

# Corporate Governance Report 2014

Enea AB is a Swedish public limited company listed on the NASDAQ OMX Nordic Exchange in Stockholm, Sweden. The Enea group's corporate governance is based on Swedish legislation and the rules and recommendations issued by relevant organisations, including the Swedish Corporate Governance Board, NASDAQ OMX, the Swedish Securities Council and others. Enea's governance, management and control are divided between the shareholders at the Annual General Meeting, the Board of Directors and the CEO in compliance with the Swedish Companies Act and the Board of Directors' Rules of Procedure.

## Swedish Code of Corporate Governance

The following description of the Corporate Governance Report has been prepared in accordance with the Swedish Code of Corporate Governance. During the financial year, Enea complied with the Code without exception.

## Shareholders

Enea's ordinary shares are listed on NASDAQ OMX Stockholm's Small Cap list. According to the share register maintained by Euroclear Sweden, Enea had 16,739,724 shares as of 31 December 2014. On the same date, Enea AB's share capital amounted to SEK 18,355,714, divided between 16,739,724 ordinary shares, each carrying the same voting rights and participation in the company's earnings and capital. Enea owns 606,704 treasury shares, corresponding to 3.6 percent of total shares. On 31 December 2014, the largest shareholders were SIX SIS AG, with 25.2 percent and Försäkringsbolaget Avanza Pension, with 14.1 percent of the shares.

## Annual General Meeting

The Annual General Meeting, or where applicable, an Extraordinary General Meeting, is Enea's highest decision-making body. All shareholders are entitled to participate in the Annual General Meeting, either in person or through a representative given Power of Attorney. All shareholders are entitled to request that a matter be addressed by the Meeting.

Enea AB's Annual General Meeting was held on 24 April 2014 in Kista, Sweden. The Annual General Meeting's responsibilities include adopting the Articles of Association, appointing the Board of Directors and Chairman, appointing the Auditors, adopting the Income Statement and Balance Sheet, adopting a resolution on the appropriation of earnings, discharging the Board

of Directors and the CEO from liability, resolutions on the Nomination Committee, deciding the remuneration principles for the CEO and other senior executives, etc. A two-thirds majority is required to amend the Articles of Association.

## The Annual General Meeting 2014 adopted the following resolutions

- adopting the company's and the group's Income Statement and Balance Sheet,
- discharging the Board of Directors and the CEO from liability,
- remuneration to the Board of Directors and the Auditors,
- guidelines for remuneration to senior executives,
- introducing an automatic redemption programme involving a share split, the redemption of shares and a bonus issue. The redemption programme involved a transfer of SEK 3.00 per share to shareholders,
- a reduction in share capital and a bonus issue,
- a reduction of the statutory reserve,
- Board authorisation to pass resolutions on acquisitions and transfers of treasury shares corresponding to a maximum of 10 percent of the company's shares,
- Board authorisation to reach resolutions on new share issues relating to share or business acquisitions corresponding to a maximum increase of 10 percent of share capital,
- election of Board members, Åsa Landén Ericsson, Mats Lindoff, Anders Skarin, and Kjell Duveblad, Torbjörn Nilsson and Robert Andersson were re-elected as Board members. Anders Skarin was elected Chairman of the Board.

The complete minutes from the Annual General Meeting, together with the Meeting's supporting decision-making data, can be found on the company's website ([www.enea.se](http://www.enea.se)), under Investor Relations.

## Nomination Committee

The Annual General Meeting appoints Nomination Committee members or states how they are to be appointed. Enea's Nomination Committee for the Annual General Meeting 2015 will be appointed from a minimum of two and a maximum of four of the largest shareholders in descending order from the share register as of 31 August 2014. If more than two of the four largest shareholders in terms of votes declines to appoint a representative of the Nomination Committee, the next shareholder in order of size shall be given the opportunity to appoint a representative. The names of the Nomination Committee's representatives shall be published in the company's Third-quarter Interim Report. The mandate period for the Nomination Committee runs until a new Nomination Committee has become effective. A shareholder representative should be appointed Chairman of the Nomination Committee.

In accordance with the above, the Chairman of the Board contacted the four largest shareholders, in terms of votes, at the end of August 2014 to request that they appoint one member each to the Nomination Committee. Two of these appointed a representative, and two declined. If any significant changes take place to the ownership structure following the appointment of the Nomination Committee, the composition of the Nomination Committee will be amended in accordance with the above principles.

