



Corporate Governance Report 2010

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Acando is a Swedish public limited company listed on NASDAQ OMX Nordic, Small Cap. In addition to the applicable laws and regulations, Acando implements the Swedish Code of Corporate Governance and hereby submits the Corporate Governance Report for 2010. Deviations from the Swedish Code of Corporate Governance are presented in a separate section below.

Corporate governance

Annual General Meeting

General

Shareholders in Acando exercise their influence at the Annual General Meeting (AGM), which is the company's highest decision-making body. Each Series A share represents ten votes and each Series B share represents one vote at the AGM. Acando's holding of treasury shares has no voting entitlement.

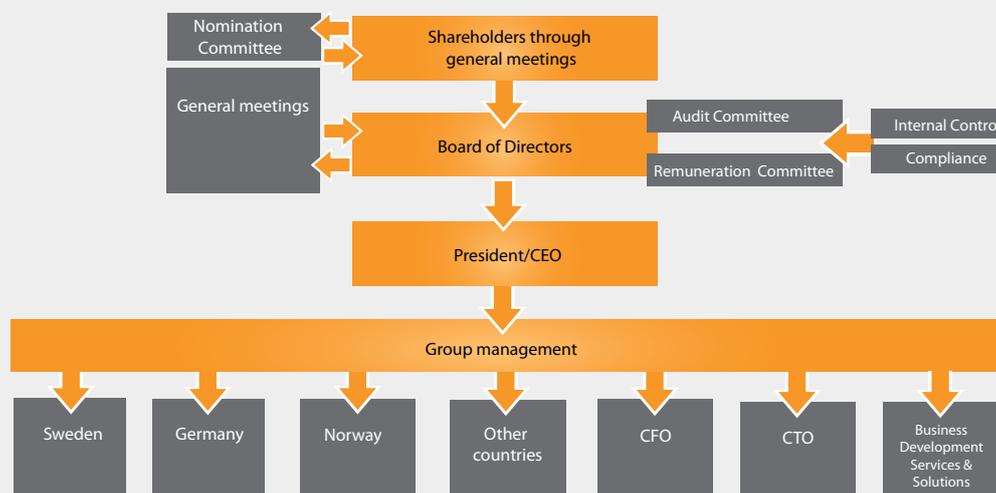
The AGM for 2010 took place on May 4, 2010 in Stockholm. The date of the AGM was published in conjunction with the interim report for the third quarter. Registered shareholders representing 35 percent of the shares and 45 percent of the votes participated in the AGM. All Board Members elected by the AGM, the President and the company's auditors participated in the AGM.

Resolutions

The minutes from the AGM are available at www.acando.com. Some of the main resolutions passed at the AGM 2010 are listed below:

- Resolution to pay a dividend of SEK 0.50 per share for the 2009 fiscal year in accordance with the proposal of the Board.
- Reelection of the Board members Birgitta Klasén, Anders Skarin, Alf Svedulf and Magnus Groth. Election of Susanne Lithander.
- Reelection of Chairman of the Board Ulf J Johansson.
- Authorization of the Board, subject to specific conditions, to decide on the issue of new shares and the buyback and transfer of treasury shares.
- Guidelines for remuneration of senior executives and other key employees.
- Resolution in respect of a new share-savings program 2010/13 for senior executives and other key employees.

Structure of corporate governance



Rules and regulations applicable to Acando's corporate governance

- The Swedish Companies Act
- The Annual Accounts Act, the Swedish Financial Reporting Board (RFR) and IFRS
- NASDAQ OMX Stockholm's rulebook, the Swedish Financial Supervisory Authority's regulations
- The Swedish Code of Corporate Governance

Control documents

- Articles of Association
- Rules of Procedure for the Board of Directors and President's instruction
- Internal policies and control documents
- Listing agreement

Authorizations

The 2010 AGM resolved to pass the following authorizations for the Board of Directors.

Resolution on issues of new shares

The 2010 AGM authorized the Board of Directors to decide on a new issue of Series B shares to the extent such an issue could be performed without requiring an amendment to the Articles of Association. Furthermore, the total increase in share capital is not permitted to exceed 10 percent of the registered share capital at the time the Board as applicable exercises the authority for the first time. Payment for the new issue of shares should be possible against payment in kind or through offsetting.

Accordingly, the authorization does not include the right for the Board to decide to issue new shares against a cash consideration. New share issues must be possible to perform with a waiver of the shareholders' preferential rights. The authorization may be utilized on one or several occasions up until the next Annual General Meeting.

