

Corporate Governance Report

Rezidor Hotel Group AB is incorporated under the laws of Sweden with a public listing at Nasdaq OMX Stockholm (the "Stockholm Stock Exchange"). The Company's shares have been listed since November 28th, 2006. Reflecting this, the corporate governance of Rezidor Hotel Group AB is based on Swedish legislation and regulations, primarily the Swedish Companies Act, but also the Listing Agreement with the Stockholm Stock Exchange, the Swedish Code of Corporate Governance, the Articles of Association and other relevant rules. This Corporate Governance Report for the 2009 fiscal year has not been reviewed by the Company's auditors.

ANNUAL GENERAL MEETING

Shareholders can exercise their right to decide on the Company's business at General Meetings of Shareholders, which is Rezidor Hotel Group AB's highest decision-making body. These meetings will be held in Stockholm. Rezidor's fourth Annual General Meeting ("AGM") as a listed company will be held in Stockholm on April 16th, 2010. The notice convening the AGM is required to be published not earlier than six weeks, but not later than four weeks, before the date of the AGM. All shareholders registered in the shareholder's register who have given timely notification to the company of their intention to attend and followed prescribed procedures described in the notice convening the AGM, may attend the meeting and vote for their total share holdings. Shareholders who can not participate personally may be represented by proxy.

Rezidor's 2009 Annual General Meeting

Rezidor's AGM in 2009 was held at the Radisson Blu Royal Viking Hotel in Stockholm on April 23rd, 2009. The AGM was attended by 124 shareholders, personally or by proxy, representing 112,135,436 shares and votes, comprising 76.64% of the total number of shares and votes of the Company. The nine members of the Board of Directors who were proposed for re-election attended the AGM, as well as the two ordinary employee representatives. Also present were the CEO and key executives and the Company's auditor.

The minutes from the 2009 AGM have been made available on Rezidor's website in both Swedish and English language versions. The resolutions passed by the meeting included the following:

- election of Mr. Dick Lundquist, attorney at law, as Chairman of the AGM
- the annual accounts and the auditor's report, the consolidated accounts and the

consolidated auditor's report for the financial year 2008 were confirmed to have been presented in the prescribed manner

- it was decided that no dividend will be paid for the year 2008 and that the distributable funds are brought forward
- Board members and the CEO were discharged from liability for the 2008 fiscal year
- re-election of the Board members Mr. Göte Dahlin, Mr. Urban Jansson, Dr. Harald Einsmann, Mrs. Ulla Litzén, Mrs. Trudy Rautio, Mr. Barry Wilson, Mr. Jay Witzel, Mr. Benny Zakrisson and Mr. Hubert Joly
- re-election of Mr. Urban Jansson as the Chairman of the Board
- it was resolved that the remuneration of the Chairman of the Board shall amount to EUR 65,000 and of each of the other directors appointed by the AGM to EUR 36,000, and EUR 7,500 to the Chairman of the Audit Committee, and EUR 5,000 to the respective Chairman of the Compensation Committee and Finance Committee and EUR 3,750 for each member of the Audit Committee and EUR 2,500 for each member of the Compensation and Finance Committees and that the directors would only receive remuneration for work in one committee
- re-election of Deloitte AB as the Company's auditor for an additional four year period with Mr. Thomas Strömberg as the responsible partner and that the auditor's fees should be according to amounts invoiced and approved
- it was resolved to approve of the Board's proposal regarding the principles of remuneration and other terms of employment for key management for 2009
- it was resolved to approve of the Board's proposal on a long term share related incentive programme for key management
- the Board was given the authority to decide on the purchase and transfer of the Company's own shares to give the Board wider freedom of action in the work with the

Company's capital structure and to secure costs associated with the long term share related incentive programme

- it was resolved to approve of the proposal for a the procedure for appointment of the Nominating Committee for the next AGM
- it was resolved to amend the Articles of Association regarding time for and mode of notices, which resolution was conditional on that the Swedish Companies Act is first amended accordingly

The AGM was held in Swedish. Due to Rezidor's international ownership and in order to allow non-Swedish speaking shareholders to participate, the meeting was simultaneously interpreted to English and all of the information materials for the meeting were also available in English.

