

CORPORATE GOVERNANCE REPORT 2017 page 1

2017 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 2017 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.

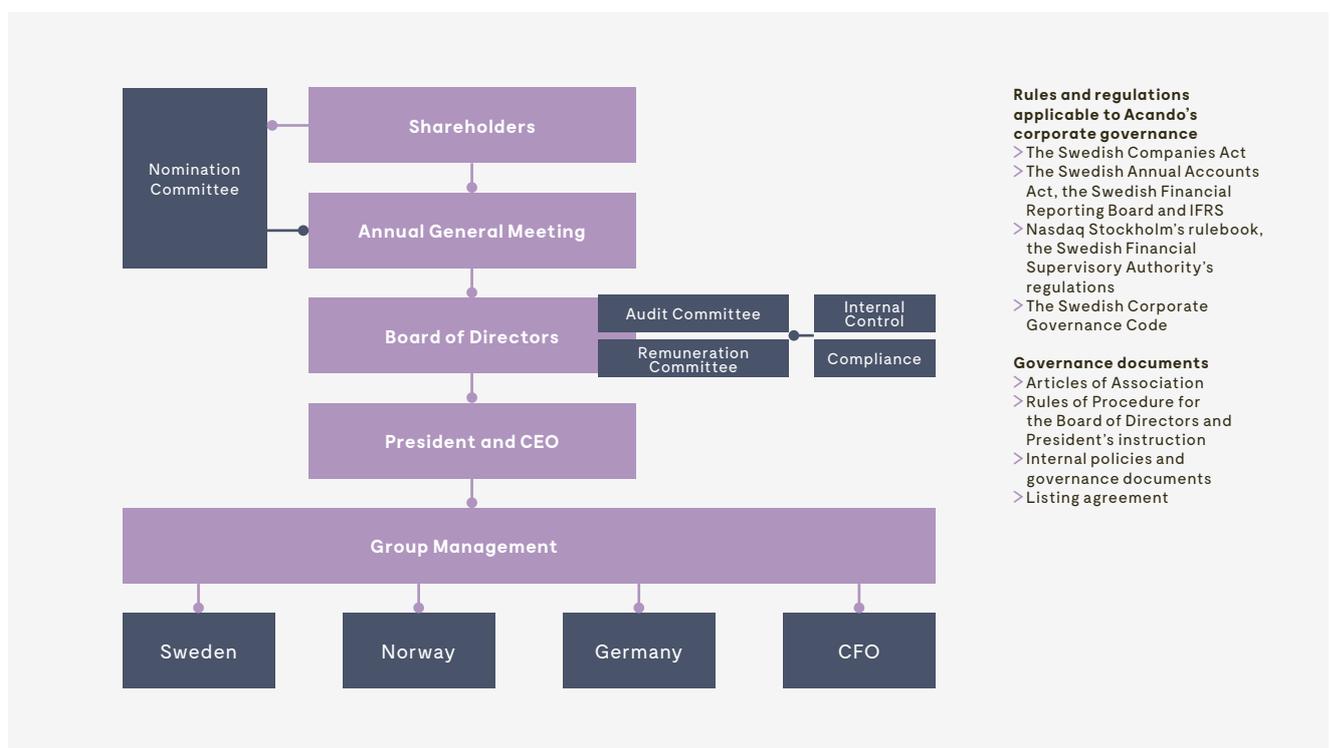
The 2017 AGM took place on May 4, 2017 in Stockholm. The date of the AGM was published in conjunction with the interim report for the third quarter. Registered shareholders representing 40 percent of the shares and 55 percent of the votes participated in the AGM. All Board Members elected by the AGM, the President and the company's auditors participated in the Meeting.

Resolutions

The minutes from the AGM are available at www.acando.com. Some of the main resolutions passed at the 2017 AGM are listed below:

- > Resolution to pay a dividend of SEK 1.30 per share for the 2016 fiscal year in accordance with the proposal of the Board.
- > Re-election of Board members Cecilia Beck-Friis, Lena Eliasson, Magnus Groth, Anders Skarin, Alf Svedulf and Caroline af Ugglas.
- > 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 2017/2020 for senior executives and other key personnel.