The issue price must correspond to the share's assessed market value. The reason for the waiver of shareholders' preferential rights is to enable the company to issue shares in conjunction with the acquisition of a company or a business.

Resolution on buyback and transfer of treasury shares

Acando's 2010 AGM authorized the Board to buy back the company's shares to hold as treasury shares to an amount corresponding to 10 percent of the shares outstanding in the company to thereby enable the company to adapt its capital structure to the company's capital requirements and to create the opportunity for the company to pay for any acquisitions of companies or businesses, wholly or partly, with these treasury shares. This authorization applies until the 2011 AGM.

Shares and ownership structure

On December 31, 2010, the number of shares in Acando amounted to 79,644,260 shares, of which 3,331,131 Series B shares were treasury shares. A total of 2,971,131 of these treasury shares are reserved for future allocation in the share-savings program.

At the end of 2010, the number of shareholders amounted to approximately 23,700. The 25 major shareholders represented approximately 74 percent of the votes and approximately 63 percent of equity. Approximately 10 percent of the shares have foreign owners.

The following table shows those shareholders with a holding corresponding to at least 10 percent of the total number of votes in the company at December 31, 2010.

Name	Series A share	Series B share	Total No. of shares	Equity, %	Votes, %
Svedulf family with companies	500,000	13,584,000	14,084,000	17.7%	17.0%
Ulf J Johansson with companies	1,318,500	800,500	2,119,000	2.7%	12.8%
Acquireit in Sweden AB	1,321,490	-	1,321,490	1.7%	12.1%

The Articles of Association include a pre-emption clause that stipulates that a Series A share that is transferred from one shareholder to another existing shareholder in the company or to an individual that is not already a shareholder in the company is subject to a pre-emption clause that requires the share to be offered to the other existing holders of Series A shares through written submission to the company's Board.

Nomination Committee

The main task of the Nomination Committee is to prepare the election and remuneration of Board members and auditors for resolution at the AGM.

In accordance with a decision at the 2010 AGM, the Nomination Committee comprises the Chairman of the Board plus at least two representatives of the largest shareholders. In September, the Chairman of the Board in consultation with the largest shareholders in the company appoints at least two members of the Nomination Committee. The task of the Nomination Committee prior to the next AGM is to prepare proposals for a Chairman of the AGM, the number of Board members, election of Board members, election of Chairman of the Board, fees to Board members and auditors and, where applicable, proposals for the election of auditors.

The selection criteria are that elected Board members possess the relevant knowledge and experience to understand

and follow Acando's operations and contribute with insights on strategic issues. Prior to the nomination work, the Nomination Committee has been informed of Acando's strategic situation through information including presentations by the Chairman of the Board and the company's CEO. The Nomination Committee has studied the evaluation of the Board.

The Nomination Committee appointed for 2010 includes the following persons: Ulf J Johansson, Chairman of the Board of Acando, Mats O Paulsson (proposed by Alf Svedulf including family and companies) and Sven Zetterqvist (proposed by Skandia Liv). Mats O Paulsson was appointed Chairman of the Nomination Committee. All members of the Nomination Committee are independent in relation to the company and its management. Sven Zetterqvist is independent in relation to the company's two largest shareholders in terms of votes.

Information about the Nomination Committee has been published via a press release and on Acando's website, through which it is possible for shareholders to submit proposals to Acando's Nomination Committee.

Board of Directors

Areas of responsibility

The Board constitutes the highest decision-making body during the period between general meetings. The Board's assignments are regulated in the Swedish Companies Act and the Articles of Association. Each year, the Board adopts written rules of procedure for the Board of Directors that govern its work. Furthermore, the Board produces written instructions stating the allocation of work between the Board and the President as well as the other bodies instituted by the Board, such as the Audit Committee and Remuneration Committee.

Board assignments include making decisions on issues relating to:

- Strategies, business plan and budget
- Annual reports, interim reports and year-end reports
- Important changes to the company's organization and operations
- Internal control and risk management
- Major investments, acquisitions and other changes in the Group's structure
- Loans and other financing issues of a significant nature
- Appointing, evaluating and if required discharging the President.

In addition, the Board monitors that Acando's operations comply with the applicable rules and regulations and the Swedish Code of Corporate Governance.

Members of the Board

According to Acando's Articles of Association, the Board must comprise a minimum of five and a maximum of eight members. The members are elected by the AGM.