All requisite documents for the 2010 AGM, will be published in Swedish and in English on the website in advance of the AGM.

Decisions at an AGM usually require a simple majority vote. However, for certain items of business taken up at the AGM, the Swedish Companies Act requires that a proposal be approved by a higher percentage of the shares and votes represented at the AGM.

NOMINATING COMMITTEE

The mission

The responsibility of the Nominating Committee is to nominate the persons to be elected by the AGM as members of our Board of Directors. The Nominating Committee makes recommendations for the election of members to the Board of Directors and recommendations regarding the allocation of remuneration to the Chairman and other members of our Board of Directors and the allocation of remuneration in respect of committee work, if any. Such recommendations are presented at the AGM. The Nominating Committee also prepares a proposal for the AGM regarding the election of auditors of the Company, when applicable, and makes recommendations for remuneration of the auditors. The Nominating Committee shall also make a

REPRESENTATIVES FOR THE NOMINATING COMMITTEE FOR THE 2010 AGM

Member	Representing	Share of votes August 31 st , 2009	Position
William Van Brunt	Carlson group	45.5%	■
Peter Rudman	Nordea Investment Funds	10.0%	■
Jan Andersson	Swedbank Robur Fonder AB	5.2%	■
Urban Jansson	Chairman of the Board of Rezidor	-	■
■ Chairman	■ Member		

recommendation regarding the procedure to be used in appointing members of the Nominating Committee for the next AGM.

Members

In accordance with the decision made by the AGM on April 23rd, 2009 the Nominating Committee for the AGM on April 16th, 2010 was established.

Based on the list of shareholders per August 31st, 2009 the Chairman of the Board of Directors, Mr. Urban Jansson, contacted the three largest shareholders, each of which was offered the possibility to appoint one representative of the Nominating Committee. The names of the committee members and the shareholders they represented were made public on October 14th, 2009.

In addition to Mr. Urban Jansson, the committee representatives are Mr. William Van Brunt representing the Carlson Group, Mr. Jan Andersson representing Swedbank Robur Fonder AB and Mr. Peter Rudman representing Nordea Investment Funds. Mr. William Van Brunt is the Chairman of the committee. The Committee has had two meetings in 2009, attended by all members, and during which minutes were taken. The Nominating Committee's proposals will be presented in the notice of the AGM and on the Company's website. Neither Mr. Urban Jansson nor the other members of the Nominating Committee received any compensation for their work in the committee.

THE BOARD OF DIRECTORS

Under the Swedish Companies Act, the Board of Directors is ultimately responsible for the organisation and the management of a company. The Articles of Association provide that the Board of Directors shall be elected by the shareholders and consist of not less than three – and not more than fifteen – members. Further, under the Swedish Companies Act, the CEO and at least half of the members of the Board of Directors of a company must be residents of a country within the European Economic

Area, unless the Swedish Companies Registration Office grants an exemption from this requirement.

Mission and Responsibilities

Each year, the Board of Directors establishes a formal work plan clarifying the Board's responsibilities. The work plan regulates the internal division of duties between the Board and its committees, including the role of the Chairman, the Board's decision-making procedures, its meeting schedule, procedures governing the convening, agenda and minutes of meetings, as well as the Board's work on accounting, auditing matters and financial reporting. In addition, the Board of Directors has established separate formal work plans for the Audit Committee, the Compensation Committee and the Finance Committee.

The work plan also governs how the Board will receive information and documentation of importance for its work to facilitate the making of well-founded decisions. The Board has also issued instructions for the CEO, as well for the financial reporting to the Board. Moreover it has adopted other special steering documents, including a Finance Policy, a Communication and Investor Relations Policy and a Code of Business Ethics.

The responsibilities of the Board include monitoring the work of the CEO through ongoing reviews throughout the year. The Board is further responsible for ensuring that Rezidor's organisation, management and guidelines for the administration of the Company's interests are structured appropriately and that there is satisfactory internal control. The responsibilities of the Board also include setting strategies and targets, establishing special control instruments, deciding on larger acquisitions through business combinations and divestments of operations, deciding on other large investments, deciding on deposits and loans in accordance with the Finance Policy and issuing financial reports, as well as evaluating the management of operations and planning managerial succession.