Corporate governance structure



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Authorizations

The 2017 AGM resolved to pass the following authorizations for the Board of Directors.

Resolution on issues of new shares

The 2017 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. Shareholders' preferential rights must be possible to disapply for new share issues. 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 disapplying 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

The 2017 AGM authorized the Board to buy back the company's shares to hold as treasury shares, at an amount equivalent 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 in part, 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 2017/2020 share-savings program. The authorization is valid until the 2018 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 2017 AGM, the Nomination Committee comprises representatives of each of the four largest owners or owner groups in terms of number of votes. The Nomination Committee is established based on shareholders' statistics from Euroclear Sweden AB on the last banking day in September in the year prior to the Annual General Meeting. The task of the Nomination Committee is to prepare, ahead of the AGM, proposals for Chairman of the AGM, the Board of Directors, the Chairman of the Board, and directors' fees with a division between the Chairman and the other Board members as well as remuneration for committee work, auditors, fees for the company's auditors and the nomination process ahead of the 2019 AGM. The Nomination Committee will, in conjunction with its other tasks, fulfill the assignments incumbent on the Nomination Committee under the Swedish Corporate Governance Code.

The selection criteria are that the proposed Board of Directors meets the requirements for varied competence, business experience and gender distribution that can be placed on the board of a consulting firm of the type that characterizes Acando. Rule 4.1 of the Swedish Corporate Governance Code has been applied as a diversity policy, and entails that the Board should have a composition appropriate to Acando's operations, phase of development and other relevant circumstances. Moreover, the Board members should collectively exhibit diversity and breadth of qualifications, experience and background, and an even gender balance promoted. The proposals of the Nomination Committee meet the requirements of the Swedish Corporate Governance Code regarding the independence of Board members. Prior to its 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 2017 includes the following individuals: Ulf J Johansson, Chairman of the Board of Acando, Börje Bengtsson (appointed by Alf Svedulf including family and companies), Ulf Hedlundh (appointed by Svolder AB) and Åsa Nisell (appointed by Swedbank Robur Fonder). 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, 2017, the number of shares in Acando amounted to 104,957,419 shares, of which 1,163,048 Series B shares were treasury shares.

At the end of 2017, the number of shareholders amounted to approximately 27,000. The 10 largest shareholders represented

approximately 61 percent of the votes and approximately 50 percent of equity. Approximately 16 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	16,900,000	18,400,000	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	4,517,391	5,017,391	4.8	6.9
Swedbank Robur fonder	0	6,846,021	6,846,021	6.5	5.0

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.

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Board of Directors



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.
Education: Doctor of Technology.
Shareholding: 1,639,990 Series A shares, 1,300,500 Series B shares, all via companies.



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. Board member of PRI Pensionsgaranti.
Education: Master of Science in Engineering.
Shareholding: 1,500 Series B shares.



Board member
Magnus Groth

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



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 and PCG Solutions.
Education: Bachelor of Arts
Shareholding: 100,000 Series B shares (via companies).



Board member
Alf Svedulf

Born: 1939.
Board member of Acando AB since 2006.
Education: Construction engineer.
Shareholding: 1,500,000 Series A shares, 16,900,000 Series B shares (incl. family and company).



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 Beijer Alma.
Education: B.Sc. in Economics, Stockholm University.
Shareholding: 15,000 Series B shares.



Employee representative
Mija Jelonek

Born: 1964.
Employee representative since 2005.
Consultant at Acando.
Education: ADP.
Shareholding: 0.
Employment terminated January 15, 2018.



Employee representative
Åsa Lindström

Born: 1976.
Employee representative since 2016.
Business Team Manager Consulting West Acando.
Education: Doctor of Technology.
Shareholding: 9,027 Series B shares.

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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 the compliance of Acando's operations with the applicable rules and regulations and the Swedish Corporate Governance Code.

Members of the Board

Under 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 2017 AGM decided that the Board should consist of seven members. In addition to these members, two are appointed by the employees. The AGM resolved to re-elect ordinary Board members Cecilia Beck-Friis, Lena Eliasson, Ulf J Johansson, Magnus Groth, Anders Skarin, Alf Svedulf and Caroline af Ugglas. Mija Jelonek and Åsa Lindström were appointed as employee representatives. Cecilia Beck-Friis resigned her position as Board member at her own request on October 1, 2017. Mija Jelonek terminated her employment on January 15, 2018.

