

# Corporate Governance Report 2012

Enea AB is a Swedish public limited company listed on the Nasdaq OMX Nordic exchange in Stockholm. Corporate governance within the Enea Group is based on Swedish legislation and the rules and recommendations issued by relevant organizations, including the Swedish Corporate Governance Board, Nasdaq OMX, the Swedish Securities Council, and others. Governance, management, and control of Enea are distributed between the shareholders through the Annual General Meeting, the Board, and the CEO in accordance with the Swedish Companies Act and the Board's rules of procedure.

## Swedish Code of Corporate Governance

This description of the Corporate Governance Report has been prepared in accordance with the Swedish Code of Corporate Governance. Over the financial year, Enea complied with the Code with no exceptions.

## Shareholders

Enea's ordinary shares are listed on the Nasdaq OMX Stockholm Small Cap list. According to the share register maintained by Euroclear Sweden, Enea had 9,161 shareholders as at 31 December 2012. On 31 December 2012, the share capital in Enea amounted to SEK 18,355,713, divided into 17,659,091 ordinary shares, each conveying the same voting rights and participation in the Company's capital and earnings. Enea owns 1,076,752 shares in the Company, corresponding to 6.1 percent of the total shares outstanding. On 31 December 2012, the largest shareholders were SIX SIS AG, with 23.8 percent, and Per Lindberg, with 17.7 percent of shares.

## Annual General Meeting

The Annual General Meeting, or where applicable, an Extraordinary General Meeting, is Enea's highest decision-making body. Every shareholder is entitled to participate in the Annual General Meeting, either in person or via a representative with power of attorney. Every shareholder has the right to request that a matter be addressed by the Meeting. The 2012 Annual General Meeting of Enea AB took place on 11 April 2012 in Kista. The Annual General Meeting adopts Articles of Association, appoints the Board of Directors and its Chairman, appoints auditors, adopts the income statement and balance sheet, resolves on the appropriation of earnings, discharges the Board and the CEO from liability, adopts the principles of remuneration for the CEO and other senior executives, etc. A 2/3 majority is required to amend the Articles of Association.

The Annual General Meeting resolved to adopt the income statement and balance sheet

for the company and the Group to discharge the board members and CEO from liability to remunerate the Board and auditors guidelines for remuneration to senior executives to introduce an automatic redemption program involving a share split, the redemption of shares and a bonus issue. The redemption program involved a transfer of SEK 135.1 million authorization to the Board to pass resolutions on acquisitions and transfers of treasury shares corresponding to no more than 10 percent of all shares in the company.

Authorization to the Board to pass resolutions on the new issue of shares for share or business acquisitions corresponding to an increase of no more than 10 percent of the share capital to adopt the Board's proposal for a share savings plans for 132 employees. The maximum number of shares in Enea covered by the program amounts to around 667 000 shares, which is equivalent to around 3.9 percent of the number of outstanding shares and votes.

Appointment of Board members. Åsa Landén Ericsson, Mats Lindoff, Anders Skarin, and Kjell Duveblad were reappointed, and Torbjörn Nilsson and Robert Andersson were as appointed as new Board members. Anders Skarin was appointed as Chairman of the Board. Anders Lidbeck declined reappointment.

The complete minutes from the Annual General Meeting, together with the Meeting's decision data, can be viewed at the company's website ([www.enea.com](http://www.enea.com)) under the Investor Relations section.

## Nomination committee

The Annual General Meeting will appoint nomination committee members or state how they are to be appointed.

Enea's nomination committee for the 2013 Annual General Meeting shall be appointed from at least two and no more than four of the largest shareholders, in descending order from the list of shareholders as at August 31, 2013. If more than two of the four largest registered shareholders in terms of votes declines to appoint a representative on the nomination

committee, the next shareholder in order of size must be given the opportunity to appoint such a representative. The names of nomination committee members will be published in the company's third quarterly report. The mandate period for the nomination committee appointed will run until a new nomination committee has taken over. A representative of the shareholders should be appointed chairman of the nomination committee.

