

CORPORATE GOVERNANCE 2013/2014

The background of the entire page is a photograph of the tail section of a SAS aircraft. The tail fin is a deep blue color and features the 'SAS' logo in large, white, italicized, serif capital letters. The aircraft's fuselage is white, and the wing is visible in the lower right. The sky is a clear, light blue.

SAS

Corporate governance

Corporate Governance Report

SAS AB, which is the Parent Company for operations at SAS, is a Swedish public limited company headquartered in Stockholm, Sweden. Since July 2001, SAS AB has been listed on the Nasdaq OMX Stockholm with secondary listings in Copenhagen and Oslo. This corporate governance report for the 2013/2014 fiscal year and has been prepared pursuant to the Swedish Annual Accounts Act and the Swedish Corporate Governance Code (the Code) based on the revision of the Code issued in February 2010.

Departure from the Code

Since the implementation of the Code, SAS has followed the Code with the exception of the following instance: SAS conducts shareholders' meetings in Swedish, Norwegian and Danish, which departs from clause 1.5 of the Code. Reason for the departure: the Articles of Association for SAS AB specify that the language used at shareholders' meetings is to be Swedish, Danish or Norwegian, and, if the Board so decides, other languages as well. The reason all three Scandinavian languages are used at shareholders' meetings is due to the strong Scandinavian nature of the SAS with the largest number of shareholders in Denmark as well as a management and Board comprising citizens of all three Scandinavian countries. Meeting deliberations in SAS AB are held primarily in Swedish and meeting materials are available in Swedish. In view of the above, the Board believes that any one of the Scandinavian languages may be freely used at shareholders' meetings in the company in view of the similarity of the three Scandinavian languages.

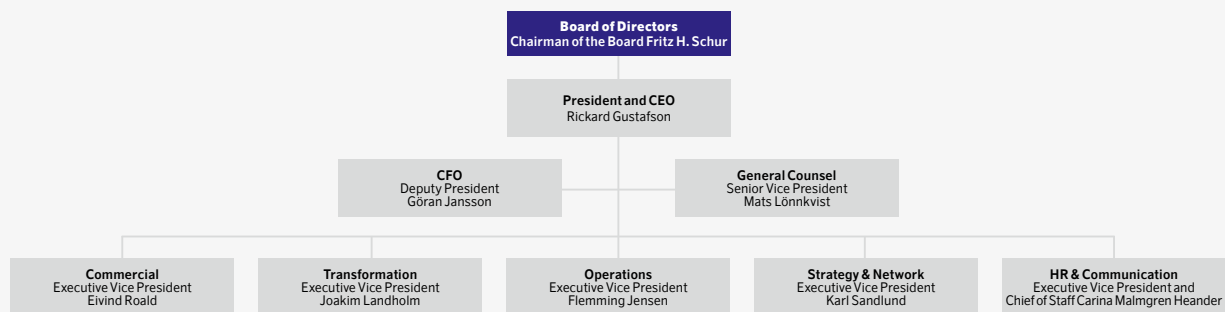
Shareholders

On October 31, 2014, SAS AB had 58,433 holders of common shares and 4,927 preference shareholders. The major shareholders are the three Scandinavian governments, who represent 50% of the votes. The largest private shareholders are the Knut and Alice Wallenberg Foundation, Avanza Pension, Unionen, JPM Chase and the funds of various banks. Voting rights held in Scandinavia were about 93%, with Sweden accounting for 47%, Denmark 30% and Norway 16%. Institutional owners held about 30% and private individuals 20%. More information about the share and the ownership structure is available on page 84–87.

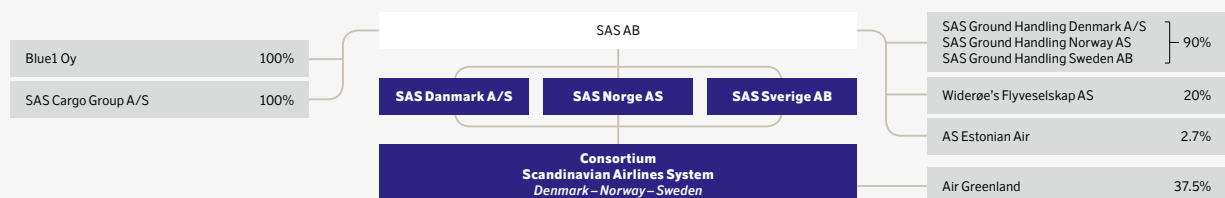
Shareholders' meeting

At the Shareholders' Meeting of SAS AB, which is the company's highest decision-making body, one common share is equal to one vote with no restrictions on the number of votes any one shareholder is entitled to cast at a meeting. Each preference share entitles the holder to one-tenth of a vote. The shareholders' meeting may be held in Stockholm, Solna or in Sigtuna. Notice convening the AGM is issued no earlier than six and no later than four weeks prior to the meeting. Notice is published in daily newspapers in Sweden, Denmark and Norway and announced in press releases as well as published on the company's website. SAS also e-mails notices to shareholders who have requested this service via Shareholder Service on the company website: www.sasgroup.net. The Articles of Association contain no special provisions regarding the election and discharge of Board members or regarding changes to the Articles of Association. Currently, no authority has been provided by the shareholders' meeting to the Board empowering the Board to issue new shares or buy back treasury shares.