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 2017 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 assignments on the Board. The Chairman is responsible for evaluating the work of the Board, participates in evaluating Group Management and represents the company in owner issues.

The Board's work

During fiscal year 2017, the Board of Directors held 12 Board meetings plus one statutory meeting in connection with the AGM on May 4, 2017. 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. In addition, the Board dealt with issues relating to strategic 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 21.

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 evaluations 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 2017, 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 company management.

Attendance at Board meetings in 2017:

Name	Function	Independent ¹⁾	Attendance, %
Ulf J Johansson	Chairman	No	100
Cecilia Beck-Friis (stepped down as Board member on her own request on October 1, 2017)	Member	Yes	89
Lena Eliasson	Member	Yes	92
Magnus Groth	Member	Yes	77
Mats O Paulsson (stepped down at the AGM on May 4, 2017)	Member	Yes	100
Anders Skarin	Member	Yes	100
Alf Svedulf	Member	No	85
Caroline af Ugglas	Member	Yes	92
Mija Jelonek (ended employment January 15, 2018)	Employee representative	-	85
Åsa Lindström	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. Four of the Board members are entirely independent of major shareholders. No agreements exist between the company and the members.

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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 Alf Svedulf. Anders Skarin is independent in relation to the company, company management and the largest shareholders. Alf Svedulf is one of the company's largest shareholders, but is independent in relation to the company and company management.

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.

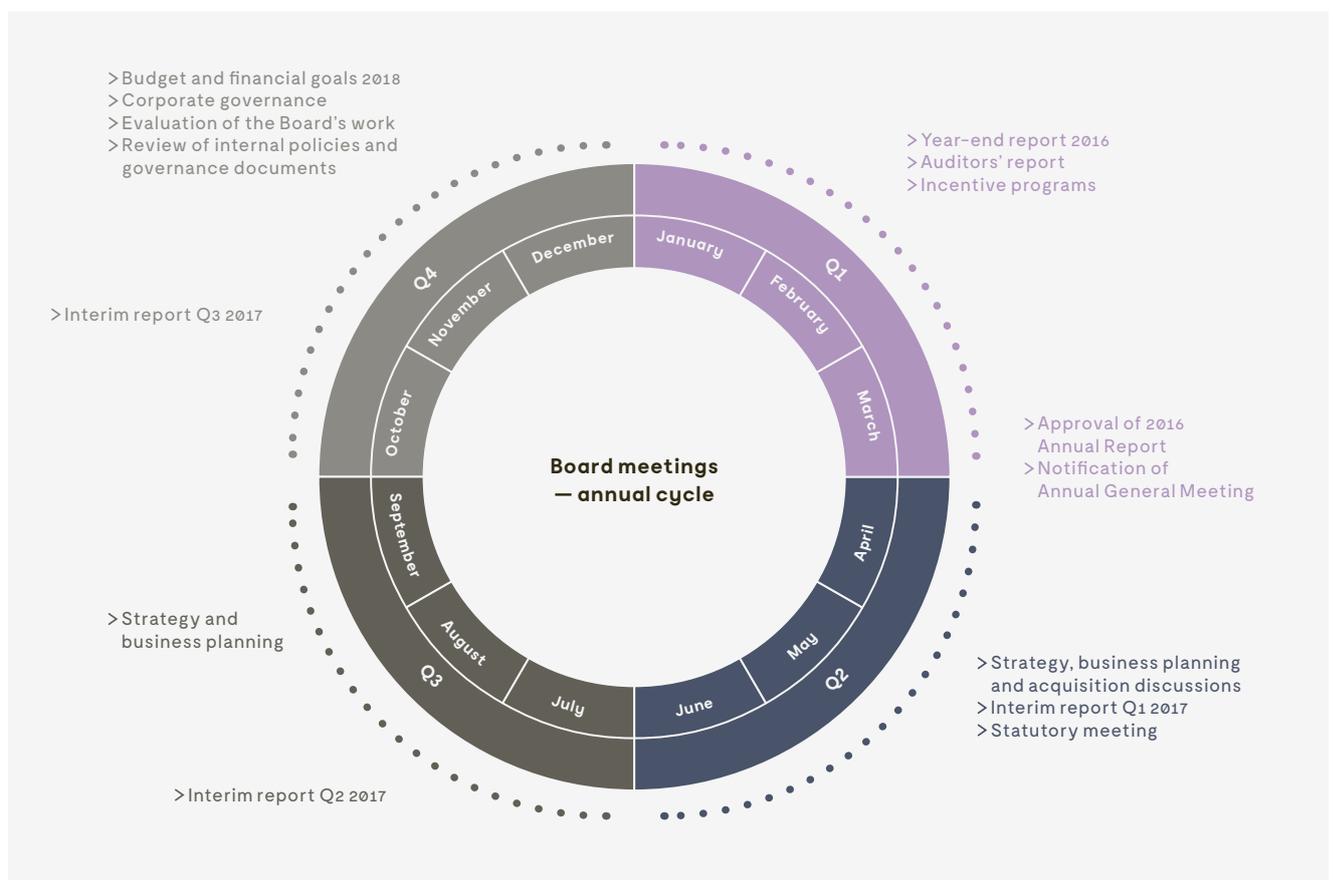
The Audit Committee also maintains ongoing contact with the CFO and auditors. The meetings of the Audit Committee are minuted and the minutes are submitted to the Board together with a verbal report, in conjunction with the Board's decision making.