In accordance with the above, the Chairman of the Board contacted the four largest registered shareholders in terms of number of votes at the end of August 2012 to ask them to appoint one member each to the nomination committee. Three of these appointed a representative, but the fourth declined.

If any significant change takes place to the ownership structure once the nomination committee has been inaugurated, the composition of the nomination committee will be amended in accordance with the principles above.

The nomination committee shall prepare and submit proposals for:

- the Chairman of the coming Annual General Meeting
- the appointment of the Chairman of the Board and other Board members
- the remuneration to the Board, divided between the Chairman and the other members of the Board, along with the principles of remuneration (if any) for committee work
- the appointment of and remuneration to the auditor and deputy auditor (if applicable)
- the adoption of principles for the appointment of a nomination committee

The nomination committee for the 2013 Annual General Meeting consists of Per Lindberg, Sverre Bergland (DnB Nor), Robert Andersson (Limhamn Förvaltning), and Anders Skarin (Chairman of Enea AB). The nomination committee has appointed Per Lindberg as its Chairman.

## The work of the Board

The Board shall manage the company's interests and the interests of all shareholders. The tasks of the Board include adopting business objectives and strategy, appointing, evaluating and – where necessary – dismissing the CEO, ensuring that effective systems are in place for following up and reviewing the company's operations, ensuring that there is satisfactory control over the company's compliance with laws and other regulations applicable to the company's operations, ensuring that the requisite ethical guidelines are adopted for the company's conduct, and ensuring that the company's provision of information is characterized by openness and is correct, relevant, and reliable.

The CEO participates in every Board meeting and reports on the company's business situation, future prospects, financial position and events of essential significance, as well as the management's budget proposals and action for the coming financial year. Other officers of the company also take part in Board meetings, presenting reports when necessary. The CEO does not participate in the parts of Board meetings dealing with the relationship between the CEO and the company, and the work of the CEO and other senior executives is evaluated at least once a year. The Board members' shareholdings are detailed in the presentation of the Board, see page 24.

Every year, the company's auditor reports to the Board its observations from the review and its assessment of the company's internal control. The guidelines for Board's work are based on the rules of procedure, which regulate the distribution of work between the Board, the Chairman, and the CEO, and indicate which matters are to be discussed at ordinary Board meetings. The Board's rules of procedure are adopted each year at the inaugural Board meeting immediately following the Annual General Meeting, and they are adjusted as required. Besides the tasks already stated, the rules of procedure include approval of the Board's meeting agenda, the instruction to the CEO, the decision-making structure within the company, the relevant division of work, and an information arrangement between the company and the Board.

In 2012, the Board dealt with the Enea Group's strategy and business, a share savings program, remuneration to senior executives, ongoing follow-ups of the business and forecasts, quarterly reports, budget and business plan for 2013, and a buy-back of treasury shares. The work of the Board was evaluated at the end of the year.

The Board held seven meetings and a statutory Board meeting in 2012. In addition to the regular Board work, some members are also members of the company's audit committee and remunerations committee. The Board received remuneration of SEK 1,460 000, to be distributed to the Chairman of the Board (SEK 380,000) and to other members appointed by the Annual General Meeting (SEK 180,000 each), 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' remunerations are presented in Note 4/22.

### BOARD INDEPENDENCE

All members were to be considered independent in respect of the company and the executive management team and in respect of major shareholders in the company. For information on the Board members and the CEO, see pages 24-25.