SAS organization and control, January 19, 2015



SAS Group's legal structure, January 19, 2015



Legal framework governing the SAS Group

The key rules and regulations for SAS AB are:

External rules

- Swedish legislation
- The Swedish Corporate Governance Code (the Code)
- The Nasdaq OMX and Oslo Børs rules for issuers
- The recommendations issued by relevant Swedish and international organizations

No breach of the relevant stock exchange rules or of good stock market practices have been reported by Nasdaq's Disciplinary Committee, the Oslo Børs or the Swedish Securities Council during the fiscal year.

Internal rules

- The Articles of Association
- Information/IR policy
- The Board's work plan
- The Board's instructions to the President
- Internal policies and guidelines including the Code of Conduct

Nomination Committee

The Nomination Committee represents shareholders of SAS and is appointed by the AGM and tasked with preparing the meeting's resolutions on nomination and remuneration issues, as well as matters of procedure for the next nomination committee. An instruction for the Nomination Committee was adopted in conjunction with the 2014 AGM. The Nomination Committee is tasked with making proposals for the election of the Chairman of the AGM, the number of Board members and Directors' fees, broken down among the Chairman, Vice Chairman, other Board members and any remuneration for work on Board committees, election of Board members and Chairman of the Board, election of auditors, auditors' fees and the Nomination Committee ahead of the 2016 AGM.

Nomination Committee, 3 minuted meetings

Niklas Johansson, Swedish Ministry of Finance, for the Swedish government (Chairman)
 Rasmus Lønborg, Danish Ministry of Finance (from January 2015)
 Knut J. Utvik, Norwegian Ministry of Trade and Industry
 Peter Wallenberg Jr, Knut and Alice Wallenberg Foundation
 Peter Brixen, Danish Ministry of Finance (until January 2015)

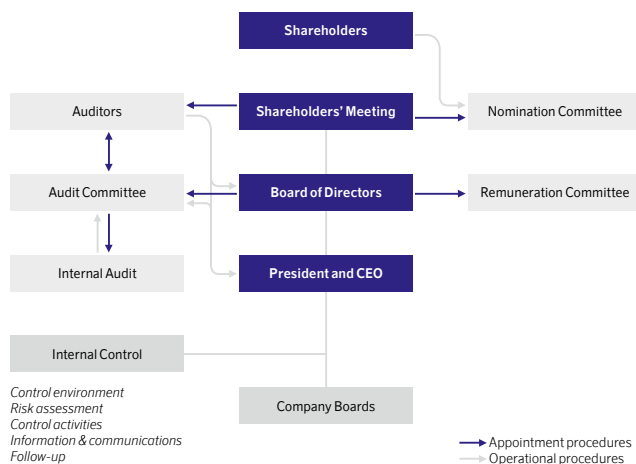
The Nomination Committee has evaluated the Board's work, qualifications and composition. The Chairman of the Board liaises closely with the Committee, and the result of the evaluation of the Board is made available to the Committee. At least one meeting with the Chairman and Group CEO must be held before the Committee submits its recommendations to the AGM. The Committee's recommendations are published in the notice convening the AGM, on the company's website, and at the AGM. Committee members received no fees or other remuneration from SAS for their work on the Nomination Committee. When required for carrying out its assignment, the Committee utilizes recruitment consultants and other outside consultants, with SAS defraying the cost.

Board of Directors

The Board's work is governed by the Swedish Companies Act, the Articles of Association, the Code and the formal work plan adopted by the Board each year. The Board members are elected by the AGM for the period until the next

Corporate governance, governance structure

SAS AB had 63,360 shareholders on October 31, 2014. The major shareholders are the three Scandinavian governments. The largest private shareholders are the Knut and Alice Wallenberg Foundation, Avanza Pension, JPM Chase, Unionen and the funds of various banks.



AGM has been held. The Articles of Association stipulate that the Board of Directors consist of six to eight members elected by the shareholders' meeting. During the year, the Board comprised eight duly elected members, no deputies and three employee representatives, each with two personal deputies. The employee representatives are appointed by the SAS Group's employee groups in Denmark, Norway and Sweden in line with governing legislation and special agreements. Deputies attend Board meetings only in the absence of an ordinary member. Except for employee representatives, no Board member is employed by SAS AB or any other company in the SAS Group.

The elected Board members are appointed for the period until the end of the next AGM. No regulation exists that limits the period of time a Board member can serve as a member of the Board. The experience of the Board members and their independence in relation to the owners of the company are disclosed on pages 72–73.

The average age of members is 57 and two of the eight members elected by the shareholders' meeting are women. All members elected by the shareholders' meeting are regarded by the Nomination Committee as being independent of the company and company management, while one member is not regarded as being independent of the company's major shareholders. Owing to his position as President and CEO of Posten Norge AS, wholly owned by the Norwegian government, Dag Mejdell is not regarded as independent in relation to major shareholders. SAS AB meets the requirements of the Code regarding Board independence vis-à-vis the company, company management, and the company's major shareholders. Otherwise, the Nomination Committee's opinion is that the Code's requirements for diversity, breadth and an even gender balance on the Board are satisfied in a relevant manner.

To streamline and enhance the Board's work, there are two committees; the Remuneration Committee and the Audit Committee, whose members are appointed by the Board. The main duty of the committees is to prepare issues for decision by the Board. These committees do not imply any delegation of the Board's or its members' legal responsibilities. Reports to the Board on issues discussed at committee meetings are either in writing or given verbally at the following Board meeting. The work on each committee follows written instructions and a work plan stipulated by the Board. The General Counsel of SAS serves as the secretary to the committees and minutes of committee meetings are provided to all Board members.

Remuneration for work on Board committees is determined by the AGM.

