017 Annual General Meeting resolves to adopt the following guidelines for remuneration to Executive Management in Com Hem.

The total amount of remuneration for a person with an Executive Management position in Com Hem shall correspond to market practice and shall be competitive in order to attract, motivate and retain key employees. The aim is to create incentives for Executive Management to execute strategic plans and deliver excellent operating results and to align such persons' interests with the interests of the shareholders.

Remuneration of the CEO and other Executive Management shall consist of a fixed salary, short-term incentives (STI) with variable remuneration paid annually in cash which are linked to achievement of financial targets for Com Hem and/or individual performance targets, and long-term incentives (LTIP) that are share based or share linked, in addition to pension and other customary benefits.

- The fixed salary shall be based on the Executive's respective competence and area of responsibility. The fixed salary shall form the basis for any STI. The fixed salary is to be reviewed annually.
- STIs shall be based on performance in relation to established targets. The targets shall be individual, measurable and linked to Com Hem's financial performance and/or to specific performances (individual targets). The CEO has an annual STI target of 75% of the fixed salary. Provided significant out-performance of the financial targets set in the budget, and/or of individual targets, and after approval by the board of directors, the STI for the CEO can amount to a maximum of 169% of the fixed salary. Other members of Executive Management have an annual STI target of up to 50% of the fixed salary. Provided that the financial targets and/or the individual targets are significantly out-performed, the STI for other Executive Management may amount to a maximum of 113% of the fixed salary.
- The vesting period for LTIPs shall be at least three years. LTIPs shall

always be based on shares or share linked instruments. LTIPs shall ensure a long-term commitment to the development of Com Hem. Any share based LTIP will be subject to shareholder approval before being launched.

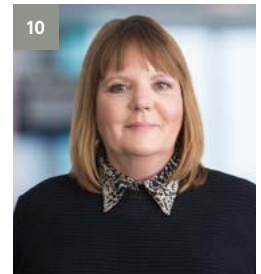
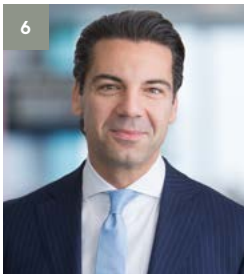
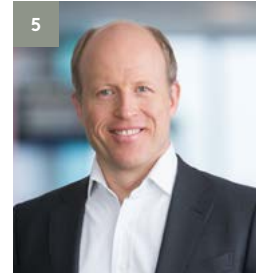
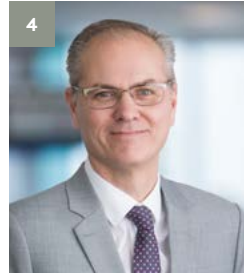
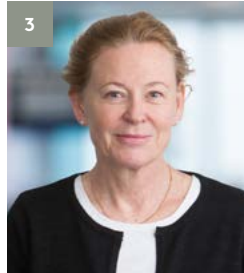
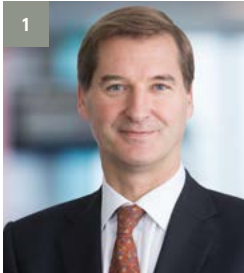
- Other benefits may include a company car, health insurance and other customary benefits. Other benefits shall not constitute a significant part of the total remuneration.
- Executive Management shall be offered individual pension plans amounting to a maximum of 30% of the fixed salary or in accordance with ITP (collective agreed pension plans). Subject to approval by the board of directors, Executive Management residing abroad may be offered pension plans paid in cash corresponding to the premium that would otherwise be payable to insurance companies.
- In the event of termination of employment initiated by the company, the notice period for the CEO and other Executive Management shall be maximum 12 months.

If there are particular grounds for it in a specific case, the Board of Directors may deviate from the guidelines.