The 2010 AGM decided that the Board should consist of six members. In addition to these six members, two are appointed by the employees. The AGM resolved to reelect Ulf J Johansson, Birgitta Klasén, Anders Skarin, Alf Svedulf and Magnus Groth as Board members and to elect Susanne Lithander as a new Board member.

During the first two months of the 2010 fiscal year, Åsa Landén Ericsson was a Board member. She resigned from the Board on March 1, 2010 in conjunction with accepting a position with a competitor.

Mija Jelonek Karlsson and Lennart Karlsson were appointed as employee representatives.

Chairman of the Board

The Chairman of the Board ensures that the Board performs its assignment in accordance with the provisions of the Articles of Association, the Companies Act and other regulations and ordinances, as well as the Board's rules of procedure. At the AGM in 2010, Ulf J Johansson was reelected Chairman of the Board.

The Chairman maintains continuous contact with the President to monitor the company's operations and is responsible for ensuring the other Board members receive the requisite information and documentation to fulfill their assignment on the Board. The Chairman is responsible for evaluating the work of the Board, and also participates in the evaluation of the senior executives of the Group, and represents the company in owner issues.

Members of the Board



Top row from left: Anders Skarin, Mija Jelonek Karlsson, Lennart Karlsson
Bottom row from left: Magnus Groth, Susanne Lithander, Ulf J Johansson, Birgitta Klasén, Alf Svedulf

Chairman of the Board

Ulf J Johansson
 Born: 1945
 Chairman of the Board of Acando AB since 2000
 Other assignments held: Chairman of the Board of NovoNordisk Foundation, Novo A/S, Trimble Navigation Ltd and Eurostep Group AB. Board member of Telefon AB LM Ericsson (Ericsson), Jumptap Inc
 Education: Doctor of Engineering
 Shareholding: 1,318,500 Series A shares, 800,500 Series B shares all via companies

Board members

Magnus Groth
 Born 1963
 Board member of Acando AB since 2009
 Other assignments held: President and CEO, Studsvik AB
 Education: Master of Science in Engineering and Master of Science in Business and Economics
 Shareholding: 3,500 Series B shares

Birgitta Klasén
 Born 1949
 Board member of Acando AB since 2008
 Other assignments held: Board member of Bisnode, Assa Abloy and IFS
 Education: Master of Science in Engineering
 Shareholding: 60,000 Series B shares (incl. family)

Susanne Lithander
 Born: 1961
 Board member of Acando AB since 2010
 Other assignments held: Vice President, Finance, Projects, SCA AB
 Education: Master of Science in Business and Economics
 Shareholding: 0

Anders Skarin
 Born 1948
 Board member of Acando AB since 2003
 Other assignments held: Chairman of the Board of Cambio Healthcare Systems, Sörman Information, PocketMobile Communications, Vendator and Infobric
 Board member of Enea and WSP Europe
 Education: Bachelor of Arts
 Shareholding: 80,000 Series B-shares via companies

Alf Svedulf
 Born 1939
 Board member of Acando AB since 2006
 Education: Construction engineer
 Shareholding: 500,000 Series A shares, 13,584,000 Series B shares (incl. family and company)

Employee representatives

Mija Jelonek Karlsson
 Born 1964
 Employee representative since 2005
 Consultant at Acando
 Education: ADP
 Shareholding: 0

Lennart Karlsson
 Born 1951
 Employee representative since 2010
 Yield Manager at Acando
 Education: Master of Science in Engineering
 Shareholding: 8,400 Series B shares

The above information reflects the status as of March 23, 2011.

The Board's work

During the 2010 financial year, the Board held eleven Board meetings and one statutory meeting after the AGM on May 4, 2010. At these meetings, in accordance with the adopted rules of procedures, the Board addressed the regular items scheduled to be brought up at each meeting including the budget, annual reports, interim reports and business conditions. In addition, the Board handled issues relating to strategic aims, share buybacks, the capital structure, project risk management and an employee incentive program. An overview of the Board's work is presented below.

Each year, the Board performs a formal evaluation of its work and implements improvements as required. A Closed Session is held at each Board meeting, where the Board holds discussions without the presence of any company employees such as the President or CFO.

The company's auditors participate in a minimum of one Board meeting each year, at which they present their observations from the audit of internal control, financial reporting and the annual report. In 2010, The company's auditors were present at two Board meetings in conjunction with the audit of interim reports and the annual report. On at least one occasion per year, the Board meets with the company's auditors without the presence of the President or any other member of the company management.