The Board's work 2013/2014

The Board's work follows a plan intended, among other things, to ensure the Board receives all necessary information. The formal work plan regulates the division of the Board's work between the Board and its committees and among the Board, its Chairman and the President. The work plan also contains provisions for meeting the Board's needs for information and financial reporting on an ongoing basis as well as instructions for the President and the company's Board committees.

In November 2013–October 2014, the Board held 14 scheduled Board meetings. The CEO and other senior executives in the company attended Board meetings to make presentations and the company's General Counsel served as the Board's secretary.

Main issues dealt with at Board meetings

- 11/26: The refinancing plan.
- 12/18: Year-end report for 2012/2013, report from the external auditors, adoption of proposed budgets and status of the refinancing plan.
- 1/14: The refinancing plan and notice of the 2014 AGM.
- 1/27: Adoption of the 2012/2013 Annual Report and status of the refinancing plan.
- 2/5: The refinancing plan – offer to subscribe for preference shares and adoption of the prospectus.
- 2/18: The meeting and work plan for 2014/2015 and status of the refinancing plan.
- 2/24: Decision to issue new preference shares and announcement of the private placement of the convertible bond loan.
- 2/25: Decision to issue the convertible bond loan.
- 3/13: Statutory Board meeting, adoption of the report for the first quarter and approval of the 2013/2014 audit plan.
- 4/25: Review of earnings improvement measures, subjects for the Board's further training and the planning for strategy meetings.
- 6/16–17: Strategy meeting, review of customer satisfaction, auditors' report and adoption of the report for the second quarter.
- 9/2: Market and revenue follow-up, SAS transformation plan and follow-up, annual review of the Board's, and its committees', written instructions and the plan for the annual evaluation of the Board's work.
- 9/9: Adoption of the report for the third quarter.
- 10/24: Follow-up of sick leave reporting, budget for 2014/2015, status of the transformation plan, corporate governance and risk management.

Audit Committee

The Committee monitors the company's financial reporting as well as the effectiveness of the company's internal audit and risk management.

The Committee keeps itself informed about the audit. The Board scrutinizes and approves the company's year-end and interim reports.

The Committee is responsible for preparing the Board's quality assurance work regarding the company's financial reporting. The Committee performs quality assurance through the discussion of critical auditing issues and the financial statements that the company submits. Issues discussed by the Committee include internal control, compliance, uncertainty in reported values, events after the closing date, changes in estimates and assessments, financial and legal risks, suspected and verified irregularities, and other matters affecting the company's financial reporting.

The company's external auditors attend all meetings of the Committee. Without otherwise impacting the responsibilities and obligations of the Board, the Committee is tasked with scrutinizing and monitoring the impartiality and independence of the auditor including paying particular attention to any non-audit-related assignments provided to the company by the auditor as well as assisting in the preparation of proposals regarding the election of auditors and auditors' fees for resolution at shareholders' meetings.

All members of the Committee are independent in relation to SAS, the company management and the shareholders in line with the Code. Besides the Committee Secretary, the SAS Group CFO and the company's external auditors attend Committee meetings.

Audit Committee's work for 2013/2014 – seven minuted meetings

	Dec 13	Dec 18	Jan 27	Mar 13	Jun 16	Sep 09	Oct 24
Monica Caneman (Chairman)	●	●	●	●	●	●	●
Lars-Johan Jarnheimer	●	●	●	●	●	●	●
Birger Magnus	●	●	●	●	●	●	●

● Present ○ Absent

Remuneration policies and other terms of employment for company management

Remuneration policies for company management are to be formulated and presented by the Remuneration Committee to the Board, which submits the proposal to the AGM for adoption. Total remuneration must be market-based and competitive and must be in relation to responsibility and authority.

Remuneration consists of fixed salary, other benefits and pension. The fixed salary is to reflect the position's requirements pertaining to skills, responsibility, complexity and the manner in which it contributes to achieving the business objectives. The fixed salary is to also reflect the executive's performance and can therefore be both individual and differentiated. Other benefits, including company car and health insurance, must be market-based and only constitute a limited part of the total remuneration. Pension benefits are to be defined-contribution, with premiums not exceeding 30% of the fixed annual salary. Agreements concluded previously with some senior executives that contain partially deviating conditions

governing pensions and termination will be respected until they cease or are renegotiated. The Board deems that particular circumstances exist for deviation from the remuneration policies in one case and, accordingly, decided to allow variable remuneration to the member of Group Management responsible for Commercial.

Remuneration of the President is to be decided within the framework of policies approved by the Board of SAS AB and on the recommendation of the Remuneration Committee established by the Board. Remuneration of other members of Group Management is to be decided by the President within the framework of approved remuneration policies after consultation with the Remuneration Committee. The detailed guidelines are available on the company's website. For detailed information about remuneration and benefits for the Board, President and senior executives in 2013/2014 see Note 3, page 39.

Remuneration Committee

The Remuneration Committee prepares issues for the Board's decision vis-à-vis remuneration policies and other employment terms for senior executives with a view to ensuring the company's access to executives with the requisite skills at a cost appropriate to the company. The Committee prepares proposals for policies for remuneration and other employment terms for resolution at the AGM.

The Group's Remuneration Committee complies with the Code's instructions. The Code specifies that members of the Remuneration Committee must be independent of the company and company management. Fritz H. Schur, Jacob Wallenberg and Dag Mejdell are independent in relation to the company and company management.