The Nomination Committee will prepare and submit proposals to the Annual General Meeting for:

- the Chairman of the forthcoming Annual General Meeting,
- the election of the Chairman and other Board members,
- Board remuneration divided between the Chairman and other Board members, as well as guidelines for potential remuneration for committee work,
- the election and fees for Auditors and Deputy Auditors (where applicable),
- resolution on guidelines for the composition of the Nomination Committee.

Prior to the 2015 Annual General Meeting, the Nomination Committee consists of Per Lindberg, Sverre Bergland (DnB Nor) as well as Anders Skarin (Chairman of the Board of Enea AB). The Nomination Committee appointed Per Lindberg as its Chairman.

### The work of the Board of Directors

The Board manages the company's affairs in the interests of the company and all shareholders. The Board's tasks include adopting business objectives and strategy, appointing, evaluating and, where necessary, dismissing the CEO, ensuring that effective systems are in place for monitoring and reviewing the company's operations, ensuring that there is satisfactory control of the company's compliance with laws and other regulations applicable to the company's operations, ensuring that the requisite ethical guidelines are adopted regarding the company's conduct and ensuring that the company's corporate communication features transparency and that it is accurate, relevant and reliable.

The CEO participates at every Board meeting and reports on the company's business situation, future prospects, financial position and events of material significance, as well as the management's budget proposals and action plan for the coming financial year. Other company executives also participate in Board meetings and present

reports when necessary. The CEO does not participate in the parts of Board meetings that deal with the relationship between the CEO and the company, and the work of the CEO and other senior executives is evaluated at least yearly.

The Board members' shareholdings are provided in the presentation of the Board of Directors, see page 22.

Every year, the company's Auditor presents a report to the Board of Directors based on observations made during the review and assessment of the company's internal control. The guidelines for the Board of Directors' work are based on the Rules of Procedure that regulate the division of responsibilities between the Board of Directors, the Chairman and the CEO, and the matters that are to be discussed at ordinary Board meetings. The Board of Directors' Rules of Procedure are adopted annually at the statutory Board meeting following the Annual General Meeting and adjusted as required.

Apart from the above duties, the Rules of Procedure include approval of the Board of Directors' agenda, instructions for the CEO, decision-making procedures within the company, the appropriate division of responsibilities as well as information flows between the company and the Board of Directors.

In 2014, the Board of Directors addressed the Enea group's strategy and business operations, remuneration of senior executives, continuously monitored operations and forecasts, interim reports, budgets and the business plan for 2015, as well as a repurchase of treasury shares. The work of the Board of Directors was appraised at year-end. In 2014, the Board of Directors held eight meetings, as well as one meeting following election. In addition to regular Board work, some Board members are also members of the company's Audit Committee and Remuneration Committee. Attendance statistics for Board meetings in 2014 are shown in the following table.

The Board received remuneration of SEK 1,600,000, to be divided as follows: SEK 420,000 to the Chairman of the Board and

SEK 200,000 each to other Board members appointed by the Annual General Meeting, as well as SEK 180,000 to be divided among Board members according to their efforts and participation in committee work. Details of Board members' remuneration are stated in Note 4.

### Board of Directors independence

All Board members were judged to be independent in respect of the company and group management and in respect of major shareholders. For information on Board members and the CEO, see pages 22–23.

### Audit Committee

The Audit Committee consisted of Åsa Landén Ericsson (Chairman), Torbjörn Nilsson and Robert Andersson. Enea's CFO and the company's Auditor are co-opted to the meetings, which are normally held once quarterly. Minutes are kept at Audit Committee meetings and presented to the Board of Directors.

The Audit Committee is responsible for the preparation of the Board of Directors' quality assurance of the company's financial reporting, keeping informed of the focus and scope of the audit, discussing coordinating between external Auditors and the company's internal control functions, evaluating the company's risk exposure, adopting guidelines for services other than those provided by the company Auditor, evaluating the audit and informing the company's Nomination Committee of the evaluation, as well as assisting the Nomination Committee with its proposals for Auditors and remuneration.