Apart from the activities of the Audit, Compensation and Finance Committees, there has been no allocation of work among the directors.

The Board shall be assisted by a Secretary, who is not a member of the Board. The General Counsel of Rezidor, Ms. Marianne Ruhnård, was the Secretary at all Board meetings and all committee meetings during 2009.

Activities of the Board 2009

According to current working procedures adopted by the Board, the Board must convene at least four times a year, in addition to the statutory Board meeting, and otherwise as necessary. In 2009 the Board held ten meetings. Four of the Board meetings are coordinated with the dates of the presentation of the external financial reports. Additionally, in 2009, the Board members attended a two-day meeting on strategic issues. Audit related matters have been addressed as a special item during a Board meeting at least once per year and in conjunction therewith; the Board meets with the Company's auditor without the CEO or any other member of management being present. During 2009 the Board has been working in accordance with the adopted working procedures. The main activities were as follows:

- keeping informed about the financial position of the Company and the Group, evaluating bank facilities and capital requirements
- adopting a budget and a business plan and approving amendments to the finance policy
- evaluating internal control
- discussing and approving of certain hotel projects meeting defined criteria
- development strategy and monitoring of growth target fulfilment
- investor relations matters, communication policy & press communications
- design and implementation of a share related long term incentive programme for key management and adopting a policy for

COMPOSITION OF THE BOARD IN 2009

	Elected	Position	Born	Nationality	Shareholding	Independent of the company and its management	Independent of the company's major owners
Urban Jansson	2006	■	1945	Swedish	40,000	Yes	Yes
Hubert Joly	2008	■	1959	French	0	No	No
Göte Dahlin	2007	■	1941	Swedish	10,000 ¹⁾	Yes	Yes
Harald Einsmann	2006	■	1934	German	65,780	No	No
Ulla Litzén	2006	■	1956	Swedish	10,000	Yes	Yes
Trudy Rautio	2005	■	1952	American	0	No	No
Barry W. Wilson	2007	■	1944	British	50,000	Yes	Yes
Jay S. Witzel	2005	■	1947	American	0	No	No
Benny Zakrisson	2005	■	1959	Swedish	30,000	Yes	Yes
Mats Hansson ²⁾		■	1953	Swedish	0	n/a	n/a
Emil Bäckström ²⁾		■	1977	Swedish	0	n/a	n/a
Göran Larsson ²⁾		■	1960	Swedish	0	n/a	n/a

1) Owned indirectly through an endowment insurance.

2) Mr. Hansson, Mr. Bäckström and Mr. Larsson are employee representatives and were appointed by the Swedish labour organisation "Hotell- och restaurangfacket".

■ Chairman ■ Vice Chairman ■ Member ■ Ordinary Employee representative ■ Deputy Employee representative

ATTENDANCE OF THE BOARD OF DIRECTORS

	Board of Directors	Audit Committee	Compensation Committee	Finance Committee	Attendance Board meetings
Urban Jansson	■		■		100%
Hubert Joly	■		■		100%
Göte Dahlin	■	■			100%
Harald Einsmann	■		■	■	100%
Ulla Litzén	■	■			100%
Trudy Rautio	■	■		■	100%
Barry W. Wilson	■		■	■	90%
Jay S. Witzel	■			■	90%
Benny Zakrisson	■			■	100%
Emil Bäckström	■				89%
Mats Hansson ¹⁾	■				33%
Göran Larsson ¹⁾	■				56%

1) Mr. Hansson and Mr. Larsson together have an attendance of 89%.

■ Chairman ■ Vice Chairman ■ Member ■ Ordinary Employee representative ■ Deputy Employee representative

- Board of Directors and Executive Committee shareholdings
- adopting a sales and marketing plan
- deciding upon the purchase of the Company's own shares
- analysing management's plans for cost savings
- evaluating activities in relation to defined focus hotels

The Board liaises with the auditors regarding plans for the audit procedure and reviews what measures to take based on the auditors' reporting. Major business areas are given an opportunity to give an in-depth presentation of their operations at a Board meeting at least once a year.