Attendance of Board meetings in 2010;

Name	Function	Independent*	Attendance
Ulf J Johansson	Chairman	No	100%
Alf Svedulf	Member	No	100%
Anders Skarin	Member	Yes	100%
Birgitta Klasén	Member	Yes	100%
Magnus Groth	Member	Yes	75%
Åsa Landén Ericsson**	Member	Yes	100%
Susanne Lithander***	Member	Yes	100%
Mija Jelonek Karlsson	Employee representative	-	83%
Per Kjellin****	Employee representative	-	80%
Lennart Karlsson***	Employee representative	-	71%

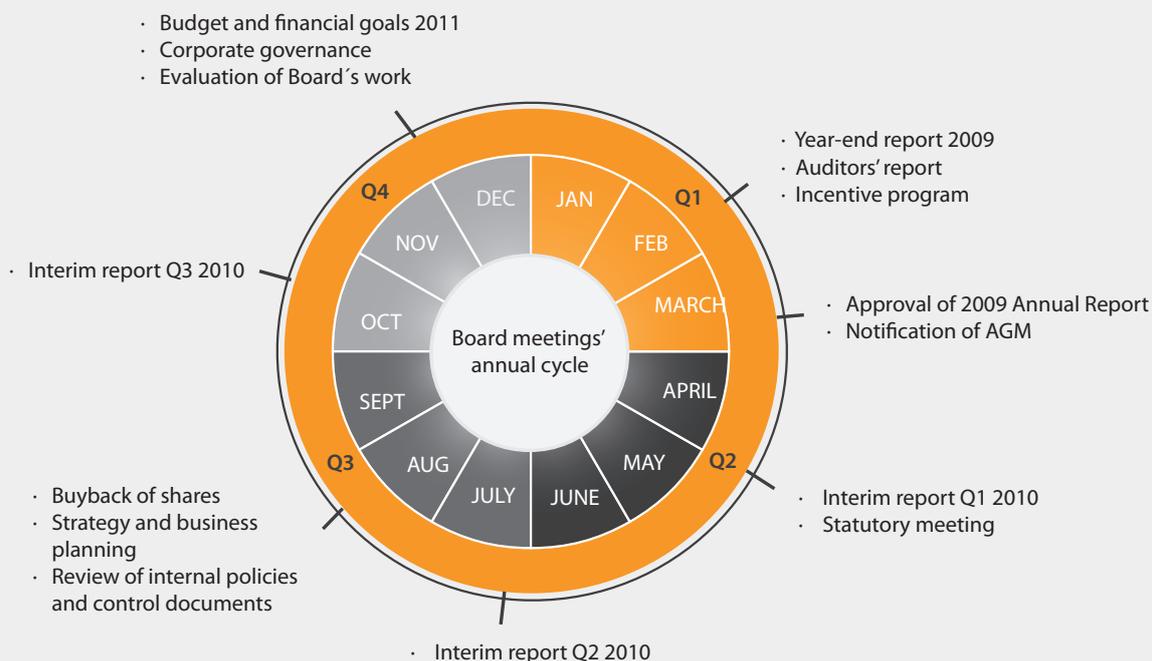
* Independent means independent of the company management and its largest shareholders.

** Stepped down from the Board on March 1, 2010.

*** From May 2010.

**** Stepped down in conjunction with the May 2010 AGM.

Board's work in 2010



Board members' independence

The Board's view, which is shared by the Nomination Committee, is that the Board members' independence in relation to the company and shareholders fulfils the requirements of the Swedish Code of Corporate Governance. This means that the majority of the members elected by the AGM are independent in relation to the company and the company management, and that at least two of them are independent of the company's largest shareholders.

All Acando Board members are independent of the company and its management. Four of the Board members are entirely independent of major shareholders. No agreements exist between the company and the members.

Audit Committee

The Board has appointed an Audit Committee in accordance with Chapter 8, Section 49a of the Companies Act. The Audit Committee comprises Anders Skarin and Susanne Lithander. Susanne Lithander was elected to the Board at the 2010 AGM and in conjunction with that replaced Åsa Landén Ericsson on the Audit Committee. Both members are independent of the company management and the largest shareholders.