In 2014, the Audit Committee held four meetings, all in connection with the quarterly financial statements. Board members' attendance statistics at Remuneration Committee meetings in 2014 are indicated below. The main topics addressed included presentations of the company's Interim Reports, product profitability, goodwill and other intangible assets, accounts receivable, risk management, finance-related issues and internal reviews.

## ATTENDANCE AT BOARD MEETINGS

Board member	1	2	3	4 <sup>1</sup>	5	6	7	8	9
Anders Skarin (Chairman)	X	X	X	X	X	X	X	X	X
Robert Andersson	X	X	X	X	X	X	X	X	X
Kjell Duveblad	X	X	X	X	X	X	X	X	X
Åsa Landén Ericsson	X	–	X	X	X	X	X	X	X
Mats Lindoff	X	X	X	X	X	X	X	X	X
Torbjörn Nilsson	X	X	X	X	X	X	X	X	X
Eva Swedberg	X	–	X	X	X	X	X	X	X

<sup>1</sup> Meeting no. 4 was statutory

The group's Auditor reports his findings to the Board of Directors annually in connection with the annual financial statement. In addition, the Board of Directors meets the company Auditor at least yearly—without the presence of group management—to learn about the audit's focus and scope, and to discuss the coordination between external Auditors and the internal control and evaluation of the company's risk exposure.

### Remuneration Committee

The overall responsibilities of the Board of Directors cannot be delegated, although the Board of Directors has established a Remuneration Committee tasked with consulting on issues relating to salaries, remuneration and other employment terms for the CEO and other members of group management.

In 2014, the Committee comprised Board members Anders Skarin (Chairman) and Kjell Duveblad. The Remuneration Committee is convened as required and reports to the Board of Directors. The Remuneration Committee held four meetings in 2014.

### Remuneration to senior executives

#### Principles

Remuneration is paid to the Chairman and Board members in accordance with the resolution of the Annual General Meeting.








Employee representatives do not receive Directors' fees. Remuneration to the CEO is decided by the Board of Directors on the basis of a proposal from the Remuneration Committee. Guidelines for remuneration to senior executives are determined by the

Annual General Meeting. Market terms are applied to salary and other employment terms relating to the group management. In addition to basic annual salary, group management also receives variable remuneration. Variable remuneration is based on profit performance against set targets and is subject to a ceiling in absolute amounts determined annually on an individual basis. Remuneration to some senior executives in the Enea group can also be payable in the form of share-based payment.

#### Pensions


Other senior executives in Sweden are subject to pension agreements within the framework of the ITP plan (Supplementary Pensions for Salaried Employees) with pensionable age of 65 and pension provisions are related to employee salaries. The ITP plan

## THE BOARD OF DIRECTORS 2014

							
Name	Anders Skarin	Robert W. Andersson	Kjell Duveblad	Åsa Landén Ericsson	Mats Lindoff	Torbjörn Nilsson	Eva Swedberg
Born	1948	1960	1954	1965	1961	1953	1968
Appointed	2005	2012	2008	2003	2010	2012	2012
Board position	Chairman since September 2011.	Board member.	Board member.	Board member.	Board member.	Board member.	Employee representative SI.
Education	B.A.	M.Sc. (Econ.) (Finland) and MBA (US).	B.Sc. in Business Administration, Stockholm School of Economics.	M.Sc. (Eng.) and MBA	M.Sc. (Eng.) EE.	M.Sc. (Eng.) and B.Sc. Business Administration.	M.Sc. Engineering.
Previous positions	President of Programator (listed) and Nordic Manager of Cap Gemini, Board work and management consulting.	Nokia group 1985–2012, including EVP Customer and Market Operations, SVP Corporate Alliances and Business Development. President and CEO of Sonera (TeliaSonera).	Sales Director of IBM Svenska AB and President of Oracle Sweden, Nordics and Baltics.	Acting President and CEO of Enea AB and Scanpix Sweden, Investment Manager of Catella Holding & Catella IT AB.	Chief Technology Officer Sony-Ericsson, President of C-Technologies AB.	Chairman and Board member of unlisted technology companies, Deputy CEO of the Ericsson group.	Test Manager of CM at Enea, Consultant, AGA Process Controller, Energo developer control systems.
Directorships	Chairman of PocketMobile Communications AB, Infobric, Multisoft Consulting and JVAB, as well as a Board member of Acando AB.	Board member of the Swedish School of Economics Trust, Board member of PALTA (Finnish employers' organisation).	Chairman of Enaco and Remium Nordic and directorships in a number of unlisted companies.	Board member of Almega IT & Telekomföretagen, Grant Thornton Sweden AB and Lindebergs Intressenter AB.	Board member of Precise Biometrics AB and directorships in a number of unlisted companies.	Board member of Transmode AB, Flexenclosure AB, Clavister Holdingbolag AB and directorships in a number of unlisted companies.	–
Own and related parties' shareholdings 2014 (2013)	15,000 (15,000)	0	10,000 (10,000)	2,500 (2,500)	990 (990)	0	2,250 (2,250)
Committee positions	Remuneration Committee.	Audit Committee.	Remuneration Committee.	Audit Committee.	–	Audit Committee.	–
Primary employment	Management consulting and directorships.	EVP, Head of Region Europe, TeliaSonera.	Consultant.	President of Enfo Pointer AB.	Partner of EMA-Technology and Consulting.	Strategic Consultant and directorships.	Team Manager, OSE.
Attendance, Board meetings	9	9	9	8	9	9	8
Attendance, Committee meetings	4	4	4	4	Non-member.	4	Non-member.