The Chairman of the Board

At the AGM held on April 23rd, 2009 Mr. Urban Jansson was elected as the Chairman of the Board of Directors. At the statutory meeting held by the Board of Directors immediately after the AGM, the Board appointed Mr. Hubert Joly as the Vice Chairman.

It is the responsibility of the Chairman to monitor operations, in consultation with the CEO, and ensure that the other Board members receive the information necessary to maintain a high level of quality in discussions and decisions. The Chairman is responsible for evaluating the Board's work, including the work in the Board committees and the efforts of individual members, with regard to working procedures, competences and the working climate. This occurs annually in accordance with an established process and this evaluation is then shared with the Nominating Committee. The Board's Compensation Committee participates in evaluation and development questions regarding the Group's Senior Executives.

Members of the Board of Directors

Pursuant to the articles of association, the Board of Directors shall be elected at the AGM and serve for a term expiring at the next AGM. The members of the Board of Directors may

be removed from office through a resolution of shareholders, and vacancies on the Board may likewise only be filled by a resolution of shareholders.

At present, the Board of Directors is composed of nine directors elected by the shareholders at the AGM, including the Chairman and the Vice Chairman. As part of the Board's efforts to increase the efficiency and depth of the Board's work on certain issues the Board has established three committees: the Audit Committee, the Compensation Committee and the Finance Committee. Each committee's work and areas of responsibility is described in further detail under the respective heading in this report.

Independence of Board members

None of the members of the Board of Directors elected by the shareholders at the AGM are employed by Rezidor or any other company within the Group. Based on the current version of the Swedish Code of Corporate Governance, the following assessment is made regarding the independency of the members of the Board. Mr. Urban Jansson, Mr. Göte Dahlin, Mrs. Ulla Litzén, Mr. Barry W. Wilson and Mr. Benny Zakrisson are independent Directors in relation to the Company and the Management as well as in relation to major shareholders. Due to extensive business relations between Carlson Group and Rezidor, Mr. Hubert Joly, Mr. Jay Witzel, Mrs. Trudy Rautio and Dr. Harald Einsmann are not independent Directors in relation to the Company and the Management nor are they independent in relation to major shareholders, as they are related to Carlson Group.

Employee Board representatives

In accordance with the law (1987:1245) on board representation for employees, the Swedish labour organisation "Hotell- och restaurangfacket" have appointed two ordinary employee representatives to the Board, Mr. Mats Hansson and Mr. Emil Bäckström and one deputy employee Board representative, Mr. Göran Larsson. The employee Board representatives

joined the Board in the 2009 fiscal year. The term of their appointments will expire at the AGM in 2011.

Audit Committee

The Board of Directors appoints the Chairman and the members of the Audit Committee. The members possess competence and experience in the areas of accounting, auditing and/or risk management. No decision-making power has been bestowed on the Audit Committee. The work procedures that apply for the Audit Committee have been approved by the Board of Directors.

The Audit Committee will convene at least three times a year and otherwise when the Chairman of the Board of Directors considers it suitable. Four of the Committee meetings are coordinated with the dates of the presentation of the external financial reports. Up until April 23rd, 2009, the Audit Committee consisted of Mrs. Ulla Litzén as the Chair, Mr. Göte Dahlin and Mrs. Trudy Rautio. On April 23rd, 2009 the Board decided at its statutory Board meeting following the AGM that the Audit Committee should comprise of Mrs. Ulla Litzén, Mrs. Trudy Rautio and Mr. Göte Dahlin and appointed Mrs. Ulla Litzén as Chairman. During 2009, the Audit Committee held eight meetings during which minutes were taken. Mrs. Ulla Litzén, Mr. Göte Dahlin and Mrs. Trudy Rautio had 100% attendance at Audit Committee meetings during 2009. The members have also continuously discussed issues as needed. The auditors, Deloitte AB, participated in three out of the eight meetings that were held during 2009.