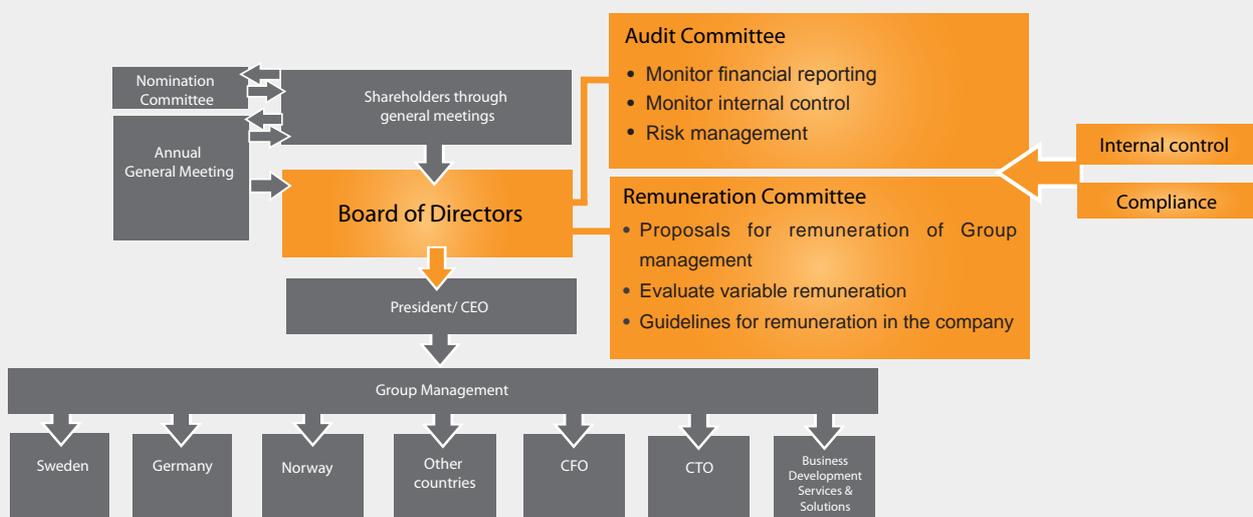
The Audit Committee prepares items for decision by the Board. The Committee works according to an agenda established for

the year and is tasked with monitoring the company's financial reporting and the effectiveness of the company's internal control and risk management. The Audit Committee keeps itself informed as regards the audit of the annual report and consolidated financial statements. Furthermore, the Committee reviews and monitors the independence and impartiality of the auditor and, in particular, follows up if the auditor supplies services other than audit services. The Committee assists through the provision of proposals in respect of the election of auditors by the general meeting.

The Audit Committee also maintains ongoing contact with the CFO and auditors. The meetings of the Audit 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 meetings of the Audit Committee are also attended by the company's auditors, Öhrlings PricewaterhouseCoopers through the Auditor in Charge, Magnus Brändström. The company is usually represented by the CFO and the Head of Group Accounting.

The Board's structure for corporate governance



In the 2010 financial year, the Audit Committee held five meetings and discussed the following principal areas:

- Annual Report, interim reports and the year-end report
- Internal control and risk management primarily for project management/project reporting
- Corporate governance report
- New formulation of interim reports
- Capital structure
- Tax issues
- Feedback from the auditor's review and subsequent plan of remedial measures
- Monitoring and decisions relating to which assignments, in addition to the audit, are carried out by the company's auditors in accordance with the Committee's adopted policy

Anders Skarin attended all meetings and Susanne Lithander attended one of two possible meetings after joining the Committee.

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.

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 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 seven meetings in 2010. The Remuneration Committee's meetings are also attended by the President (who leaves the room when issues relating to the President are handled). Both Ulf J Johansson and Birgitta Klasén attended all meetings of the Remuneration Committee.

In 2010, the work has mainly focused on the following issues:

- Goals for variable remuneration in 2010 and 2011
- Share-savings program – follow-up
- Share-savings program 2010/2013 – 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

President

The Board appoints a President to lead and develop day-to-day operations and take responsibility for the company's day-to-day management. At the statutory Board meeting on May 4, 2010, the Board adopted the current President's instruction, which includes the following main areas:

- Preparing a business plan
- Monitoring compliance with the goals, policies and strategic plans adopted by the Board
- Ensuring that the financial reporting reflects the Group's total financial position and performance, and all other significant circumstances
- Ensuring that the management group has the requisite competence to lead the business in the direction decided by the Board.

Carl-Magnus Månsson has been the President and CEO since June 1, 2009. Prior to joining Acando, Carl-Magnus Månsson worked at the Ericsson Group for approximately 20 years, both in Sweden and abroad. He has held management positions in sales, product development and finance and came to Acando directly from his position as CIO at Ericsson.

