

Remuneration of senior executives 2011



The Board's report on the findings of the evaluation pursuant to the second and third points of rule 9.1 of the Swedish Corporate Governance Code.

Remuneration Committee

The Board has appointed a Remuneration Committee from among its own ranks to prepare items for decision by the Board. However, share-based incentive programs for company management are decided by the company's general meeting.

The task of the Remuneration Committee is to prepare proposals for the remuneration and other terms of employment of the executive management and to monitor and evaluate on an ongoing basis the company's various programs for variable remuneration. In addition, ongoing evaluation is performed of the company's guidelines, structures and levels for remuneration in the company.

The Remuneration Committee comprises the Chairman of the Board Ulf J Johansson and Birgitta Klasén. Ulf J Johansson is one of the company's largest shareholders, but is independent of the management. Birgitta Klasén is independent both of the company management and its largest shareholders.

All meetings of the Remuneration Committee are minuted and the minutes are submitted to the Board together with a verbal report, in conjunction with the Board's decision-making. The Remuneration Committee held seven meetings in 2011.

In 2011, the work has mainly focused on the following issues:

- Goals for variable remuneration in 2011 and 2012
- Share-savings program – follow-up
- New share-savings program 2011/2014 – nomination of participants
- Employment contracts for managing directors of foreign subsidiaries
- Review of remuneration of senior executives
- Payment of variable remuneration
- Review of terms and conditions for senior executives including market comparison

Remuneration

Remuneration of senior executives

The Group offers competitive terms at market rates thus enabling the company to attract and retain senior executives. Remuneration comprises salary, long-term incentive program and pension provisions. Salary comprises a fixed salary and a variable salary. The aim is for the fixed salary together with 40 percent of the maximum possible variable salary to comprise a competitive salary which is received when the Group's quantitative performance targets, as set by the Board, are achieved.

At Acando, remuneration of the President and other senior executives comprises fixed salary, variable salary, other benefits and pensions.

- Fixed salary is reviewed annually.
- Variable salary, which is reviewed annually, is linked to the Group's performance and limited to a maximum of 100 percent of fixed salary.
- Opportunity to participate in the long-term incentive program is provided in accordance with resolutions taken at the company's AGM.
- Pensions must be defined-contribution based to provide predictability. For the President, premiums amount to 35 percent of fixed salary and for the other members of Group management, a maximum of 30 percent. In general, retirement age is set at 65.
- When notice of termination is given by the company, severance pay and termination pay for senior executives can combined, at most amount to 18 months salary with offsetting for any income from any other employment or business activity during the last 12 months. The President has a notice period of six months. In the event of termination of employment by the company, a notice period of six months applies and severance pay of 12 months' salary with offsetting for any income from any other employment or business activity during the last 12 months. The President is entitled to give notice and receive the same terms as if the company itself had given notice if any individual shareholder or a group of shareholders in formal partnership obtains a holding in excess of 50 percent of the voting rights in the company.

These guidelines apply to employment contracts agreed after the 2011 AGM and for any changes to existing terms and conditions. Departure from the above guidelines is possible if the Board, in individual cases, deems that special reasons apply. No departures from the above guidelines were made in 2011.

Long-term incentive programs

Share-savings program

The main aim of the share-savings programs is to increase the possibility of retaining and recruiting key employees and, through personal long-term ownership commitment from program participants, to stimulate increased interest in the business and its performance, to raise motivation and to increase the feeling of affinity with the company.

Following a three-year qualification period and with the requirement of an own investment in Acando shares, participants in the program are provided the opportunity of receiving an allotment of shares in Acando free of charge. The numbers of shares awarded is dependent on the number of Acando shares participants have through their own investment and on meeting specific performance requirements connected to Acando's earnings per share (EPS).

In May 2011, the share-savings program 2008/2011 ended. Total shares allocated to employees amounted to 292,300 Series B shares. Treasury shares were used for the share allocation.

At year-end 2011, the Acando Group had three share-savings programs outstanding:

- Share-savings program 2009/2012 adopted at the April 2009 AGM. The program was subscribed to by 46 senior executives. The maximum number of shares that will be awarded under this program is about 171,000 shares.
- Share-savings program 2010/2013 adopted at the May 2010 AGM. The program was subscribed to by 29 senior executives. The maximum number of shares that will be awarded under this program is about 811,000 shares.
- Share-savings program 2011/2014 adopted at the May 2011 AGM. The program was subscribed to by 28 senior executives. The maximum number of shares that will be awarded under this program is about 660,000 shares.

At present, approximately 40 of the Acando Group's employees participate in these programs.

Evaluation of guidelines for the remuneration of senior executives

Guidelines for the remuneration of senior executives are evaluated on an annual basis in relation to the long-term strategy and the Remuneration Committee's review of total remuneration and the individual remuneration elements. The Remuneration Committee deems that the guidelines for the remuneration of senior executives was complied with during the year as regards contracts entered into following the 2011 AGM and that the Group's remuneration structures and levels are appropriate and in line with market rates.

The remuneration structures and levels are evaluated through comparison with market data provided by external sources. Evaluations of the long-term incentive programs were performed through employee interviews, which confirmed that the programs are perceived as key components of the total remuneration structure.

In addition, the results of the evaluation also confirmed that the aim of the share-savings programs, to retain key employees in the company, was achieved. The number of key employees that elect to leave the company is significantly lower than the average rate of employee turnover in the company.

The Board has concluded that the remuneration policy continues to be suitable and reasonable for Acando. Therefore, prior to the 2012 AGM, no changes are proposed to the guidelines for the remuneration of senior executives.

Furthermore, the Board notes that the company's auditor reviewed and expressed an opinion on the guidelines for the remuneration of senior executives, and that the auditor is of the opinion that the Board and President complied with these guidelines.

Stockholm, March 21, 2012

The Board of Directors

Acando AB (publ.)