The Audit Committee is responsible for ensuring the quality of the financial and operational reporting. The Audit Committee also evaluates the procedures for internal control and management of financial and operational risks. The Audit Committee reviews the financial reports that are issued by the Board and assesses that the information provided to the market reflects the activities of the Company. The Committee meets with the auditors at

REMUNERATION OF THE BOARD OF DIRECTORS

	Board of Directors fee (EUR)	Audit Committee fee (EUR)	Compensation Committee fee (EUR)	Finance Committee fee (EUR)	Total (EUR)
Urban Jansson	65,000		2,500		67,500
Hubert Joly	36,000		5,000		41,000
Göte Dahlin	36,000	3,750			39,750
Harald Einsmann	36,000		2,500	n/a	38,500
Ulla Litzén	36,000	7,500			43,500
Trudy Rautio	36,000	3,750		n/a	39,750
Barry W. Wilson	36,000		2,500	n/a	38,500
Jay S. Witzel	36,000			2,500	38,500
Benny Zakrisson	36,000			5,000	41,000
Total	353,000	15,000	12,500	7,500	388,000

regular intervals in order to inform itself of the objectives and scope for the external audit, it evaluates the external auditor's work and performance, including the extent of the auditors possible non-audit related work for Rezidor, and, where appropriate, it assists the Nominating Committee in preparing proposals for election of auditors and the remuneration of the auditing work. The Chairman of the Audit Committee is paid EUR 7,500 and each other member of the Audit Committee is paid EUR 3,750.

Compensation Committee

The Compensation Committee will consist of at least three members of the Board of Directors who may not be employees of the Company. Up until April 23rd, 2009, the Compensation Committee comprised of Mr. Hubert Joly as Chairman and Dr. Harald Einsmann, Mr. Urban Jansson and Mr. Barry Wilson as members. On April 23rd, 2009 the Board decided at its statutory Board meeting that the Compensation Committee should comprise of Mr. Hubert Joly, Dr. Harald Einsmann, Mr. Urban Jansson and Mr. Barry Wilson. Mr. Hubert Joly was appointed Chairman.

The Swedish Code of Corporate Governance requires that the members of the Compensation Committee should be independent in relation to the Company and the Management. Of the current members, Mr. Hubert Joly and Dr. Harald Einsmann are not considered to be independent. Rezidor therefore deviates from the rules of the Swedish Code of Corporate Governance. However, in the opinion of the Board it is important for the Compensation Committee to have members with extensive knowledge and experience of international business and remuneration issues including compensation packages for key executives in the global hotel industry. No decision-making power has been bestowed on the Compensation Committee. The Compensation Committee will convene at least twice a year, or as often as the Board of Directors, the Chairman or any member so requires. During 2009, the Compensation Committee held six meetings during which minutes were taken. Mr. Hubert Joly, Dr. Harald Einsmann, Mr. Urban Jansson

and Mr. Barry Wilson had 100% attendance at Compensation Committee meetings during 2009. In addition, members of the Compensation Committee have had informal contacts about compensation issues throughout the course of the year.

The Compensation Committee is responsible for preparing materials concerning compensation and other employment benefits for the Executive Committee and key officers of the Group, and matters concerning the CEO are submitted for final resolution by the Board of Directors. The Compensation Committee also takes the lead in the preparation of proposals for the adoption of any share- or option-based incentive programmes within the Group as well as the preparation of the evaluation of the CEO and his direct reports. The working procedures for the Compensation Committee have been approved by the Board of Directors. The Chairman of the Compensation Committee is paid EUR 5,000 and each other member of the Compensation Committee is paid EUR 2,500.