Carl-Magnus Månsson

President and Chief Executive Officer

Joined in 2009

Born: 1966

Education: University studies in Technical Physics



Group management

Acando conducts operations in six countries. For efficiency, Acando has a flat organization that favors integration between delivery areas and countries. The key words for the structure are local presence and collaboration.

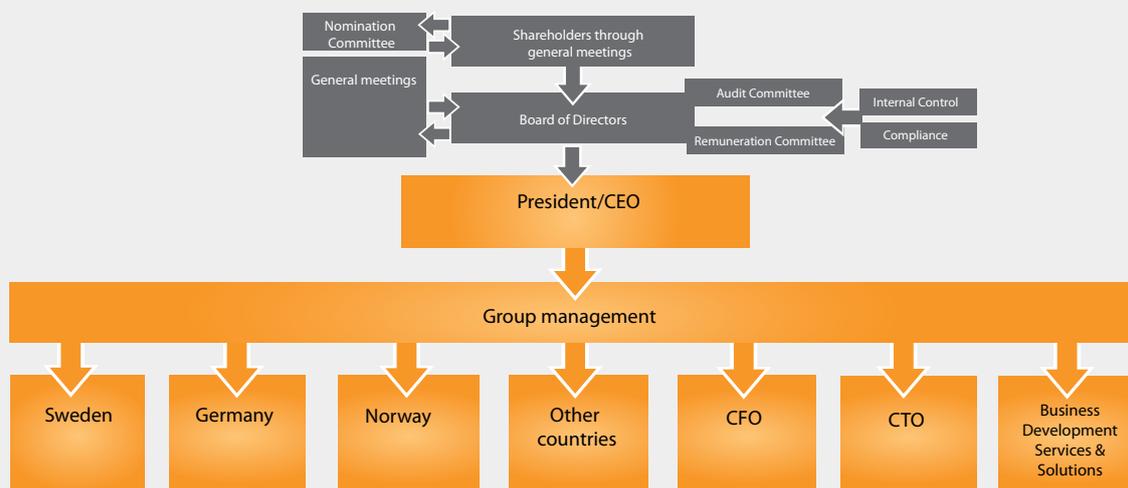
The President, who is also the CEO, has appointed a Group management comprising Country managers and Head of Group-wide functions.

The President leads the work of the Group management and makes decisions in consultation with management. The Group management meets every second week and maintains continuous contact on operative issues.

In 2010, the following focus areas were discussed:

- Monthly follow-up of performance, financial status and operative key ratios
- Operational efficiency and improvement in profitability
- Recruitment
- Cross-border customer projects
- Development of new offerings and services

Group management's structure for corporate governance



Group management



Carl-Magnus Månsson
President and Chief Executive Officer of Acando AB
Born 1966
Education: University studies in Technical Physics
Employed since 2009
No. of shares: 45,000 Series B shares
Maximum number of shares according to share-savings program: 250,000*



Lotta Jarleryd
Chief Financial Officer
Born 1966
Education: Bachelor of Science in Business Administration and Economics and in Journalism
Employed since 2010
No. of shares: 7,000 Series B shares
Maximum number of shares according to share-savings program: 42,000*



Olof Hedin
Vice President Business Development
Born 1967
Education: MSc, MBA
Employed since 2003
No. of shares: 24,000 Series B shares
Maximum number of shares according to share-savings program: 69,500*



John Karnblad
Chief Technology Officer
Born 1964
Education: University studies in Systems Science
Employed since 1987
No. of shares: 17,500 Series B shares
Maximum number of shares according to share-savings program: 62,000*



Christer Norrman
Managing Director Sweden
Born 1959
Education: MSc Information Technology
Employed since 2007
No. of shares: 35,861 Series B shares
Maximum number of shares according to share-savings program: 119,722*



Michael Mörchen
Managing Director Germany
Born 1950
Education: Business Science & Information Technology
Employed since 2000
No. of shares: 33,583 Series B shares
Maximum number of shares according to share-savings program: 0



Guido Ahle
Managing Director Germany
Born 1967
Education: Business graduate
Employed since 2000
No. of shares: 15,000 Series B shares
Maximum number of shares according to share-savings program: 56,250*



Aasmund Frøseth
Managing Director Norway
Born 1953
Education: Master of Science Information Technology
Employed since 1997
No. of shares: 20,000 Series B shares (incl. companies)
Maximum number of shares according to share-savings program: 112,500*



Dennis Birgersson
Acting Managing Director Denmark
Born 1951
Education: Master of Science Information Technology
Employed since 1997
No. of shares: 0
Maximum number of shares according to share-savings program: 0



Ferhat Kaya
Managing Director Finland
Born 1968
Education: Bachelor's Degree in Business Administration
Employed since 2000
No. of shares: 2,083 Series B shares
Maximum number of shares according to share-savings program: 0



Phil Jacklin
Managing Director UK
Born 1974
Education: Degrees in Business Administration and Operations Research
Employed since 2010
No. of shares: 0
Maximum number of shares according to share-savings program: 0

Information in respect of the number of shares regards holdings at March 23, 2011.

