

# 2016 Corporate governance report

Acando is a Swedish public limited company listed on Nasdaq Stockholm, Mid Cap. In addition to the applicable laws and regulations, Acando implements the Swedish Corporate Governance Code and hereby submits the 2016 Corporate Governance Report. Departures from the Swedish Corporate Governance Code 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 company's Articles of Association contain no limitations on the number of votes each shareholder can cast at a general meeting of shareholders.

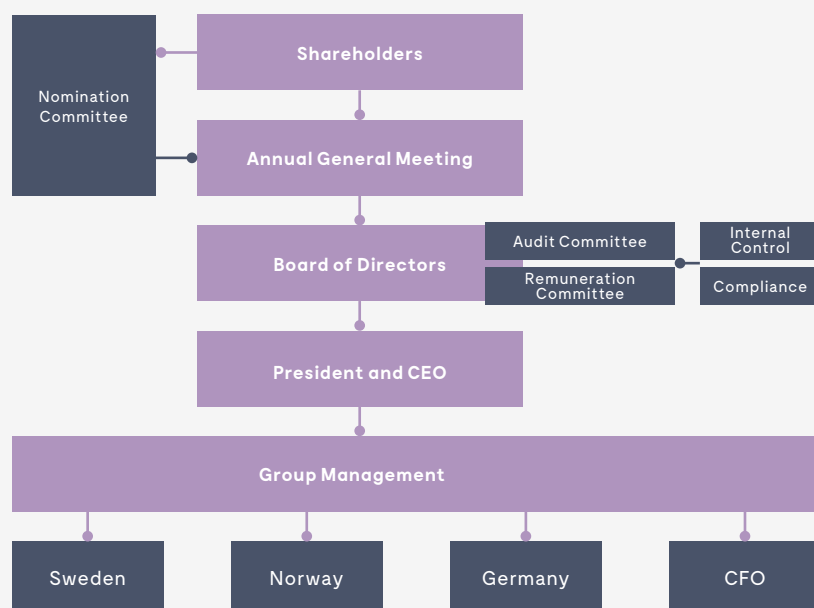
The 2016 AGM took place on April 28, 2016 in Stockholm. The date of the AGM was published in conjunction with the interim report for the third quarter. Registered shareholders representing 42 percent of the shares and 57 percent of the votes participated in the EGM. Seven Board members elected by the AGM, the President and the company's auditors participated at the Meeting.

### Resolutions

The minutes from the AGM are available at [www.acando.com](http://www.acando.com). Some of the main resolutions passed at the 2016 AGM are listed below:

- > Resolution to pay a dividend of SEK 1.20 per share for the 2015 fiscal year in accordance with the proposal of the Board.
- > The AGM resolved to re-elect Magnus Groth, Mats O Paulsson, Anders Skarin, Alf Svedulf and Caroline af Ugglas, moreover, the AGM resolved to elect Cecilia Beck-Friis and Lena Eliasson as new members.
- > Re-election 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 buy-back and transfer of treasury shares.
- > Guidelines for remuneration to senior executives.
- > Resolution in respect of a new share-savings program 2016/19 for senior executives and other key personnel.

## Corporate governance structure



### Rules and regulations applicable to Acando's corporate governance

- > The Swedish Companies Act
- > The Swedish Annual Accounts Act, the Swedish Financial Reporting Board and IFRS
- > Nasdaq Stockholm's rulebook, the Swedish Financial Supervisory Authority's regulations
- > The Swedish Corporate Governance Code

### Governance documents

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

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*Authorizations*

The 2016 AGM resolved to pass the following authorizations for the Board of Directors.

*Resolution on issues of new shares*

The 2016 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 with a non-cash consideration 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 AGM.

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.

However, in conjunction with such acquisitions, the Board may not combine this authorization with the authorization regarding the transfer of Series B treasury shares in such a manner that would entail the total number of Series B treasury shares used as the consideration in conjunction with a non-cash acquisition exceeding 10 percent of the registered share capital.

*Resolution on buy-back and transfer of treasury shares*

Acando's 2016 AGM authorized the Board to buy back the company's shares to hold as treasury shares to an amount corresponding to a maximum of 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. However, in conjunction with such acquisitions, the Board may not combine this authorization with the authorization regarding the issue of Series B shares in such a manner that would entail the total number of Series B shares used as the consideration in conjunction with a non-

cash acquisition exceeding 10 percent of the registered share capital. Buy-backs should also be used to ensure shares are available for the 2016/2019 share-savings program. The authorization is valid until the 2017 AGM.

