



**REMUNERATION OF  
SENIOR EXECUTIVES 2015**

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 AGM. 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.

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 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.

The Remuneration Committee held four minuted meetings in 2015. The Remuneration Committee's meetings are also attended by the President (who is not present when issues relating to the President are dealt with). Both Ulf J Johansson and Birgitta Klasén attended all meetings of the Remuneration Committee.

In 2015, the work has mainly focused on the following issues:

- > goals for variable remuneration in 2015 and 2016
- > share-savings program – follow-up
- > new share-savings program 2015/2018– 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 through market comparison

### **Remuneration**

#### **Guidelines for remuneration to 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 consists of 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.

The following guidelines for remuneration to senior executives were adopted by the Annual General Meeting on May 4, 2015:

- > Fixed salary is reviewed annually per January 1.
- > Variable salary, which is paid 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 AGMs.
- > 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. The retirement age is generally 65 years of age.
- > On termination by the company, the severance payment and termination pay for senior executives can together, 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. If Acando terminates the President's employment, a notice period of six months applies and a severance payment of 12-months' salary is payable with offsetting for any income from 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 obtain a holding in excess of 50 percent of the voting rights in the company.

The board also has the ability to allocate discretionary maximum of one quarter of the amount of profit that exceeds profits equivalent to 10 percent operating margin for senior executives and key employees. The allocation is equipped with a limit and cannot exceed 100 percent of base salary for each of the participants.

These guidelines apply to employment contracts agreed after the 2015 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 2015.

#### **Long-term incentive programs**

##### **Share-savings program**

At year-end 2015, the Acando Group had three outstanding share-savings programs. After a qualification period of just less than three years and with the prerequisite of the employee's own investment in Acando shares, participants in the program will be afforded the opportunity to acquire, free of charge, additional shares in Acando. The numbers of shares awarded is dependent on the number of Acando shares participants have through their own investment and on meeting specific performance criteria connected to Acando's earnings per share (EPS).

The principal objective of the 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.

At present, some 50 Acando Group employees are included in these programs.

- > Share-savings program 2014/2017, I adopted at the May 2014 AGM subscribed to by 37 senior executives, and II adopted at extra general meeting July 2014 subscribed to by 17 senior executives. The maximum number of shares that will be awarded under this program is 405,233 shares.
- > Share-savings program 2015/2018, adopted at the May 2015 AGM subscribed to by 42 senior executives. The maximum number of shares that will be awarded under this program is 482,660 shares.

#### **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 2015 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 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, 2016

The Board of Directors  
Acando AB (publ.)