Finance Committee

The Finance Committee will consist of at least three members of the Board of Directors. Up until April 23rd, 2009, the Finance Committee comprised of Mr. Benny Zakrisson as the Chairman and Mrs. Trudy Rautio and Mr. Jay Witzel as members. On April 23rd, 2009 the Board decided at the statutory Board meeting that the Finance Committee should comprise of Mr. Benny Zakrisson, Mrs. Trudy Rautio, Mr. Jay Witzel, Mr. Barry Wilson and Dr. Harald Einsmann. Mr. Benny Zakrisson was appointed Chairman. No decision making power has been bestowed on the Finance Committee. The working procedures for the Finance Committee have been approved by the Board of Directors. During 2009, the Finance Committee held eleven meetings during which minutes were taken. Mr. Benny Zakrisson, Mrs. Trudy Rautio, Mr. Jay Witzel and Mr. Barry Wilson had 100% attendance at Finance Committee meetings during 2009, and Dr. Harald Einsmann 78%. In addition, members of the Finance Committee have had informal contacts about risk and compliance issues throughout the course of the year.

The Finance Committee analyses financial risks and also works with operational risks, insurance, tax and compliance issues. The Finance Committee is also responsible for the execution of the Board's decisions to repurchase shares. The Chairman of the Finance Committee is paid EUR 5,000 and each other member of the Finance Committee is paid EUR 2,500.

Remuneration of the Board of Directors

The amount of remuneration granted to the Board of Directors, including the Chairman, is determined by a resolution at the AGM.

Compensation for the work of the Board of Directors elected by the shareholders was taken by a resolution at the AGM of shareholders on April 23rd, 2009. The annual fee to the Chairman should be EUR 65,000 and the annual fee to other Board members should be EUR 36,000. In addition, EUR 7,500 is paid to the Chairman of the Audit Committee, and EUR 5,000 to the respective Chairman of the Compensation Committee and Finance Committee and EUR 3,750 for each member of the Audit Committee and EUR 2,500 for each member of the Compensation and Finance Committees. A Board member is only entitled to remuneration for work in one committee. The members of the Board are not entitled to any benefits upon ceasing to serve as a member of the Board.

THE EXECUTIVE COMMITTEE

In consultation with the Chairman of the Board, the CEO prepares necessary information and basic documentation on the basis of which, the Board can make well-founded decisions. He presents matters and motivates proposed decisions, as well as reporting to the Board on the development of the Company. The CEO is responsible for leading the work conducted by the Executive Committee and renders decisions in consultation with the other members of the Executive Committee, which consisted of eleven persons (including the CEO) until March 31st, 2009 and thereafter reduced to ten persons until August 31st, 2009, eight persons until November 30th, 2009 and thereafter seven persons.

REMUNERATION OF THE EXECUTIVE COMMITTEE¹⁾

TEUR	Salaries	Variable salaries	Post employment compensation	Pension	Housing and company car	Total
Kurt Ritter (CEO)	1,057	242	1,239	208	158	2,904
The Executive Committee (incl. CEO) ²⁾	4,507	1,101	1,239	519	655	8,021

1) The remuneration numbers exclude social security costs. Details on the compensation to the CEO and the other members of the Executive Committee can be found in Note 10.

2) Mr. Per Blixt left the Executive Committee on March 31, Mr. Gordon McKinnon and Mr. Thorsten Kirschke on August 31, Ms. Beathe-Jeanette Lunde on November 30.

Remuneration of the Executive Committee

The remuneration granted to the CEO and the other members of the Executive Committee consists of a fixed salary, a variable salary based on the outcome of financial performance objectives, a long term share based incentive programme, a pension and other benefits. Details on the compensation to the CEO and the other members of the Executive Committee can be found in Note 10, but a summary is presented in the table below.

Share-related Incentive Programmes

The AGM on May 4th, 2007, April 23rd, 2008 and on April 23rd, 2009 approved of proposals for a long-term share related performance-based incentive programme (“the performance based share programmes”) to be offered to some executives within Rezidor. The performance based share programmes constitute a supplement to the annual variable salaries and each programme runs for a three year period. The purpose of the programmes is to offer a remuneration component to ensure that remuneration within the Group helps align executives with shareholder interests; that the proportion of remuneration linked to company performance increases and that it encourages executive share ownership. In order to implement the performance based share programmes in a cost efficient and flexible manner, the Board of Directors was authorised by the AGMs in 2007, 2008 and 2009 to decide on acquisitions or sale of its own shares on the Stock Exchange. More detailed descriptions of the three share related performance based incentive programmes can be found in Note 34.