The above composition of the Group management applies from January 1, 2011. In 2010, the Group management comprised the following: Carl-Magnus Månsson, Lotta Jarleryd, Aasmund Frøseth, John Karnblad, Michael Mörchen, Christer Norrman and Gunilla Bjerre (until May 2010) and Olof Hedin (from October 1, 2010).

*The maximum number of Matching and Performance shares that can be allocated free of charge within the framework of the share-savings program. Refer to Note 9 for further information.

External auditors

At the 2008 AGM, the accounting firm of Öhrlings PricewaterhouseCoopers AB, was elected auditors. Magnus Brändström is Auditor in charge. Magnus Brändström is also an auditor for companies including Studsvik, Rottneros and Note. The mandate period for the company's auditors expires at the 2011 AGM.

Auditor

Magnus Brändström

Acando's auditor since 2008

Born 1962

Authorized Public Accountant

Öhrlings PricewaterhouseCoopers AB



Remuneration

Remuneration of the Board of Directors 2010

Director fees for the Board of Directors are resolved by the AGM based on proposals from the Nomination Committee.

Name	Function	Director fees	Audit Committee	Remuneration Committee	Total
Ulf J Johansson	Chairman of the Board	500,000	-	37,500	537,500
Anders Skarin	Board member	200,000	37,500	-	237,500
Alf Svedulf	Board member	200,000	-	-	200,000
Birgitta Klasén	Board member	200,000	-	37,500	237,500
Magnus Groth	Board member	200,000	-	-	200,000
Susanne Lithander	Board member	200,000	37,500	-	237,500
Total		1,500,000	75,000	75,000	1,650,000

Director fees to the Board's non-executive directors amount to SEK 1,650,000 divided as follows: to the Chairman of the Board, SEK 500,000 and to the other directors, SEK 200,000 each with an additional SEK 150,000 at the Board's disposal to be allocated between the members of the Board's committees. The employee representatives receive no director fees.

Remuneration of senior executives, 2010

The Remuneration Committee submits proposals for remuneration of senior executives for decision by the Board. The assignment of the Remuneration Committee is to prepare proposals for the remuneration and other terms of employment for the executive management.

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.
- 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 2010 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 2010. For further information, refer to Note 9.

Long-term incentive programs

At year-end 2010/2011, the Acando Group had three outstanding share-savings programs. 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).

The main aim 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, approximately 40 Acando employees are included in these programs. For further information, refer to Note 9.

Auditors' remuneration for 2010

Auditors' remuneration comprises fees paid for auditing, consulting and other reviews in conjunction with the audit. Remuneration has also been paid for other consulting, of which the majority relates to audit-related consultations on accounting and tax issues. All assignments were in accordance with the policy adopted by the Audit Committee relating to other assignments to the company's auditors. For 2010, remuneration was charged as follows:

SEK thousands	2010	2009	2008
Fee for audit assignment	1,463	1,195	1,340
Fee for other services	1,003	598	1,030
Total	2,466	1,793	2,370

Internal control and financial reporting

Assignment of responsibility

The Board's responsibility for internal control is regulated by the Swedish Companies Act and the Swedish Code for Corporate Governance.

Acando endeavors to operate its business in as efficient a manner as possible. Financial reporting must be reliable, accurately reflect the company's operations and be prepared in accordance with applicable legislation and ordinances. The Acando Group's procedures are based on the framework for internal control issued by the Committee of the Sponsoring Organizations of the Treadway Commission (COSO), which describes internal control relating to financial reporting with five different components: control environment, risk assessment, control activities, information and communication and follow-up.

The Board has overriding responsibility for financial reporting. Each year, the Board adopts written rules of procedure for its work and states the division of work between the Board, the President and the other bodies instituted by the Board, such as the Audit Committee and Remuneration Committee.