Deviation from the guidelines for remuneration to senior executives resolved at the Annual General Meeting 2016

In special circumstances, the Board may deviate from the guidelines for remuneration to senior executives resolved by the annual general meeting. In such case, the Board is obligated to provide for the reason for the deviation at the following annual general meeting. During 2016 the Board of Directors resolved to deviate from the guidelines for remuneration to senior executives resolved at the annual general meeting May 19, 2016 in such a way that it resolved to prolong the COO's non-pensionable additional salary corresponding to his fixed monthly salary with six months in order for the company to be able to find a suitable replacement of the position.

BOARD OF DIRECTORS



Andrew Barron (1)
Chairman of the Board since 2014, Board member since 2013.
Bachelor's Degree, MBA
Born: 1965
Principal occupation: Chairman of the Board of Com Hem.
Other assignments: Board member of Arris International plc
Previous positions: COO of Virgin Media and MTG, CEO of Chellomedia, Executive Vice President of Walt Disney Europe and management consultant at McKinsey & Co.
Shareholding¹⁾: 197,314
Warrants: 2,011,434

Monica Caneman (2)
Board member since 2014.
Master's Degree in Finance
Born: 1954
Principal occupation: Board work.
Other assignments: Chairman of the Board of BIG BAG Group AB, Arion Bank hf and Bravida Holding AB, and Board member of SAS AB and Nets AS.
Previous positions: Several leading positions at SEB over a period of 30 years.
Shareholding¹⁾: –
Warrants: 197,590

Eva Lindqvist (3)
Board member since 2014.
MSc Engineering Physics, MBA
Born: 1958
Principal occupation: Board work
Other assignments: Member of the board of ASSA ABLOY AB (publ), SWECO AB (publ), Alimak Hek, Caverion Oy and Bodycote plc. Elected member of the Royal Swedish Academy of Engineering Sciences.
Previous positions: Senior Vice President of TeliaSonera's mobile operations, CEO of TeliaSonera International Carrier and senior positions at Ericsson.
Shareholding¹⁾: 570
Warrants: 98,794

Anders Nilsson (4)
Board member since 2014.
Law studies
Born: 1967
Principal occupation: CEO of Com Hem since April 2014.
Other assignments: None
Previous positions: Executive Vice President of Commerce and Services at Millicom, 20 years within the MTG Group, in such positions as Executive Vice President of Central European Broadcasting, COO of MTG and CEO of MTG Sweden.
Shareholding¹⁾: 203,469
Warrants: 1,481,920

Joachim Ogland (5)
Board member since 2011.
BSc in Mechanical Engineering, MIT and MBA, Harvard Business School
Born: 1972
Principal occupation: Senior Partner at BC Partners, responsible for the company's Nordic investments for 12 years and co-sector responsible for TMT.
Other assignments: Chairman of the Board of Nipa Holding AS. Board member of Nille Acquisition SA, Nille Finance S.a r.l. and Per Aarskog AS, as well as deputy Board member of Jonas Ogland Holding AS.
Previous positions: European leverage buy-out transactions for Morgan Stanley Capital Partners and management consultant at McKinsey & Co.
Shareholding¹⁾: –
Warrants: –

Nikos Stathopoulos (6)
Board member since 2011, Chairman of the Board 2011–2014.
Degree in Business Administration, MBA, Harvard Business School
Born: 1969
Principal occupation: Managing Partner at BC Partners.
Other assignments: Member of the Executive Committee and the Investment Committee of BC Partners and Chairman of the Board of Gruppo Coin, OVS, the Mergermarket Group, Pharmathen, and Cigierre. Vice Chairman of Migros Turk and Board member of the Harvard Business School European Advisory Board, Board member of Trustees for Impetus-Private Equity Foundation and the Board of AUEB. Chairman of the Board of BC Partners Foundation.
Previous positions: Partner at Apax Partners and management consultant at Boston Consulting Group.
Shareholding¹⁾: –
Warrants: –

Employee representatives

Marianne Bohlin (7)
Ordinary employee representative since 2013.
Born: 1958
Shareholding¹⁾: 200