Remuneration Committee's work for 2013/2014 – three minuted meetings

	Nov 11	Dec 18	Sep 14
Fritz H. Schur (Chairman)	●	●	●
Jacob Wallenberg	●	●	●
Dag Mejdell	●	●	●

● Present ○ Absent

Auditors

Auditors are elected by the AGM and tasked with scrutinizing the company's financial reporting and administration of the company by the Board and the President. An election was conducted to appoint an auditor at the 2014 AGM, whereby PricewaterhouseCoopers AB (PwC) was elected for the period until the end of the 2015 AGM. The principal auditor is Bo Hjalmarsson. In addition to SAS AB, he has audit engagements for companies that include Eniro, Ericsson and Teracom. On two occasions during the 2013/2014 fiscal year, the principal auditor met with the Board, presenting the program for auditing work and reporting observations from the audit.

On one occasion during the fiscal year, the Board met with the company's auditor without the presence of the President or any other representative of the company management. PwC submits an audit report for SAS AB, the Group, and an overwhelming majority of the subsidiaries.

Over the past year, in addition to its auditing work, PwC has performed advisory services for SAS Group companies in auditing-related areas for a total invoiced amount of MSEK 2. Auditors' fees for work performed are in line with the resolution of the AGM. For more information about the auditors' fees in 2013/2014, see Note 39.

President and Group Management

The Board appoints the President of SAS AB, who is also Group CEO. The Board has delegated responsibility for the day-to-day administration of SAS to the President. Each year, an instruction defining the division of duties between the Board and the President is determined by the Board who also evaluate the work performed by the President. The Board's instructions to the President contain detailed rules governing the President's authority and obligations. Group Management comprised eight members, including the President, for the majority of 2013/2014. The composition of the Group Management is shown on page 74–75.

The President liaises and works closely, and has regular meetings with the Chairman to discuss the operations and performance of SAS, and to plan Board meetings. To enable the Board to monitor the financial position of SAS on an ongoing basis, the President makes monthly reports to the Board.

Group Management is not a corporate body in the sense of Swedish limited company law and as a collegial management body has no legal liability vis-à-vis the Board and shareholders. Only the President reports to the Board. Normally, the Group Management has minuted meetings every week. These meetings are chaired by the President, who reaches decisions after consulting with the other members of Group Management. The main business areas of SAS that are not themselves a separate legal entity are led by Group Management through representatives for the respective business area. Group Management's management and control of operations are based on guidelines and policies regarding financial management and follow-up, communication issues, human resources, legal issues, brands, business ethics and environmental matters.

Attendance at Board meetings, November 2013–October 2014

	Nov 26	Dec 18	Jan 14	Jan 27	Feb 5	Feb 18	Feb 24	Feb 25	Mar 13	Apr 25	Jun 16–17	Sep 2	Sep 9	Oct 24
Fritz H. Schur, Chairman	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Jacob Wallenberg, Vice Chairman	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Dag Mejdell, Second Vice Chairman	●	●	●	●	●	○	●	●	●	○	●	●	●	●
Monica Caneman, member	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Lars-Johan Jarnheimer, member	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Birger Magnus, member	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Sanna Suvanto-Harsaae, member	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Carsten Dilling (from February 18, 2014)							●	●	●	●	●	●	●	●
Anna-Lena Gustafsson (to February 25, 2014)	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Ulla Gröntvedt (to February 25, 2014)	●	●	●	●	●	●	●	●	●	●	●	●	●	●
Asbjörn Wikestad (to February 12, 2014)	●	●	●	●	●									
Jens Lippestad (from February 18, 2014)						●	●	●	●	●	●	●	●	●
Bo Nielsen (from March 13, 2014)									●	●	●	●	●	●
Sven Cahier (from March 13, 2014)									●	●	●	●	●	●

● Present ○ Absent

Fees decided at the 2014 Annual General Shareholders' Meeting

Name	Nationality	Independent	Board	Audit Committee	Remuneration Committee	Total, TSEK
Fritz H. Schur	DK	Yes	410		49	459
Jacob Wallenberg	SE	Yes	242		17	259
Dag Mejdell	NO	No ¹	242		17	259
Monica Caneman	SE	Yes	207	66		273
Carsten Dilling	DK	Yes	207			207
Lars-Johan Jarnheimer	SE	Yes	207	31		238
Birger Magnus	SE	Yes	207	31		238
Sanna Suvanto-Harsaae	FI	Yes	207			207
Jens Lippestad and Asbjörn Wikestad ²	NO		207			207
Sven Cahier and Ulla Gröntvedt ³	SE		207			207
Bo Nielsen and Anna-Lena Gustafsson ⁴	DK		207			207
Total			2,550	128	83	2,761

1) Dag Mejdell is not considered independent in relation to major shareholders (but is independent in relation to SAS and its management).

2) Asbjörn Wikestad was a Board member until February 12, 2014 and was succeeded by Jens Lippestad.

3) Ulla Gröntvedt was a Board member until March 6, 2014 and was succeeded by Sven Cahier.

4) Anna-Lena Gustafsson was a Board member until March 6 and was succeeded by Bo Nielsen.

Outcome November 2013–October 2014, fees for employee representatives

Name	Period	Total
Sven Cahier	November 2013–March 2014	3,000 SEK
Bo Nielsen	November 2013–March 2014	3,000 SEK
Rune Thuv	November 2013–March 2014	2,000 SEK
Per Weile	November 2013–March 2014	3,000 SEK
Jan Levi Skogvang	November 2013–March 2014	2,000 SEK
Erik Bohlin	November 2013–October 2014	8,000 SEK
Ulla Gröntvedt	March 2014–October 2014	5,000 SEK
Elin Rise	March 2014–October 2014	5,000 SEK
Kim Kalsås-Carlsen	March 2014–October 2014	5,000 SEK
Janne Wegeberg	March 2014–October 2014	5,000 SEK
Jean-Pierre Schomburg	March 2014–October 2014	5,000 SEK

Annual General Shareholders' Meeting

The AGM of SAS will be held on February 19, 2015 at 3:00 p.m. in Solna: The head office of SAS, Frösundaviks allé 1.