Enea's Board of Directors as of 31 December 2014. All shareholdings, including related parties as of 31 December 2014.

## MANAGEMENT 2014

							
Name	Anders Lidbeck	Håkan Rippe	Karl Mörner	Adrian Leufvén	Bogdan Putinica	Daniel Forsgren	Kirk Fuller
Born	1962	1968	1975	1972	1977	1973	1958
Employed since	2011	2009	1998	1998	2007	2006	2014
Member of management since	2011	2009	2011	2008	2011	2014	2014
Position	President and Chief Executive Officer.	CFO.	Senior Vice President R&D.	Senior Vice President Software Sales Key Accounts Europe & Asia.	Senior Vice President Global Services.	Senior Vice President Product Management.	Senior Vice President, Sales and Strategic Alliances.
Education	M.Sc. in Business Administration and Economics, University of Lund.	M.Sc. in Industrial Engineering and Management, Chalmers University of Technology, Gothenburg.	Software Engineering, University of Skövde.	M.Sc. Mechatronics, Royal Institute of Technology, Stockholm	International Finance and Banking, Academy of Economic Studies, Bucharest, Romania.	Industrial Engineering and Management, M.Sc. in Applied Physics and Electrical Engineering, Linköping Institute of Technology.	M.Sc. in Computer Science, Central Michigan University, B.Sc. in Business Administration, Aquinas.
Previous positions	President and CEO of Telelogic, sales and marketing positions at Nokia, ICL and Telia Megacom, including as President of ICL Direct in Benelux and Vice President of Sales and Marketing for ICL Industry systems Europe.	Head of Business Development at Enea, Senior Vice President Nordic Consulting at Enea, Business Development Executive at IBM Rational Software and Executive Vice President Corporate Development at Telelogic.	Director of Product Management at Enea, Director of System Management at Enea, System Architect at Enea and Team Leader at Enea.	Development Manager at Enea, VP Strategic Outsourcing at Enea, VP Support at Enea, VP Marketing at Enea, Director Asian Sales at Enea.	CEO of Enea Romania, Global Sales Director Product Services at Enea Romania and President of IP Devel.	Principle Engineer at Enea's CTO office, System Architect, System Manager, Software Engineer at Enea. Software Engineer at Virtutech.	VP, Worldwide Field Operations and Sales—Simics, Wind River Systems (an Intel Subsidiary); SVP, WW Field Operations, Virtutech, Inc.
Own and related parties' shareholdings 2014 (2013)	50,000 (through endowment insurance) (50,000).	45,000 (of which 35,000 through endowment insurance).	500 (500)	17,000 (29,500)	3,500 (3,500)	11,000 (0)	0 (0)

Oskar Swirtun was part of Enea's management team as Interim SVP Marketing in the financial year 2014.

is largely defined-benefit. The ITP plan is covered by insurance through Alecta. Pension premiums are paid continuously.