**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. The Articles of Association contain no separate provisions pertaining to the appointment and dismissal of Board members.

In accordance with a resolution at the 2016 AGM, the Nomination Committee comprises the Chairman of the Board plus at least two representatives of the largest shareholders. In October, 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 and, where applicable, the number of auditors or registered public accounting firms, the election of Board members, the election of the 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 was informed of Acando's strategic situation through information including presentations by the Chairman of the Board and the company's President. The Nomination Committee has also studied the evaluation of the Board.

The Nomination Committee appointed for 2016 includes the following persons: Ulf J Johansson, Chairman of the Board of Acando, Börje Bengtsson (proposed by Alf Svedulf including family and companies) and Ulf Hedlundh (proposed by Svolder AB). Börje Bengtsson was appointed Chairman of the Nomination Committee. All members of the Nomination Committee are independent in relation to the company and its management. Börje Bengtsson is independent in relation to the company's three 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.

**Shares and ownership structure**

On December 31, 2016, the number of shares in Acando amounted to 104,407,419 shares, of which 1,542,000 Series B shares were treasury shares.

At the end of 2016, the number of shareholders amounted to approximately 23,500. The 10 largest shareholders represented

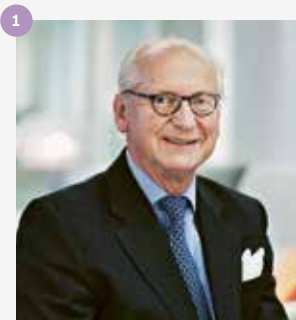
approximately 61 percent of the votes and approximately 48 percent of equity. Approximately 18 percent of the shares have foreign owners. The following table shows those shareholders with a holding corresponding to at least 5 percent of the total number of votes in the company:

Name	Series A shares	Series B shares	Total No. of shares	Equity, %	Votes, %
Svedulf family with companies	1,500,000	16,750,000	18,250,000	17.5	23.2
Ulf J Johansson with companies	1,639,990	1,300,500	2,940,490	2.8	12.9
Svolder AB	500,000	5,533,000	6,033,000	5.8	7.7

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.

## Board of Directors

**1. Chairman of the Board Ulf J Johansson**

Born: 1945. Chairman of the Board of Acando AB since 2000. Other assignments: Chairman of Trimble Inc and Eurostep Group AB. Board member of Telefon AB LM Ericsson (Ericsson). Education: Doctor of Technology. Shareholding: 1,639,990 Series A shares, 1,300,500 Series B shares, all via companies.

**2. Board member Cecilia Beck-Friis**

Born: 1973. Board member of Acando AB since 2016. Other assignments: Founder and CEO of Rayvr AB. Board member of Net Insight AB and Paradox Interactive AB. Education: Executive Management Program at IFL Stockholm School of Economics and marketing and sales at Berghs School of Communication. Shareholding: 0.

**3. Board member Lena Eliasson**

Born: 1967. Board member of Acando AB since 2016. Other assignments: Head of Group Human Resources at defence and security company Saab AB. Education: Master of Science in Engineering. Shareholding: 0.

**4. Board member Magnus Groth**

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

**5. Board member Mats O Paulsson**

Born: 1958. Board member of Acando AB since 2012. Other assignments: Chairman of the Boards of Modulbetong i Lund AB and Torpheimergruppen AB. Board member of BTH Bygg AB, Bösarps Grus & Torrbruk AB, Kanonaden entreprenad AB, Ramirent Plc and WinGroup AG. Education: Master of Science in Engineering. Shareholding: 100,581 Series B shares.

**6. Board member Anders Skarin**

Born: 1948. Board member of Acando AB since 2003. Other assignments: Chairman of Enea, JVAB and Multisoft. Board member of Mercur Solutions. Education: Bachelor of Arts. Shareholding: 100,000 Series B shares (via companies).

**7. Board member Alf Svedulf**

Born: 1939. Board member of Acando AB since 2006. Education: Construction engineer. Shareholding: 1,500,000 Series A shares, 16,750,000 Series B shares (incl. family and company).

**8. Board member Caroline af Ugglas**

Born: 1958. Board member of Acando AB since 2015. Other assignments: Deputy General Director of Confederation of Swedish Enterprise. Board member of AMF and BeijerAlma. Education: B.Sc. in Economics, Stockholm University. Shareholding: 15,000 Series B shares.