Attending the AGM

Shareholders who wish to attend the AGM must notify the company in advance. Details about notification will be published in the notice convening the AGM.

Proposals or questions for inclusion in the notice of the AGM

Shareholders who wish to address a specific question or include a proposal in the notice convening the AGM may do so in good time ahead of the notice. The deadline for proposals is stated in good time in line with the provisions of the Code on the SAS website.

Items in the notice

- The deadline for receiving business to be included in the notice: January 2, 2015

Sending of the notice and notification of attendance

- The notice will be sent on January 19, 2015.
- Deadline for notification of attendance: February 13, 2015 in Sweden and February 12, 2015 in Norway and Denmark.

Record day

- February 13, 2015

Admission cards to the AGM will be sent on

- February 13–14, 2015

Annual General Shareholders' Meeting

- February 19, 2015

Internal control – financial reporting

The SAS Group applies COSO, the internationally recognized framework for internal control, to describe and evaluate the Group's control structure. Internal control of financial reporting is a process involving the Board of Directors, company management and employees, and is designed to provide reasonable assurance regarding the reliability of external reporting. Internal control of financial reporting is described below in five areas that jointly form the basis of a sound control structure.

Control environment

The control environment comprises the basis for internal control and includes the culture in which the SAS Group communicates and acts. The Group's ambition is that its values – reliability, openness, care and value-creation – will permeate the organization and the internal control environment. All actions, internal as well as external, are to reflect these basic values. The SAS Group's Code of Conduct describes the desired approach in various situations, including a structure for reporting deviations from the desired approach. The Group's control of operations includes clear leadership, competent employees and efficiently organized operations. Information concerning governance of the Group is available for all employees on the Group's intranet. These documents describe the Group's control philosophy, control model and entities as well as the company's roles and responsibilities, owner requirements, overall follow-up, internal business relationships and the allocation of tasks.

Risk assessment

Every year, company management performs a risk assessment regarding financial reporting to ensure that operational goals are met. The assessment of risks in various major balance-sheet and income items is graded where critical areas have been identified. The SAS Group's internal audit function performs an ongoing overarching risk assessment that results in an annual audit plan. The audits performed by the internal audit are primarily aimed at operational auditing, but also focus on processes that impact financial reporting and the risk of irregularities, improper favoritism of another party at the company's expense, and the risk of loss or embezzlement. The audit plan is approved by the Audit Committee and the SAS Group's Board. Until May 2013, internal audit was managed by an internal function at SAS and, thereafter, has been carried out externally through Deloitte who have substantial knowledge of SAS from earlier extensive experience as auditors of the Group.

Control activities

SAS aims to perform relevant control activities to manage risks that impact the financial reporting. This also includes control activities that prevent irregularities. Control activities cover, inter alia, internal control in each respective entity and subsidiary of the Group. Previously, SAS has prepared a questionnaire with defined control targets in the management process, accounting process, revenue process, purchasing process, payroll process and asset management process (the Internal Control Questionnaire). These control targets also include IT controls that safeguard change management, user administration and procedures and responsibilities.

This means that during the 2013/2014 fiscal year, the Internal Control Questionnaire has instead been replaced with other control activities to manage risks that impact financial reporting. These control activities, which were carried out by SAS, PwC and/or Deloitte, included the following:

- Auditing Oracle, which comprised the risks related to automated and manual controls vis-à-vis the general ledger, accounts payable ledger, purchasing system, accounts receivable ledger and the system administration.
- Auditing/analysis of passenger tickets, which comprised automated and manual controls of passenger revenue and the unearned transportation revenue liability.
- Auditing/analysis of revenue adjustments, which comprised automated and manual controls of revenue settlement between airlines, agents and airports.

The assessment of this review was that the internal control of financial reporting was satisfactory.

In all cases, the audits performed by internal audit result in recommendations which are graded according to a risk perspective. These recommendations result in action plans that are jointly followed up by the SAS Group's management and Audit Committee.

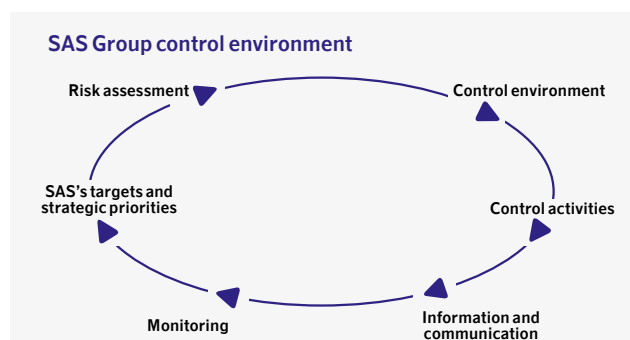
Information and communication

The aim of SAS is that the information and communication paths pertaining to the internal control of financial reporting are known and appropriate. All policies and guidelines in the financial areas are on the intranet, under SAS Group Financial Guide. The SAS Group's accounting policies as well as any changes are always communicated by direct dispatch and at regular meetings with those responsible for financial matters in the entities and subsidiaries. All entities and subsidiaries submit a monthly report on their activities, including their financial status and performance. To ensure that the external information is correct and complete, the SAS Group pursues an information policy regarding disclosures to the stock exchange and an Investor Relations policy that has been laid down by the SAS Group's Board. This policy is available on the SAS Group website under Investor Relations. The SAS Group's published external reports are based on reporting from all legal entities in accordance with a standardized reporting procedure.

