



Remuneration to senior executives 2010

The Board's report on the results of the evaluation required by items two and three of The Swedish Corporate Governance Code rule 9.1

Remuneration committee

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

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

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

All meetings of the Remuneration Committee are minuted and the minutes are submitted to the Board together with a verbal report, in conjunction with the Board's decision-making. The Remuneration Committee held seven meetings in 2010.

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.

Remuneration

Remuneration to senior executives

Acando 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.

Long-term incentive programs

Employee warrant program

The final warrants in the framework of Acando's employee warrant program 2006/2009 were utilized in June 2010. The program has thus been concluded.

Share-savings program

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.

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

In May 2010, the 2007/2010 share-savings program ended. The total allocation of shares to employees amounted to 546,905 Series B shares. Treasury shares were utilized for the above allocation.

At the end of 2010, three share-savings programs existed:

- Share-savings program 2008/2011 adopted at the May 2008 AGM. Was subscribed to by 47 senior executives. The estimated number of shares will be utilised for this program is about 295,000.
- Share-savings program 2009/2012 adopted at the April 2009 AGM. Was subscribed to by 46 senior executives. The estimated number of shares will be utilised for this program is about 385,000.
- Share-savings program 2010/2013 adopted at the May 2010 AGM. Was subscribed to by 29 senior executives. The estimated number of shares will be utilised for this program is about 940,000.

At present, approximately 40 Acando employees are included in these programs.

Evaluation of the guidelines for remuneration to senior executives

The guidelines for remuneration to senior executives are evaluated annually in light of the long-term strategy and the Remuneration Committee's overview of total remuneration and each individual remuneration element. The remuneration Committee has concluded that the guidelines have been complied with during the year with regard to employment contracts agreed after the AGM 2010, and that the remuneration structure and levels are competitive and appropriate.

The remuneration structure and levels are evaluated through benchmarking against market data provided by external sources. Evaluation of the long-term incentive programs has been made through employee interviews, which show that the programs are considered an important element of the total remuneration structure.

The result of the evaluation also confirms that the aim with the program, to retain key employees within the company, has been reached. The number of key employees that chose to resign is considerably lower than the average employee turnover within the company.

The Board has concluded that the remuneration guidelines are still valid and right for Acando. Accordingly no changes to the guidelines for remuneration to senior executives are proposed ahead of the AGM for 2011.

The Board also concludes that the auditors of the company has reviewed, and expressed an opinion over, the guidelines for remuneration to senior executives. The auditors are of the opinion that the guidelines are complied with by the Board and the President.

Stockholm, April 2011

The Board of Directors
Acando AB (publ.)