**9. Employee representative Mija Jelonek**

Born: 1964. Employee representative since 2005. Consultant at Acando. Education: ADP. Shareholding: 0.

**10. Employee representative Åsa Lindström**

Born: 1976. Employee representative since 2016. Business Team Manager ITMC West Acando. Education: Doctor of Technology. Shareholding: 4,500 Series B shares.

Information in respect of the number of shares regards holdings at December 31, 2016.

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**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 plans and budget,
- > annual reports, interim reports and year-end reports,
- > significant changes in the organization and operations of the company,
- > internal control and risk management, major investments, acquisitions and other changes in the Group structure,
- > loans and other financing issues of a significant nature, and
- > 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 Corporate Governance Code.

*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 2016 AGM decided that the Board should consist of eight members. In addition to these members, two are appointed by the employees. The AGM resolved to re-elect Ulf J Johansson, Magnus Groth, Mats O Paulsson, Anders Skarin, Alf Svedulf and Caroline af Ugglas, moreover, the AGM resolved to elect Cecilia Beck-Friis and Lena Eliasson as new members. Mija Jelonek and Åsa Lindström 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 2016 AGM, Ulf J Johansson was re-elected 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 Group management and represents the company in owner issues.

*The Board's work*

During the 2016 fiscal year, the Board held ten Board meetings and one statutory meeting after the AGM on April 28, 2016. At these meetings, in accordance with the adopted rules of procedure, the Board addressed the regular items scheduled to be brought up at each meeting, such as the budget, annual reports, interim reports and business conditions, among other items. In addition, the Board dealt with issues relating to strate-

gic aims, acquisitions, share buy-backs, the capital structure, project risk management and an employee incentive program. An overview of the Board's work cycle is presented on page 20.

Each year, the Board performs a formal evaluation of its work and implements improvements as required. Every Board member completes an evaluation form at year-end and has a personal discussion with the Chairman of the Board. A compilation of the evaluation is subsequently presented at an upcoming Board meeting. 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 2016, the company's auditors were present at one Board meeting in conjunction with the audit of the year-end 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 2016:*

Name	Function	Independent <sup>1)</sup>	Attendance, %
Ulf J Johansson	Chairman	No	100
Cecilia Beck-Friis (elected at AGM on April 28)	Member	Yes	75
Lena Eliasson (elected at AGM on April 28)	Member	Yes	100
Magnus Groth	Member	Yes	73
Birgitta Klasén (stepped down at AGM on April 28)	Member	Yes	100
Mats O Paulsson	Member	Yes	100
Anders Skarin	Member	Yes	82
Alf Svedulf	Member	No	100
Caroline af Ugglas	Member	Yes	91
Mija Jelonek	Employee representative	-	100
Lennart Karlsson (stepped down at AGM on April 28)	Employee representative	-	100
Åsa Lindström (appointed at AGM on April 28)	Employee representative	-	100

1) Independent is defined as independent of the company management and its largest shareholders.

*Board members' independence*

The Board's assessment, which is shared by the Nomination Committee, is that the Board members' independence in relation to the company and shareholders fulfills the requirements of the Swedish Corporate Governance Code. 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 also independent of the company's largest shareholders.

All Acando Board members are independent of the company and its management. Six 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 Mats O Paulsson and Anders Skarin. Both members are independent of the company, 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 AGM.

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.