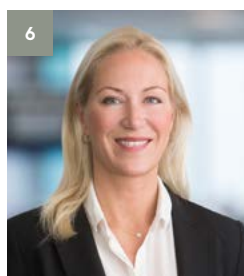
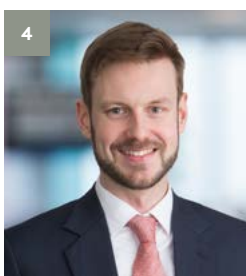
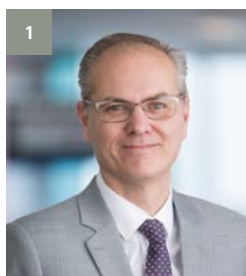
Åsa Borgman (8)
Deputy employee representative since 2014.
Born: 1970
Shareholding¹⁾: –

Tomas Kadura (9)
Ordinary employee representative since 2014, deputy 2013–2014.
Born: 1963
Shareholding¹⁾: 484

Fredrika Jonson (10)
Deputy employee representative since 2016.
Born: 1962
Shareholding¹⁾: –

¹⁾ Own holdings of shares and financial instruments, and those of closely associated persons, at December 31, 2016.

EXECUTIVE MANAGEMENT 2017

**Anders Nilsson (1)**

CEO of Com Hem since 2014.
Law studies

Born: 1967

Other assignments: None
Previous positions: Executive Vice President of Commerce and Services at Millicom, 20 years within the MTG Group, in such positions as Executive Vice President of Central European Broadcasting, COO of MTG and CEO of MTG Sweden.

Number of shares¹⁾: 203,469

Warrants: 1,481,920

Elisabeth Hellberg (2)

Director of Human Resources since 2014

International Business Administration

Born: 1957

Other assignments: None
Previous positions: Senior Vice President Human Resources at Swedish Match and Head of HR & Recruitment at Modern Times Group MTG.

Number of shares¹⁾: 2,275

Warrants: –

Mikael Larsson (3)

CFO since 2015
Graduate in Business Administration, Uppsala University

Born: 1968

Other assignments: Board member of Transcom WorldWide AB

Previous positions: CFO of Investment AB Kinnevik 2001-2015, Group Controller at Thomas Cook Northern Europe and audit and transaction advisory services at Arthur Andersen.

Number of shares¹⁾: 50,000

Warrants: –

James Lowther (4)

Commercial director since 2015

Graduate in Economics, University of Kent

Born: 1982

Other assignments: None
Previous positions: Head of Strategy and Head of TV Commercial at Virgin Media.

Number of shares¹⁾: 1,833

Warrants: –

Jonas Lönnquist (5)

CEO Boxer TV-Access AB since 2014

Master's Degree in Economics, Stockholm School of Economics

Born: 1973

Other assignments: None
Previous positions: Deputy CEO and Country Manager Sweden for C More Entertainment AB. Various positions within MTG/Viasat AB including head of distribution, sales and customer services.

Number of shares¹⁾: –

Warrants: –

Petra von Rohr (6)

Director of IR and Corporate Communications since 2015

Master's Degree in Economics, Stockholm School of Economics

Born: 1972

Other assignments: Board member of Novare and Lauritz.com

Previous positions: Partner at Kreab, CEO of Remium, Head of Swedish operations for Burson-Marsteller and equity analyst at Cazenove & Co.

Number of shares¹⁾: 4,573

Warrants: –

¹⁾ Own holdings of shares and financial instruments, and those of closely associated persons, at December 31, 2016.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Control environment