FINANCIAL REPORTING

The Board monitors the quality of financial reporting through instructions to the CEO and reporting instructions regarding the reporting via the Audit Committee. The Audit Committee reviews all financial statements published by the Company. The Board as a whole reviews and approves of the Company’s quarterly reports and year-end report prepared by the management. The Board is also responsible for the Company’s financial statements being prepared in compliance with legislation, applicable accounting standards and other requirements for listed companies.

The CEO and the CFO must review and assure the quality of all financial reporting including financial statements, interim reports and the annual financial statements, press

releases with financial content and presentation material issued to the media, owners and financial institutions.

With respect to the communication with the auditors, the auditors are present at the Board meeting where the Company’s year-end Financial Report is approved. In addition, the Board has met with the Company’s auditors to review their audit of the Company for the financial year 2009. The Board has also met with the Company’s auditors without the CEO or other members of the Company’s Executive Committee or management being present.

AUDITORS

Auditors in Swedish limited companies are elected by the AGM and tasked with scrutinising the Company’s financial reporting and management of the Company by the Board and the CEO. Pursuant to the Swedish Companies Act, the term for auditors in Swedish limited companies is four years. Since the appointment at the AGM 2005, and up until the AGM 2009, the Group’s statutory auditor was Deloitte AB. At the AGM 2009 Deloitte AB was re-elected as auditor for the company for a period until the end of the 2013 AGM with Mr. Thomas Strömberg as the responsible partner. Deloitte is part of Deloitte Touche Tomatsu, with global operations in auditing and other consulting services. Mr. Thomas Strömberg (born 1966) is a member of FAR-SRS, the Swedish professional institute for authorised public accountants and approved public accountants. He has been an authorised public accountant since 1998. In addition to Rezidor, Mr. Thomas Strömberg has audit engagements with Avis, Ovako and Projectplace.

The auditors follow an audit plan that incorporates the comments and concerns of the Board, and report their observations to the Board during the course of the audit and in conjunction with the establishment of the 2009 Annual Report in 2010. The auditor attended three out of eight meetings of the Audit Committee during the year. On one occasion the Board met with the Company’s auditor without the CEO or anyone else from the Company management present. Deloitte submits an audit report regarding Rezidor Hotel Group AB, the Group and an overwhelming majority of subsidiaries. During the year 2009, the auditors have had consulting assignments outside the audit, mainly concerning issues related to the interpretation of IFRS and ad hoc tax advice.

Compensation

The auditors receive a fee based on approved invoiced amounts for their work in accordance with a decision of the AGM. For information about the auditors’ fee in 2009, see Note 42.

INTERNAL CONTROL

The purpose of this report is to give shareholders and other stakeholders a better view and understanding of how internal control over financial reporting at Rezidor Hotel Group AB is organised.

Internal control over financial reporting is a process that involves the Board and in particular the Audit Committee appointed by the Board, company management and personnel. It is designed to provide assurance of reliability in external reporting.

This report has been prepared in accordance with the Swedish Code of Corporate Governance and the guidelines compiled by FAR-SRS and the Confederation of Swedish Enterprise. It is therefore limited to internal control over financial reporting. In accordance with the statement from the Council for Swedish Corporate Governance in September 2006, this internal control report is restricted to a description of how the internal control is organised and makes no statement on how well it functioned during the fiscal year 2009. Rezidor Hotel Group AB applies the COSO framework as a base for the internal control structure.

The Board annually evaluates the need for and organisation of an internal audit process. The structure of the process for 2009 and 2010 has been approved by the Board. The process is managed from the Rezidor corporate office in Brussels with internal audit training. Accounting and control policies and procedures are also prepared, updated and distributed from the Rezidor corporate office.

This report supplements the Annual Report. It has not been reviewed by the company’s auditors. The Internal control over financial reporting is described below in five components that jointly form the basis of a sound control structure.

CONTROL ENVIRONMENT

The control environment forms the basis of internal control. The control environment includes the culture that the company communicates and operates from in a number of areas. The company values include reliability and openness. It is important that all actions, internal as well as external, reflect these basic