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 2017 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;
- > the 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.

Anders Skarin, Alf Svedulf, and Mats O Paulsson (who resigned at the 2017 AGM) attended all meetings of the Audit Committee.

The Board's work in 2017

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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.

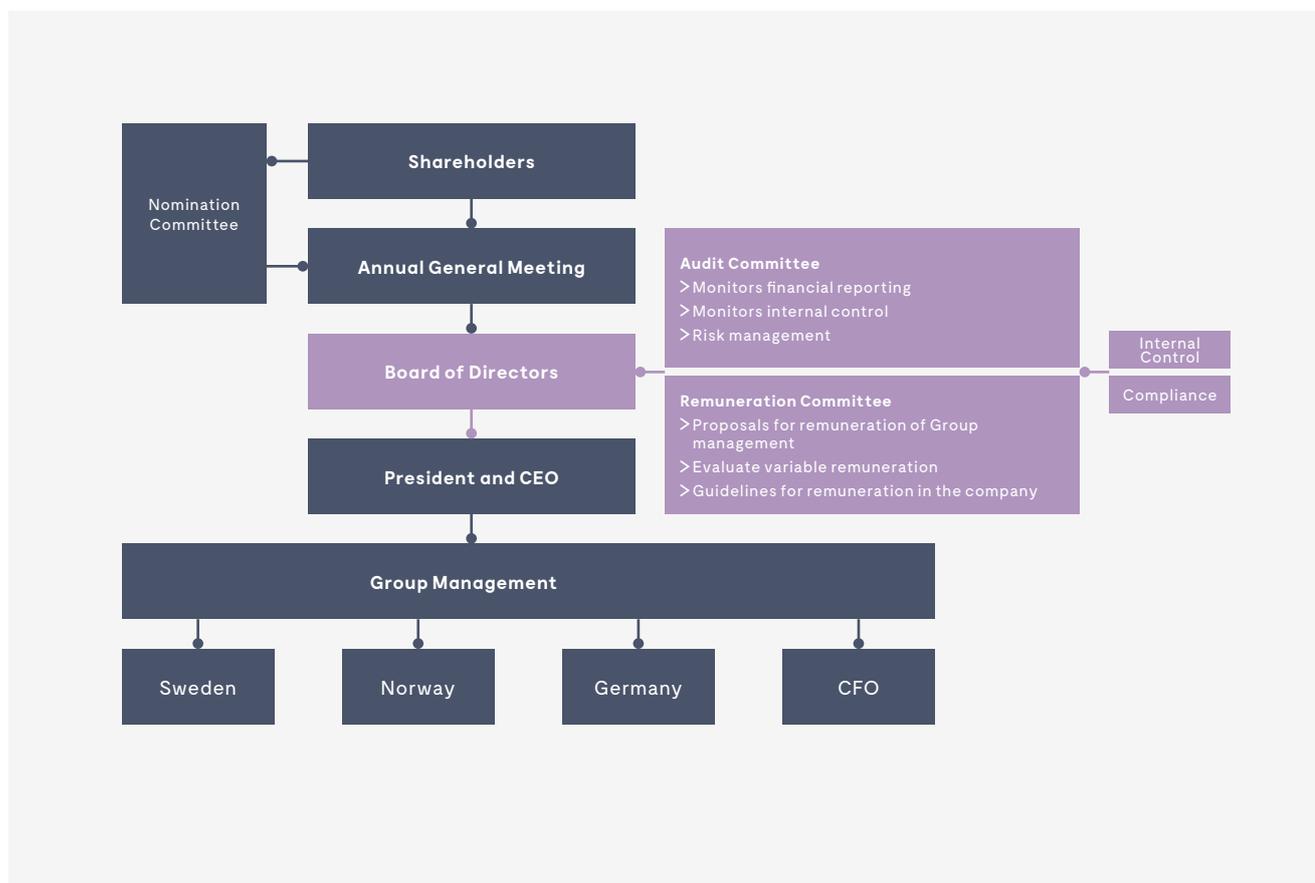
All meetings of the Remuneration Committee are minuted and the minutes are submitted to the Board together with a verbal report, in conjunction with the Board's decision-making. The Remuneration Committee comprises Chairman of the Board Ulf J Johansson and Lena Eliasson. Ulf J Johansson is one of the 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 six minuted meetings in 2017. The Remuneration Committee's meetings are also attended by the President (who leaves the room when issues relating to the President are dealt with). Both Ulf J Johansson and Lena Eliasson attended all meetings of the Remuneration Committee.