The Group's internal control structure is based on a clear division of responsibilities between the Board of Directors and the CEO, and the bodies established by the Board, such as the Audit Committee. The Board's rules of procedure, which include instructions for the CEO and instructions for financial reporting, are updated and adopted annually by the Board, and specify the documents and the financial information to be presented to the Board and the committees for each ordinary meeting. The CEO is responsible for ensuring that the Board receives the reports that are required for the Board to assess the financial position of the company and the Group. This information includes a presentation and analyses of earnings growth, cash flow and financial position, as well as the budget and forecasts, and ongoing monitoring against these. Reports on the outcome of completed internal controls are submitted regularly to the Board, and the Board remains informed about measures related to internal control by, for example, meetings with the company's auditors. The Audit Committee is tasked with monitoring and assuring the quality of the company's financial reporting. The work focuses on assessing the effectiveness of the company's internal control and evaluating estimates and carrying amounts that may affect the quality of reporting. The Audit Committee remains informed about the reviews of interim reports, annual accounts and consolidated financial statements through the regular attendance of the company's auditors at Audit Committee meetings. The Group's CFO and Group Accounting Manager attend Audit Committee meetings, and Audit Committee members also maintain regular contact with these executives. Other managers or employees may also attend the meetings from time to time depending on the agenda for the meeting.

The control environment provides the basis for internal control and consists of the values and ethics that are communicated and incorporated by the Board, CEO and management, including a number of company-wide instructions, policies and guidelines. The company's code of conduct and business ethics, that have been read and understood by all employees, have been revised during the year and constitute the basis for the internal control environment and provide the basis for common understanding of how we act within the company. The Code of conduct regulates the application of the highest standards of ethics when running the business beyond compliance with applicable laws and regulations. The company's code of conduct outlines the

overall values, which represent a long-term commitment linked to the company's mission and strategies which guide the employees in their daily activities. All employees that participate in the work of financial reporting are responsible for the accuracy, completeness and quality of the information. Other examples of company-wide instructions and policies are the Board's rules of procedure, anti-corruption policy, whistleblower policy, guidelines for gifts, entertainment and hospitality, financial policy, authorisation policy, investment policy and financial manual. These instructions and policies are updated regularly and communicated to relevant employees.

Risk assessment

The risk assessment of financial reporting aims to identify and evaluate material risks affecting internal control over financial reporting. To minimise these risks, a governance framework has been established for reporting, procedures and detailed schedules for monthly and year-end closing and forecasts. The company's Board and management continually assess reporting from a risk perspective. In addition to assessing risks in financial reporting, the Board and management work to continually identify and manage material risks affecting the Group's operations from an operational and financial perspective. During the year management has performed a risk analysis and identified a number of risk areas further described under the headline 'Audit Committee' page 38.

The most significant risks are described in the 'Risks and risk management' section and in Note 26.

Control activities and monitoring

Control activities are designed to detect and prevent errors in financial reporting. These activities limit the risks identified and ensure accurate and reliable financial reporting. These include the monitoring of budget deviations, earnings trends and key ratios, account reconciliation, checklists, reviews of IT system logs and transactions in business systems, approval of business transactions and clear procedures for important decisions such as investments and the entering into agreements.

Information and communication

One important component of internal control is the disclosure of information at all levels of the Group, and with relevant external stakeholders. Pertinent policies, guidelines and principles for accounting are available to all relevant employees, to ensure complete, accurate and timely financial reporting. Information about, and changes to accounting policies and reporting and information disclosure requirements are regularly communicated to the relevant employees. To ensure that the external information disclosure is accurate, complete and meets the requirements imposed on listed companies, the company has a communication policy outlining how, by whom and the manner in which external information is to be communicated. All communication should comply with the EU Market Abuse Regulation and the Securities Markets Act and Nasdaq Stockholm's Rule Book for Issuers and be communicated in a fair, open and transparent manner.

Evaluation of need for special audit function

The Board has decided not to establish a special audit function in the form of an internal audit within the Group. The company's CFO and the Group accounting function are jointly responsible for monitoring and evaluating the effectiveness of the company's risk management and internal control system, and performing internal audits either in-house or by engaging external expertise. The Finance Department continuously monitors compliance with the company's governance model, reporting principles and policies. The Finance Department also conducts regular analyses of the Group's financial reporting and financial results in order to assure quality and to identify areas for improvement and development. The effectiveness of internal controls performed by the Finance Department, Executive Management and the business managers is deemed sufficient in light of the existing Group structure and the fact that the Group only operates in Sweden, and that the Finance Department is centered at the head office in Stockholm.