#### Severance pay

A six-month notice period applies in the event of termination of employment of the CEO initiated by either the company or the CEO. In addition, severance pay corresponding to six months' basic salary is payable should employment be terminated by the company. Should the ownership structure change so that a new majority shareholder emerges, the CEO is entitled to severance pay of six months' salary. All dismissal and severance pay are deducted from any other income. For other senior executives, a notice period of three to twelve months applies.

The Board of Directors reserves the right to depart from the proposed guidelines in individual cases where special conditions apply.

#### CEO

Anders Lidbeck has been Enea's CEO since 2011. The CEO's other significant assignments and previous experience are detailed in the presentation of senior executives on page 23. Anders Lidbeck has no significant shareholdings in companies that Enea has a business relationship with.

#### Internal control and risk management of financial reporting

The Board is responsible for internal control in accordance with the Swedish Companies Act, the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance. The following description is limited to internal controls over financial reporting.

#### Control environment

Enea's objective is to fulfil the requirements for ongoing work pertaining to risk and internal control as part of Enea's compliance with

the Swedish Code of Corporate Governance. At Enea, internal control over financial reporting is an integral part of corporate governance. It includes procedures and methods to secure the group's assets and the accuracy of financial reporting, and this aims to protect shareholders' investments in the company.

The Board monitors the quality of the financial reporting in a number of ways. The Board approves the rules of procedure each year, which include regulating the duties of the Chairman and CEO. According to these instructions, the CEO is responsible for reviewing and ensuring the quality of financial reporting, and for ensuring that the Board of Directors receives the reports required in order to evaluate the group's financial position on a continuous basis. The instructions to the CEO include matters on which the CEO is authorised to represent the company, but only after receiving authorisation or approval from the Board.

At the statutory Board meeting following the Annual General Meeting, Enea's Board of Directors adopts the Rules of Procedure for the Board of Directors, the Audit Committee and the Remuneration Committee.

In addition, the instruction to the CEO, approvals list and instruction for trading in the company's shares are approved.

Enea's CEO and group management bear operational responsibility for internal control. Based on the Board of Directors' guidelines alongside legislation and regulations governing financial reporting, management has established the division of roles and responsibilities for staff working on financial reporting in the group. The Group is divided into units, with each unit manager responsible for meeting objectives and budgets, as well as compliance with governance issues relating to the unit. Enea's organisational structure is presented on the Group's intranet so that roles and responsibilities are made clear to everyone working on financial information.

Enea has issued instructions to subsidiary managers based on the framework and guidelines that apply to Enea AB's CEO. Enea also presents a number of policies on the intranet, which govern work at Enea and create a basis for good internal control, including a Finance Policy, Approvals Policy, IT Policy,

Environmental Policy, Insider Trading Policy and Communications Policy. The Group also has an accounting and reporting manual with instructions on the group's accounting policies, reporting instructions and a schedule that ensure that consistent and accurate accounting information is provided in a timely manner. These guidelines are followed up and updated regularly and presented to all employees who work directly or indirectly on financial reporting.

### Risk assessment

The objective of Enea's risk assessment is to secure the group's earnings progress and financial position. Enea AB's Board of Directors approves Enea's risk management policies and guidelines, and the CEO and group management have operational responsibility. Regular risk assessments are carried out within the scope of Enea's monthly financial follow-ups by unit managers, the Management group and the controller, and measures are implemented as required.

### Control activities

Enea's business areas are followed up monthly by the relevant manager and controller. Results are compared to previous figures and budgets for all units. Enea's group

management held scheduled bi-monthly meetings in 2014 to monitor operations and business progress, the financial outcome against budget and preceding periods, to establish forward-looking sales and earnings forecasts, as well as determining necessary measures for ensuring good internal control. The CEO presents an aggregated monthly report to the Board of Directors. When necessary, more detailed follow-ups are carried out, for example, in the form of reviews of subsidiaries by controllers.

In 2014, Enea's Auditors conducted a summary review of quarter three Interim Report and submitted a review in the Interim Report for 1 January–30 September 2014, and a review of the annual financial statement when presenting their Audit Report in the company's Annual Report 2014.

Given the scope and limited complexity of operations, combined with existing reporting to the Board of Directors and Audit Committee, the Board does not consider the establishment of a specific internal audit function to be financially justifiable. The internal control described above is deemed sufficient to assure the quality of financial reporting.