In 2017, the work focused mainly on the following issues:

- > goals for variable remuneration in 2017 and 2018;
- > share-savings program — follow-up;
- > new share-savings program 2017/2020 — 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



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Group Management



Carl-Magnus Månsson,
President and CEO
Number of shares: 146,386 Series B shares



Anneli Lindblom,
Chief Financial Officer
Number of shares: 67,634 Series B shares



Christer Norrman,
Managing Director Sweden
Number of shares: 154,849 Series B shares



Guido Ahle,
Managing Director Germany
Number of shares: 50,000 Series B shares



Sven Ivar Mørch,
Managing Director Norway
Number of shares: 20,000 Series B shares

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President

The Board appoints a President to lead and develop day-to-day operations and take responsibility for the company's day-to-day administration. At the statutory Board meeting on May 4, 2017, 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 the financial reporting reflects the Group's total financial position and performance, and all other significant circumstances; and
- > ensuring the management group has the requisite competence to lead the business in the direction decided by the Board.

President and CEO
Carl-Magnus Månsson
 Joined in 2009
 Born: 1966
 Education: University studies in Technical Physics



Group Management

Acando conducts operations in Sweden, Finland, Norway, Germany and Latvia. 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 for the major units in Sweden, Norway and Germany and the CFO; this group is presented in Note 9. To strengthen collaboration between the

countries and also work on strategic issues, a broader Group management is in place and is tasked with driving the Group forward.

The President leads the work of the Group management and makes decisions in consultation with management and the broader Group management. The broader Group management meets once a month and has continuous contact in operating matters regarding monthly follow-up of results, position and key performance indicators.

In 2017, the following focus areas were discussed by the broader Group management:

- > operational efficiency and enhanced profitability;
- > recruitment;
- > cross-border customer projects;
- > development of new offerings and services; and
- > strategy.