The Audit Committee, as appointed by the Board, is tasked with preparing issues for decision by the Board. The Audit Committee works according to an agenda established each year and has the assignment of monitoring and assuring the quality of the company's financial reporting. This comprises areas including the effectiveness of the Group's internal controls and assessments of estimates and reported amounts that affect the quality of the financial reporting. The Audit Committee keeps itself informed in respect of the audit of the annual accounts and consolidated financial statements through the presence of the auditor at the Committee's scheduled meetings. Acando's CFO and the Head of Group Accounting are also present at Committee meetings and, in addition, the members of the Committee have ongoing contact with these executives.

Financial reporting

Financial reporting to the Board

The Board's rules of procedure state in detail the financial information that the President is responsible for providing for the Board in conjunction with monthly and quarterly accounts. In addition, the rules of procedure state what financial information is to be dealt with at which Board meeting in the meeting cycle.

Information must include presentation and analysis of performance trends and the financial position. In addition, key financial figures must be included in the reports; these ratios include utilization rates, hourly rates and personnel statistics. Budgets and forecasts must be presented at the appropriate Board meeting and their continuous follow-up included in the ongoing reporting of financial performance.

External financial reporting

The quality of external financial reporting is assured through the performance of a number of measures. The President is responsible for the accuracy and high quality of all financial information presented to external stakeholders. The company auditor's assignment includes reviewing the financial reporting and providing an account of their observations to the Audit Committee and Board. In addition to the year-end financial statement the auditors also review the interim report for the third quarter.

Information regarding the Group's operations and financial position is published continuously on Acando's website (www.acando.com). This is to comply with the agreement with NASDAQ OMX Nordic and to provide existing and potential shareholders with the opportunity to follow the progress of the company.

Risk management

The Board and Group management follow, on an ongoing basis, the risks that can significantly affect financial reporting. When changes occur in risk assessments, internal controls are suitably adapted.

The risk of significant errors in the financial reporting is evaluated on the basis of the significance and complexity of the various items. In addition, accounting rules for various balance sheet and income statement items is continuously evaluated.

Those balance sheet and income statement items where material risk may occur are assessed as comprising the following:

- Income recognition
- Variable remuneration to employees
- Valuation of goodwill
- Valuation of work-in-progress
- Valuation of accounts receivable
- Taxes

To minimize these risks, group-wide policies and a framework for financial reporting has been established. Every financial year, detailed time schedules are set for the production and reporting of financial information from subsidiaries to the President, CFO and Group accounting function. These have been supplemented with instructions for accounting and reporting, financial policies, directives and instructions in respect of decision structures as well as job descriptions including assignment of responsibilities and authorities. The aim of the guidelines is to provide a foundation for effective internal control and to ensure that reporting is correct and consistent. The guidelines are followed up and updated when necessary to ensure compliance with applicable laws and regulations and any organizational changes. Updates are communicated to the employees concerned.

Control activities and follow-up

To ensure that operations are conducted efficiently and that the financial reporting provides a true and fair view, control activities exist for managing the Group's risks. The control activities involve all levels of the organization, from the Board and Group management to other employees, and are aimed at preventing, identifying and correcting any errors and discrepancies. Examples of control activities within Acando's operations include the approval and control of different types of accounting transactions, analysis of key ratios and relationships and other analytical follow-up of financial information. The analytical follow-up is carried out continuously by the company's controllers, business area managers, country managers and the Group management.

Internal control 2010

The Board, the Audit Committee and the Group management discuss on an ongoing basis which areas in internal control and financial reporting should be the object of investigation or change. In 2010, internal control initiatives primarily focused on the following:

- A revised structure for interim reports
- Revised and more comprehensive financial reporting to the Board
- Revised and more comprehensive financial reporting from subsidiaries to the President and CFO – financial key ratios, forecasts, sales and project information and other business-critical key ratios
- Processes for risk assessment and follow up of project performance
- A more stringent system for managing authorizations and powers

Departures from the Swedish Code of Corporate Governance

The company follows the Swedish Code of Corporate Governance with the following exceptions:

- The company's Board of Directors comprises six Board members elected by the AGM. With regard to the size of the Board and the company, the Board considers it appropriate that the Audit Committee consists of two Board members in 2010. According to the Swedish Code of Corporate Governance, the Audit Committee should comprise a minimum of three members.
- The company does not have any dedicated audit function. Each year, the Board assesses the need of an internal audit function and deems the external audit combined with the ongoing internal initiatives with internal control as sufficient as regards an audit function after taking into consideration the company's operations and size.