Financial information reported regularly includes: the annual report, interim reports, press releases, presentations and telephone conferences aimed at financial analysts, investors and meetings with the capital market in Sweden and abroad. The above information is also available on the Group's website www.sasgroup.net.

Monitoring

Monitoring and continuous evaluation of compliance with policies and guidelines as well as monitoring reported deficiencies are conducted regularly. In connection with monitoring action plans for noted deficiencies in control activities and their control targets, these measures are tested as is their compliance. Recommendations from the external and internal audits and the status of ongoing measures are compiled and presented to Group Management and the Audit Committee. Financial reporting is discussed at each Board meeting and at meetings of the Audit Committee.



Board of Directors

The Board is responsible for the organization and administration of SAS, for ensuring proper control of its accounting and other financial circumstances as well as for appointing and removing the President. All Board members elected by the shareholders' meeting are independent of the company and company management.

The 2014 AGM adopted the Nomination Committee's recommendation for reelection of Fritz H. Schur, Monica Caneman, Lars-Johan Jarnheimer, Birger Magnus, Dag Mejdell, Sanna Suvanto-Harsaae and Jacob Wallenberg, and for the new election of Carsten Dilling. Fritz H. Schur was reelected Chairman of the Board.

The changes in Board's composition adopted at the 2014 AGM were based on the assessment of the Nomination Committee that additional competence from active, ongoing, operational management of a major, established, international business as well as closer ties with and in-depth knowledge of the company's main markets would be valuable. Given the extensive change efforts at SAS, the Committee decided to expand the Board by one new member and, accordingly, comprise eight persons to obtain a wide and compatible coverage of the requisite experience.

No share convertibles or options have been issued to the Board of SAS AB.



Chairman Fritz H. Schur, born 1951

Chairman of the Board of SAS AB since April 2008. Member of the Board of SAS AB since 2001. *Directorships:* Chairman of the companies in the Fritz Schur Group, F. Uhrenholt Holding A/S and C.P. Dyvig & Co. A/S. Vice Chairman of the Board of Brd. Klee A/S. Board member of WEPA Industrieholding SE. *Education:* B.Sc. Economics and Business Administration. *Earlier directorships/positions:* Chairman of Det Danske Klasselotteri A/S, SN Holding A/S, CVI A/S, PostNord AB and Post Danmark A/S, Chairman of DONG Energy A/S and Vice Chairman of Interbank A/S. Board member of De Post NV/La Poste SA, Belgium, and others. *Shareholding:* 40,000 common shares and 2,888 preference shares. Independent of the company, the company management and the company's major shareholders.



First Vice Chairman Jacob Wallenberg, born 1956

Vice Chairman of the Board of SAS AB since 2001. *Directorships:* Chairman of Investor AB. Vice Chairman of Ericsson AB and Board member of ABB Ltd, the Knut and Alice Wallenberg Foundation, the Confederation of Swedish Enterprise and the Stockholm School of Economics. *Education:* B.Sc. Economics and MBA Wharton School, University of Pennsylvania. *Earlier directorships/positions:* Chairman of SEB. Vice Chairman of Stockholms Handelskammarens Service AB, Electrolux AB and Atlas Copco, as well as Board member of the Coca-Cola Company, Stora and WM-data. President and CEO of SEB, Deputy President and CFO of Investor AB. *Shareholding:* 10,000 common shares. Independent of the company, the company management and the company's major shareholders.



Second Vice Chairman Dag Mejdell, born 1957

Second Vice Chairman of the Board of SAS AB since 2008. President and CEO of Posten Norge AS. *Directorships:* Chairman of Arbejdsgiverforeningen Spekter, International Post Corporation and Norsk Hydro ASA. Industrial advisor IK investment Partners. *Education:* MBA, Norwegian School of Economics and Business Administration. *Earlier directorships/positions:* President and CEO of Dyno Nobel ASA, Chairman of Svenska Handelsbanken, Region Norway and Vice Chairman of Evry ASA. Board member of DYWIDAG System International GmbH. *Shareholding:* 4,214 common shares. Independent of the company and the company management. Owing to his position as CEO of Posten Norge AS, wholly owned by the Norwegian government, Dag Mejdell is not regarded as independent in relation to major shareholders.



Monica Caneman, born 1954

Member of the Board of SAS AB since 2010. *Directorships:* Chairman of the Fourth Swedish Pension Fund, Arion bank hf and Big Bag AB. Board member of Storebrand ASA, Poolia AB, My Safety AB, Intermail A/S, Comhem AB and Schibsted Sverige AB. *Education:* MBA, Stockholm School of Economics. *Earlier directorships/positions:* Board member of EDT AS, Allenex AB, Frösunda LSS AB and Intervendum AB. Board member of Schibsted ASA, Resco AB, Nocom AB, Akademikliniken AB, Nya Livförsäkrings AB, SEB Trygg Liv, XponCard Group AB, Lindorff Group AB, Citymail Group AB, EDB Business Partner ASA, Nordisk Energiförvaltning ASA and Svenska Dagbladet AB. *Shareholding:* 4,000 common shares. Independent of the company, the company management and the company's major shareholders.