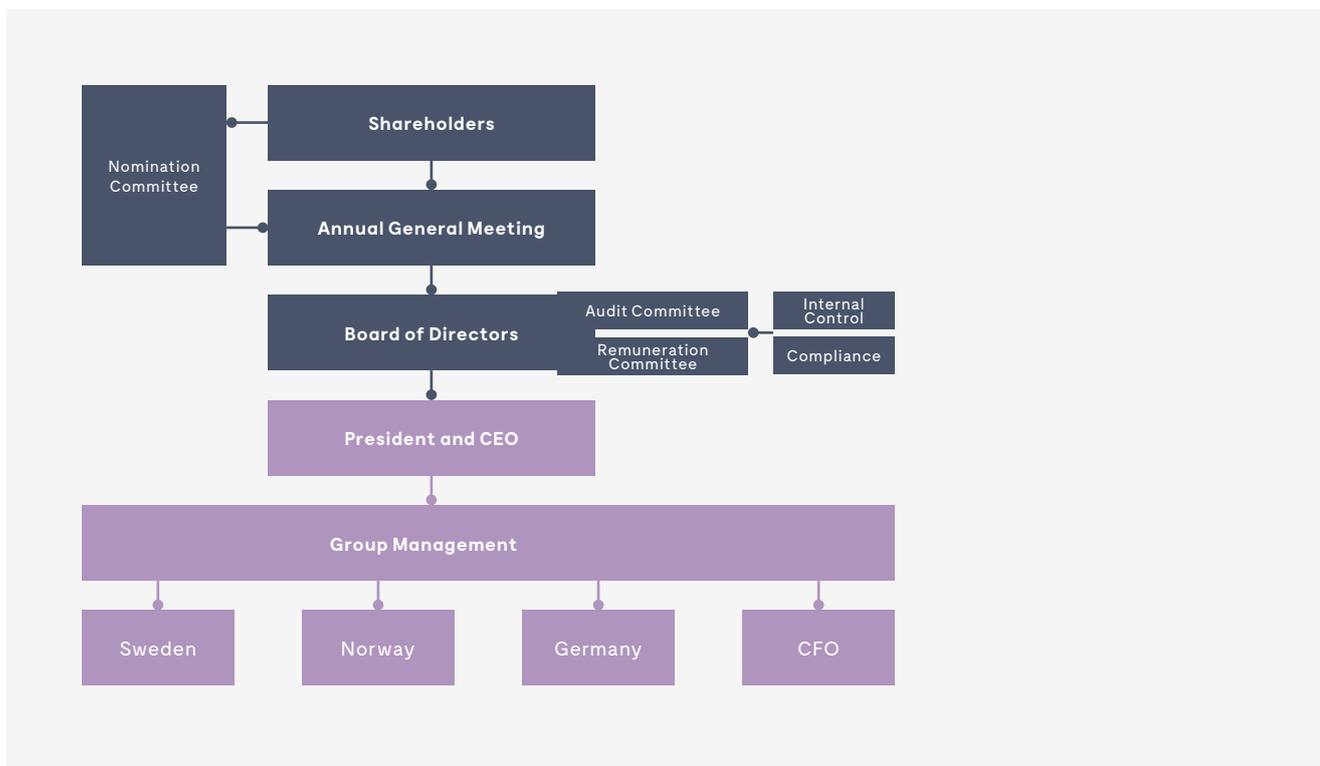
External auditors

At the 2017 AGM, the accounting firm of KPMG AB was elected auditor, with Helena Arvidsson Älgne as Auditor in Charge. Helena Arvidsson Älgne is also the Auditor in Charge for companies including Cybercom Group AB (publ), Prevas AB (publ), AQ Group AB (publ) and Mattsson Mora Group AB (publ). The mandate period for the company's auditors expires at the 2018 AGM.

Auditor
Helena Arvidsson Älgne
 Acando's auditor since 2016
 Born: 1962
 Authorized Public Accountant
 KPMG AB



Group management's structure for corporate governance



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Remuneration**Remuneration to the Board of Directors 2017**

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

Name	Function	Directors' fees	Audit Committee	Remuneration Committee	Total
Ulf J Johansson ¹⁾	Chairman	575,000		67,500	642,500
Anders Skarin ¹⁾	Member	230,000	88,000		318,000
Alf Svedulf	Member	230,000	67,500		297,500
Caroline af Ugglas	Member	230,000			230,000
Cecilia Beck-Friis ¹⁾	Member	96,000			96,000
Lena Eliasson	Member	230,000		67,500	297,500
Magnus Groth	Member	230,000			230,000
Mija Jelonek	Employee representative	-	-	-	0
Åsa Lindström	Employee representative	-	-	-	0
Total		1,821,000	155,500	135,000	2,111,500

1) Those Board members that meet certain requirements can invoice for the amount payable as Directors' and committee fees. These Board members may then add a sum that corresponds to social security contributions to the amount invoiced. The social security contributions thus included in the amount invoiced are no higher than those otherwise payable by the company. The entire fee (i.e. the cash payment of directors' fees and committee fees, including social security contributions) comprises the invoiced Directors' fees.