### AUDIT COMMITTEE

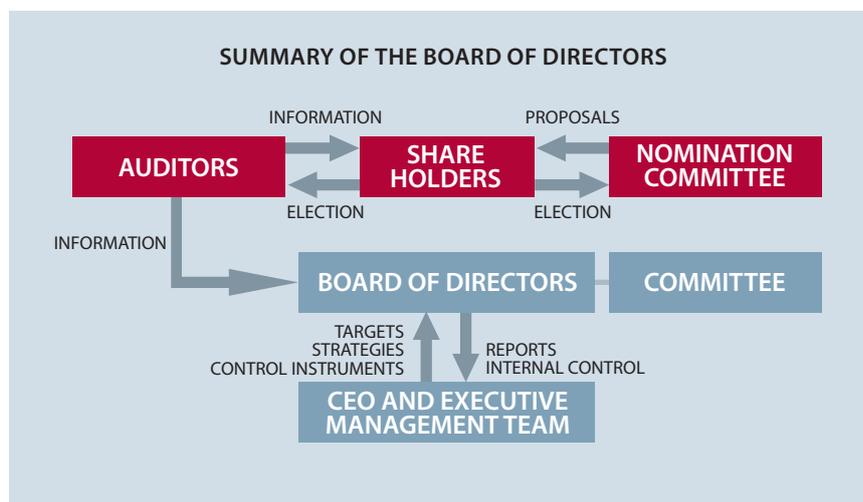
The audit committee is a committee of the Board that consisted of Åsa Landén Ericsson (Chairman), Torbjörn Nilsson, and Robert Andersson. Enea's CFO and the company's auditor are co-opted to the meetings, which are normally held once a quarter. The work of the

audit committee is minuted and reported to the Board. The audit committee is responsible for the preparation of the Board's work on quality assurance the company's financial reporting, informing itself of the direction and scope of the audit, and discussing coordination between the external and the company's internal control functions and the view of the company's risks, adopting guidelines concerning which services other than the audit that the company may procure from the company's auditor, evaluating the audit efforts, and notifying the company's nomination committee of the evaluation, and assisting the nomination committee with its proposals for auditors and remuneration.

The audit committee held four meetings in 2012, all in connection with the closing of the quarterly accounts. All members were present at every audit committee meeting planned 2012. The formulation of the company's quarterly reports, product profitability, goodwill and other intangible assets, accounts receivable, risk management, finance-related issues, and internal reviews were the main topics discussed. The Group's auditor reports his findings from the audit to the entire Board each year when the annual accounts are prepared. In addition, the Board meets the company's auditor at least once a year – without the presence of the executive management team – to learn about the focus and scope of the audit, and to discuss coordination between the external audit and the internal review and views of the company's risks.

### REMUNERATIONS COMMITTEE

The overall responsibilities of the Board cannot be delegated, but the Board has established a remunerations committee tasked with discussing issues relating to salaries, remuneration, and other terms of employment for the CEO and other members of the executive management team. In 2012, the committee consisted of Board members Anders Skarin (Chairman) and Kjell Duveblad. The remunerations committee is convened as required and reports on its work to the Board. The remunerations committee held a number of working meetings in 2012,



of which three were minuted. The table on page 24 shows the attendance of each Board member.

## The CEO

CEO Anders Lidbeck has been the CEO since 9 September 2011. His other significant assignments and previous experience are detailed in the presentation of senior executives. Anders Lidbeck has no material shareholdings in companies with whom Enea has business relations.

## Internal review and risk management related to financial reporting

In accordance with the Swedish Companies Act, the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance, the Board is responsible for the internal review. This description is limited to the internal review related to financial reporting.

### REVIEW ENVIRONMENT

Enea's objective is to meet the requirements for ongoing work with risk and internal review that follows on from Enea's application of the Swedish Code of Corporate Governance. At Enea, internal review of financial reporting is an integral part of corporate governance. It

## ATTENDANCE AT BOARD MEETINGS

Meeting nr 4 was statutory.										
Board member	Title	Elected	1	2	3	4	5	6	7	8
Anders Skarin	Chairman		X	X	X	X	X	X	X	X
Robert W. Andersson		from meeting 4				X	X	X	X	X
Kjell Duveblad			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
Torbjörn Nilsson		from meeting 4				-	-	X	X	X
Ewa Swedberg			X	X	X	X	X	X	X	X

includes processes and methods in order to assure Group assets and correctness in financial reporting, and through this aims to protect the owners' investment in the company.