Carsten Dilling, born 1962

Member of the Board of SAS AB since 2014. *Directorships:* Chairman of Get AS. Board member of the Confederation of Danish Industry (DI) and Industry's Employers in Copenhagen (IAK). *Education:* B.Sc. and M.Sc. in Economics and Business Administration, Copenhagen Business School. *Earlier directorships/positions:* Board member of Traen A/S (Chairman), Gatetrade A/S, Columbus IT Partner A/S and a number of Board assignments for the TDC Group. President and CEO of TDC A/S. *Shareholding:* 0. Independent of the company, the company management and the company's major shareholders.



Lars-Johan Jarnheimer, born 1960

Member of the Board of SAS AB since 2013.
Directorships: Chairman of CDON Group, Eniro AB, Arvid Nordqvist HAB and Ingka Holding BV (IKEA's parent company). Board member of Egmont International Holding AS and Elite Hotels. *Education:* B.Sc. in Business Administration and Economics, Lund and Växjö universities. *Earlier directorships/positions:* Chairman of BRIS. Board member of MTG Modern Times Group AB, Millicom International Cellular S.A, Invik and Apoteket AB. President and CEO of Tele2. *Shareholding:* 10,000 common shares and 2,520 preference shares. Independent of the company, the company management and the company's major shareholders.



Birger Magnus, born 1955

Member of the Board of SAS AB since 2013.
Directorships: Chairman of Storebrand ASA, Hafslund ASA, NRK A/S, XENETA A/S and Stiftelsen Aktiv mot Krefit. Board member of Aschehoug AS, Kristian Gerhard Jebsen Group and Harvard Business School Publishing. *Education:* : MBA, INSEAD and M.Sc., University of Science and Technology. *Earlier directorships/positions:* Chairman of Svenska Dagbladet, Aftonbladet, Aftenposten, VG, Media Norge and 20 Min Holding. *Shareholding:* 0. Independent of the company, the company management and the company's major shareholders.



Sanna Suvanto-Harsaae, born 1966

Member of the Board of SAS AB since 2013.
Directorships: Chairman of Babysam AS, Sunset Boulevard AS, VPG AS and Best Friend AB. Board member of Paulig Oy, Clas Ohlson AB, Altia OY, CCS AB and Upplands Motor AB. *Education:* M.Sc. in Business and Economics, Lund University. *Earlier directorships/positions:* Chairman of Health and Fitness Nordic AB and BTX AS. Board member of Jetpak AB, Duni AB, Candyking AB and Symrise AG. *Shareholding:* 0. Independent of the company, the company management and the company's major shareholders.



**Employee representative
Jens Lippestad, born 1960**

Employed at Scandinavian Airlines in Norway. Member of the Board of SAS AB since 2014. *Shareholding:* 30,071 common shares. Deputies: Kim Kalsås-Carlson, First Deputy. *Shareholding:* 0. Elin Rise, Second Deputy. *Shareholding:* 0.



**Employee representative
Sven Cahier, born 1951**

Employed at Scandinavian Airlines in Sweden. Member of the Board of SAS AB since 2014. *Shareholding:* 418 common shares. Deputies: Erik Bohlin, First Deputy. *Shareholding:* 0. Ulla Gröntvedt, Second Deputy. *Shareholding:* 2,000.



**Employee representative
Bo Nielsen, born 1958**

Employed at Scandinavian Airlines in Denmark. Member of the Board of SAS AB since 2014. *Shareholding:* 392 common shares. Deputies: Janne Wegeberg, First Deputy. *Shareholding:* 0. Jean Pierre Shomburg, Second Deputy. *Shareholding:* 0.

Auditors PricewaterhouseCoopers AB (PwC)

Principal auditor Bo Hjälmarsson, Authorized Public Accountant. Elected in 2013.

Other major engagements Eniro, Ericsson and Teracom.

Corporate Secretary Mats Lönnkvist, General Counsel and member of Group Management.

Group Management

Group Management is responsible for the company's business management, financial reporting, acquisitions /disposals, financing and communication and other corporate matters. The members of the Group Management are appointed by the President in consultation with the Board of Directors. Only the President reports to the Board, although the other members of Group Management report to the President. Group Management's responsibilities are divided among its members with regard to managing the company's business affairs, and minuted meetings are normally held every week.



**Rickard Gustafson, born 1964
President and CEO**

Member of SAS Group Management from February 1, 2011. *Previously:* Various executive positions in GE Capital, both in Europe and the US, and President of Codan/Trygg-Hansa from 2006–2011. *External directorships:* Board member of Grand Group AB. *Education:* M.Sc. Industrial Economics. *Shareholding:* 40,000 common shares. A close relative to Rickard Gustafson holds 5 common shares.



**Göran Jansson, born 1958
Deputy President and CFO**

Member of SAS Group Management since 2011. *Previously:* CFO and Deputy CEO of Assa Abloy. *External directorships:* Board member of Axis Communication AB and SPP. *Education:* Graduate in Business Administration from Stockholm University. *Shareholding:* 1,330 preference shares.



**Flemming Jensen, born 1959
Executive Vice President Operations**

Member of SAS Group Management since September 14, 2011. *Previously:* Flemming Jensen joined SAS in 1989 and, since 2008, has held a number of executive positions in SAS production including Chief Operating Officer Production Unit CPH. During the period 2002–2008, he was Chief Pilot and before that, a pilot. *External directorships:* Board member of Industrial Employers in Copenhagen (IAK) and a member of the Board and Executive Committee of the Confederation of Danish Industry. *Education:* Pilot in the Danish Air Force. *Shareholding:* 14,100 common shares, 290 preference shares.