Mats O Paulsson stepped down from the Board at the 2017 AGM. Cecilia Beck-Friis resigned her position as a Board member at her own request on October 1, 2017. Mija Jelonek terminated her employment on January 15, 2018.

Directors' fees to the Board's non-executive directors amount to SEK 2,245,500 divided as follows: to the Chairman of the Board, SEK 575,000 and to the other directors, SEK 230,000 each with an additional SEK 290,500 at the Board's disposal to be allocated among the members of the Board's committees. The employee representatives receive no Directors' fees.

Remuneration to senior executives, 2017

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

The company offers competitive terms at market rates, thus enabling the company to attract and retain senior executives. Remuneration comprises salary, a 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.

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

- > The fixed salary is revised every year on January 1.
- > Variable salary, which is reviewed annually, is linked to the Group's performance and is subject to a maximum limit. The total cost for variable remuneration to the company's management is maximized at 100 percent of the fixed salary cost for this group and is subject to achieving performance targets.
- > 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 so as 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.
- > Upon 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 preceding 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 preceding 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.

These guidelines apply to employment contracts agreed after the 2017 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 2017. For further information, refer to Note 9.

Long-term incentive programs

At year-end 2017, the Acando Group had three share-savings programs outstanding. After a qualification period of about three years and with the prerequisite of the employee's own investment in Acando shares, participants in the programs will be afforded the opportunity to acquire, free of charge, additional shares in Acando. The number 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. For further information, refer to Note 9.

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Auditors' remuneration for 2017

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. The table below details total remuneration paid in 2017. A detailed description specified for each auditing firm is available in Note 8.

SEK (thousand)	2017	2016
Audit fees	1,782	2,282
Audit related fees	619	208
Tax consultancy fees	92	66
Other services	10	195
Total	2,503	2,751

Internal control and financial reporting**Assignment of responsibility**

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

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 is tasked with 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 as regards the audit of the Annual Report 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 to the Board in conjunction with monthly and quarterly accounts. Moreover, the rules of procedure state what financial informa-

tion is to be dealt with at which Board meeting in the meeting cycle.

The information must include presentation and analysis of performance trends and the financial position. In addition, key performance indicators must be included in the reports; these include billing ratios, 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 company's operations and financial position is published continuously on Acando's website (www.acando.com). This is to comply with the agreement with Nasdaq Stockholm 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 are 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; and
- > taxes.

To minimize these risks, Group-wide policies and a framework for financial reporting have been established.

Every fiscal 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 the 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.

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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 performance indicators 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.

- > processes for risk assessment and follow up of project performance; and
- > a more stringent system for managing authorizations and powers.

Departures from the Swedish Corporate Governance Code

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

- > The company does not have any dedicated internal audit function. Each year, the Board assesses the need of such a function and, to date, deems the ongoing internal work with internal control, principally performed by the Group management, as sufficient as regards an audit function after taking into consideration the company's operations and size.

Internal control 2017

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 2017, internal control initiatives primarily focused on the following:

- > financial reporting from and follow-up of subsidiaries to the President and CFO — financial key performance indicators, forecasts, sales and project information and other business-critical key performance indicators;

Auditor's statement on the Corporate Governance Report

To the general meeting of the shareholders of Acando AB (publ), corporate registration number 556272-5092

Engagement and responsibility

It is the Board of Directors who are responsible for the Corporate Governance Report for 2017 on pages 17–27, and for it being prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard *RevU 16* The auditor's examination of the corporate governance statement. This means that our examination of the Corporate Governance Report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this examination has provided us with sufficient basis for our opinion.

Opinions

A corporate governance report has been prepared. The disclosures in accordance with Chapter 6, Section 6, second paragraph, points 2–6 of the Annual Account Act and Chapter 7, Section 31 the second paragraph of the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, March 19, 2018

KPMG AB

Helena Arvidsson Älgne
Authorized Public Accountant
Auditor in Charge

Hök Olov Forsberg
Authorized Public Accountant