The Board monitors the quality of financial reporting in a number of ways. The Board approves rules of procedure each year, which include regulating the tasks of the Chairman and CEO. According to these instructions, the CEO is responsible for reviewing and ensuring the quality of all financial reporting, and for making

sure that the Board in general receives the reports required to allow the Board to assess the financial position of the Group on an ongoing basis. The instructions to the CEO state the issues on which the CEO is permitted to exercise his authorization to represent the company, but only once the Board has given its authorization or approval for this.

At a statutory Board meeting following the Annual General Meeting, Enea's Board adopts rules of procedure for the Board, the audit

## BOARD OF DIRECTORS

							
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 duties	Chairman of the Board since September 2011.	Board member.	Board member.	Board member.	Board member.	Board member.	Employee representative for SI.
Education	Bachelor of Science.	Master of Science (Finland) and MBA (US).	Bachelor of Business Administration, Stockholm School of Economics.	Master of Science and MBA.	Master of Science, EE.	Bachelor of Science (Econ).	Master of Science, Machine Technology.
Other Board assignments	Chairman of Pocketmobile Communications AB, Vendator and Infobric. Board member of Acando AB and WSP Europe AB.	Board member of FiCom (IT and Telco trade organization in Finland) and PALTA (employer organization, Finland).	Chairman of Remium Nordic AB and Framsteg AB. Board member of a number of unlisted companies.	Board member of Reijlerkoncernen AB.	Board member of Multiq Free2move and a number of unlisted companies.	Board member of Transmode Holding AB, Flexenclosure AB and a number of unlisted companies.	
Own and related parties' shareholding 2012 (2011)	15,000 (15,000)	0	10,000 (10,000)	2,500 (2,500)	990 (990)	0	2,250
Committee work	Remunerations committee.	Audit committee.	Remunerations committee.	Audit committee.		Audit committee.	
Primary occupation	Management consulting and board work.	President and Chief Executive Officer of Sonera in Finland.	Consultant.	CEO of Enfo Pointer AB.	Partner in EMA Technology and Consulting.	Strategy consultant and board work.	Team Manager, OSE.

Enea's Board as at 31 December 2012. All shareholdings, including those of related parties, as at 31 December 2012.

committee, and the remunerations committee. In addition, the instruction to the CEO, authorization instruction and instruction for trading the company's shares are approved.

Enea's CEO and Group executive hold operational responsibility for the internal review. Based on the Board's guidelines and laws and rules relating to financial reporting, the executive management team has established the division of roles and responsibilities for employees working with financial reporting within the Group. The Group is divided into units, and the manager of each unit is responsible for the fulfillment of objectives and compliance with governance issues for his/her unit. Enea's organizational structure is communicated on the Group's intranet so that roles and responsibilities are clear to everyone working with financial information.

Enea has issued instructions to the managers of the subsidiaries, based on the same frameworks and guidelines that apply to the CEO of Enea AB. Enea has also made a number of policies available to employees via the intranet. These policies govern the work at Enea and create a foundation for good internal review, including a finance policy, authorization policy, IT policy, environmental policy, insider

policy, and communications policy. The Group also has an accounting and reporting manual with instructions on the Group's accounting principles, reporting instructions and a schedule, to ensure that consistent, correct accounting information is provided in a timely manner. These guidelines are followed up and updated regularly and communicated to all employees who work directly or indirectly with financial reporting.

#### RISK ASSESSMENT

The objective of Enea's risk assessment is to secure the Group's profit development and financial position. Enea AB's Board approves principles and guidelines for risk management at Enea, and the CEO and Group executive hold operational responsibility. Regular risk assessments are carried out within the scope of Enea's monthly financial follow-ups by the managers of each unit, the executive management team and the controller, and measures are implemented as required.