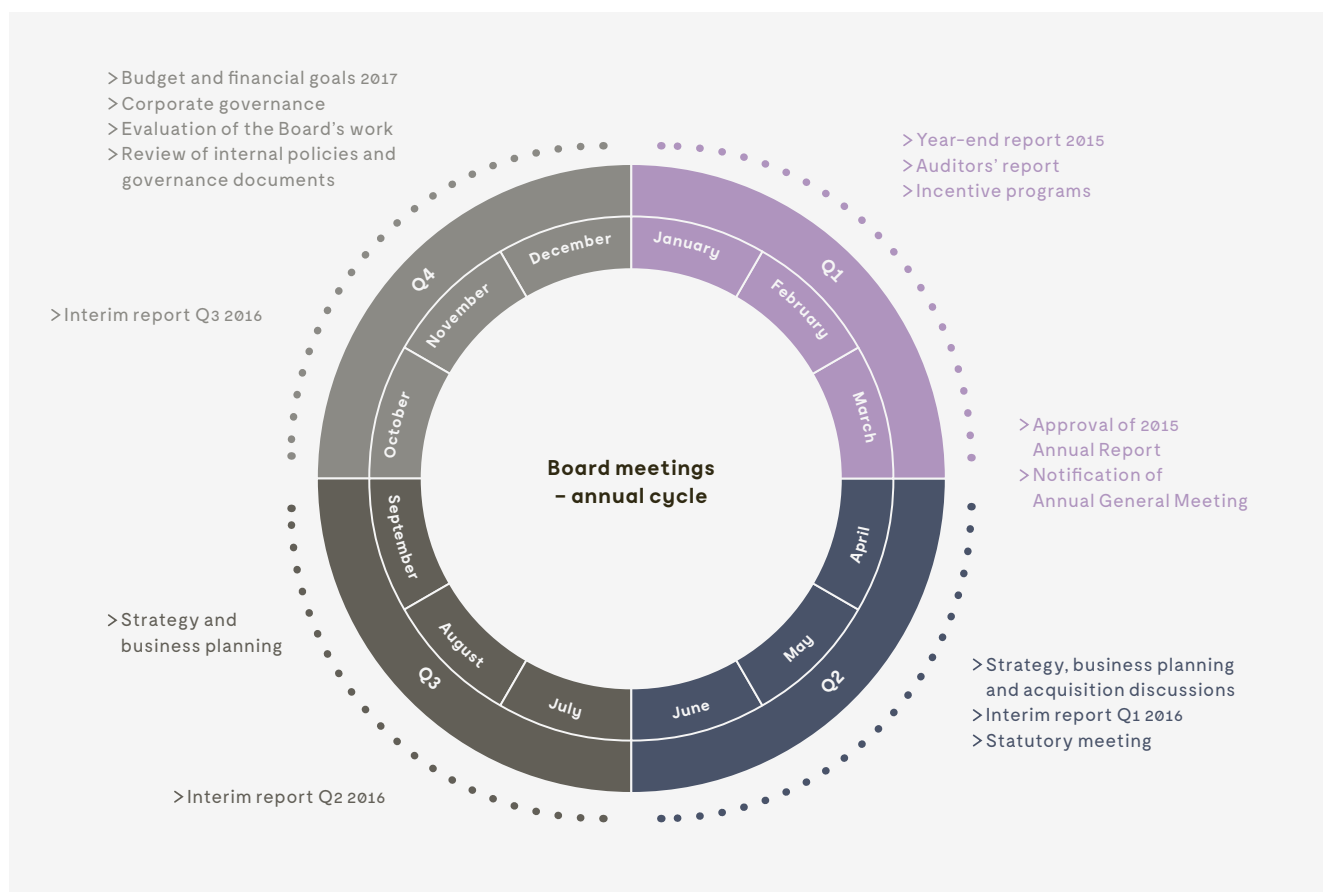
The meetings of the Audit Committee are also attended by the company's auditors, KPMG AB, through the Auditor in Charge, Helena Arvidsson Älgne. The company is usually represented by the CFO.

In the 2016 fiscal year, the Audit Committee held four minuted meetings and discussed the following principal areas:

- > interim reports, the year-end report and the Annual Report,
- > internal control and risk management, primarily for project management/project reporting,
- > corporate governance report,
- > capital structure,
- > tax issues,
- > Group internal restructuring issues,
- > feedback from the auditor's review and subsequent plan of remedial measures, and
- > 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.

Mats O Paulsson and Anders Skarin attended all meetings.

**The Board's work in 2016**





### 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 Lena Eliasson. Ulf J Johansson is one of the company's largest shareholders, but is independent of the company and the company management. Lena Eliasson is independent of the company, the company management and the largest shareholders.

The Remuneration Committee held five minuted meetings in 2016. The Remuneration Committee's meetings are also attended by the President (who leaves the room when issues relating to the President are dealt with). Ulf J Johansson, Lena Eliasson and Birgitta Klasén, who stepped down at the 2016 AGM, attended all meetings of the Remuneration Committee.

In 2016, the work has mainly focused on the following issues:

- > goals for variable remuneration in 2016 and 2017,
- > share-savings program — follow-up,
- > new share-savings program 2016/2019 — nomination of participants,
- > employment contracts for managing directors of foreign subsidiaries,
- > review of remuneration of senior executives,
- > payment of variable remuneration, and
- > review of terms and conditions for senior executives through market comparison.

### The Board's structure for corporate governance