**Joakim Landholm, born 1969
Executive Vice President Transformation**

Member of SAS Group Management since January 16, 2012. *Previously:* Joakim Landholm joins SAS from a position as Chief Operating Officer at RSA Scandinavia, which comprises Trygg-Hansa and Codan. He has an extensive background in management, strategy and analysis from GE Money Bank, Accenture and Swedbank. *External directorships:* Board member of Svenska Flyg-Branschen and Transportgruppen. *Education:* MBA from the Stockholm School of Economics. *Shareholding:* 50 preference shares.



Mats Lönnkvist, born 1955
Senior Vice President, General Counsel
Member of SAS Group Management since 2009. Head of Legal, Insurance and Public Affairs, and is the Board secretary at SAS AB. *Previously:* Various legal posts in the SAS Group 1988–2009, the law firm of Mannheimer & Zetterlöf 1984–1988. *External directorships:* none. *Education:* Law degree from Uppsala University. *Shareholding:* 2,704 common shares and 56 preference shares.



Carina Malmgren Heander, born 1959
Executive Vice President and Chief of Staff
Group Management since January 1, 2015. *Previously:* Carina Malmgren Heander joined SAS from AB Electrolux where, for the past three years, she was Senior Vice President for the business unit, Electrolux Grand Cuisine. *Previously,* Carina Malmgren Heander has held a number of leading positions in HR and operations at Electrolux, Sandvik and ABB. *External directorships:* Svedbergs AB and Scandinavian Track Group AB. *Education:* MBA, Linköping University. *Shareholding:* 0.



Eivind Roald, born 1966
Executive Vice President and Chief Commercial Officer
Member of SAS Group Management since April 1, 2012. *Previously:* Eivind Roald joined SAS from Hewlett Packard in Norway, where he spent his last seven years as President. He also has 16 years' experience from such companies as Accenture and Willi Railo Consulting, where he focused on the restructuring of sales and marketing functions. *External directorships:* Inmeta Crayon. *Education:* Bachelor's degree from the Norwegian Management School (BI). *Shareholding:* 84,000 common shares.



Karl Sandlund, born 1977
Executive Vice President Strategy & Network
Member of SAS Group Management since February 1, 2014. *Previously:* Karl Sandlund comes from a position as Vice President Network & Partners and previously worked in management roles with strategic assignments for SAS. Karl Sandlund worked for McKinsey before joining SAS in 2004. *External directorships:* none. *Education:* M.Sc. in Industrial Engineering and Management from Linköping University. *Shareholding:* 2,000 common shares, 130 preference shares.

The Board of Directors and the President hereby give their assurance that the Annual Report has been prepared pursuant to the Swedish Annual Accounts Act and RFR 2, Accounting for Legal Entities, and provides a true and fair view of the company's financial position and earnings and that the Report by the Board of Directors provides a true and fair overview of the company's operations, financial position and earnings, and describes the significant risks and uncertainty factors to which the company is exposed.

The Board of Directors and President hereby give their assurance that the consolidated financial statements have been prepared pursuant to the International Financial Reporting Standards (IFRS) as adopted by the EU, and provide a true and fair view of the Group's financial position and earnings, and that the Report by the Board of Directors for the Group provides a true and fair overview of the performance of the Group's operations, financial position and earnings, and describes the significant risks and uncertainty factors to which the companies in the Group are exposed.

Stockholm, January 19, 2015

Fritz H. Schur
Chairman of the Board

Jacob Wallenberg
First Vice Chairman

Dag Mejdell
Second Vice Chairman

Monica Caneman
Board Member

Carsten Dilling
Board Member

Lars-Johan Jarnheimer
Board Member

Birger Magnus
Board Member

Sanna Suvanto-Harsaae
Board Member

Jens Lippestad
Board Member

Sven Cahier
Board Member

Bo Nielsen
Board Member

Rickard Gustafson
President and CEO

As stated above, the annual accounts and consolidated financial statements were approved for issuance by the Board of Directors on January 19, 2015. The Group's statement of income and balance sheet and the Parent Company's statement of income and balance sheet will be subject to adoption by the Annual General Shareholders' Meeting on February 19, 2015.

Our auditors' report was submitted on January 19, 2015

PricewaterhouseCoopers AB

Bo Hjalmarsson
Authorized Public Accountant
Principal Auditor

Eva Medbrant
Authorized Public Accountant

Auditor's report

To the annual meeting of the shareholders of SAS AB (publ), corporate identity number 556606-8499

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of SAS AB (publ) for the financial year November 1, 2013–October 31, 2014, except for the corporate governance statement on pages 66–75. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 18–76.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 October 2014 and of its financial performance and its cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 October 2014 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 66–75. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of SAS AB (publ) for the financial year 2013-11-01–2014-10-31. We have also conducted a statutory examination of the corporate governance statement.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act and that the corporate governance statement on pages 66–75 has been prepared in accordance with the Annual Accounts Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Furthermore, we have read the corporate governance statement and based on that reading and my knowledge of the company and the group we believe that we have a sufficient basis for our opinions. This means that our statutory 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.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

A corporate governance statement has been prepared, and its statutory content is consistent with the other parts of the annual accounts and consolidated accounts.

Stockholm January 19, 2015

PricewaterhouseCoopers AB
Bo Hjalmarsson
Authorized Public Accountant
Principal Auditor

Eva Medbrant
Authorized Public Accountant