#### REVIEW ACTIVITIES

Every business unit at Enea is followed up every month by the relevant executive and controller. Results are compared with earlier

results and budgets for all units. Enea's Group management held scheduled meetings once a fortnight in 2012 to review the business and business situation, the financial outcome compared with the budget and preceding periods, to establish forward-facing sales and profit forecasts, and to decide on any measures deemed necessary for good internal review. An aggregated report is sent to the Board every month by the CEO. If necessary, more precise follow-up is carried out; e.g. in the form of audits of subsidiaries carried out by controllers.

In 2012, in connection with the closing of the accounts for the third quarter, Enea's auditors conducted a general review and submitted their report in the quarterly report for the period 1 January–30 September 2012, as well as a review of the annual accounts, for which they submitted their auditors' report in the company's Annual Report for 2012.

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

## EXECUTIVE MANAGEMENT TEAM

								
<b>Name</b>	Anders Lidbeck	Håkan Rippe	Tobias Lindquist	Karl Mörner	Adrian Leufvén	Bogdan Putinica	Catharina Paulcén	Jessica Joelsson
<b>Born</b>	1962	1968	1972	1975	1972	1977	1973	1976
<b>Employed since</b>	2011	2009	2011	1998	1998	2007	2009	2012
<b>Member of the management team since</b>	September 2011	2009	April 2011	December 2011	2012	December 2011	2009	2012
<b>Position</b>	CEO and President since September 2011.	CFO. Previously Senior Vice President of Corporate Development until October 2012.	Chief Technology Officer.	Senior Vice President Products.	Senior Vice President Sales.	Senior Vice President Global Services.	Senior Vice President, Marketing and Communications.	HR Manager.
<b>Education</b>	Bachelor Business Administration, Lund University.	Master of Science, Chalmers University of Technology, Gothenburg.	Master of Science, Electronics, Lund University.	Graduate engineer, Skövde.	Master of Science, Mechatronics, Royal Institute of Technology Stockholm.	International Finance and Banking, Academy of Economic Studies Bucharest, Romania.	International Business Administration, Universities of Lund and Mannheim.	Master of Arts, majoring in Sociology, specializing in Personnel, Labor and organization, Stockholm University.
<b>Previous positions</b>	President and CEO of Telelogic. Several sales and marketing positions at Nokia, ICL and Telia Megacom, including CEO and ICL Direct in the Benelux countries and Vice President of Sales and Marketing for ICL Industry systems Europe.	Senior Vice President Nordic Consulting at Enea, Business Development Executive at IBM Rational Software and Executive Vice President Corporate Development at Telelogic.	Corporate chief architect and responsible for system architecture at Sony Ericsson, director head of platform program office at Sony Ericsson Mobile Communications, senior manager, head of software Architecture, open platform at Sony Ericsson.	Director of Product Management at Enea, Director of System Management at Enea, System Architect at Enea and Team Leader at Enea.	Head of R&D at Enea, VP Strategic Outsourcing at Enea, VP Marketing at Enea, Director Asian Sales at Enea.	CEO of Enea Romania, Global Sales Director Product Services at Enea Romania and CEO for IP Devel.	Branding Manager at IBM Nordics, Director of Marketing at IBM Rational Software and Executive Vice President Marketing & Communications at Telelogic.	SHR Business Partner Scania Motor, HR manger at 3 Technology and Customer Services.
<b>Own and related parties' shareholding 2012 (2011)</b>	50,000 (through endowment assurance) (50,000)	50,000 (through endowment assurance)(45,000)	3,500 (0)	500 (0)	14,500	3,500	12,500 (12,500)	0

*Enea's executive management team as at 31 December 2012. All shareholdings, including those of related parties, as at 31 December 2012.*