

Corporate Governance Report 2016

Enea AB is a Swedish public limited company listed on Nasdaq Stockholm, Sweden. The Enea group's corporate governance is based on Swedish legislation and the rules and recommendations issued by relevant organizations, including the Swedish Corporate Governance Board, Nasdaq Stockholm, 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. The company's Auditor has completed a statutory review of this report.

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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 "the Code". During the financial year, Enea complied with the Code.

Shareholders

Enea's ordinary shares are listed on Nasdaq Stockholm's Small Cap list. According to the share register maintained by Euroclear Sweden, Enea had 16,240,231 shares as of 31 December, 2016. On the same date, Enea AB's share capital amounted to SEK 18,355,714, divided between 16,240,231 ordinary shares, each carrying the same voting rights and participation in the company's earnings and capital. Enea owns 345,978 treasury shares, corresponding to 2.1 percent of total shares. On 31 December, 2016 the largest shareholders were SIX SIS AG, with 25.9 percent and Försäkringsbolaget Avanza Pension, with 15.3 percent of the shares.

Annual General Meeting

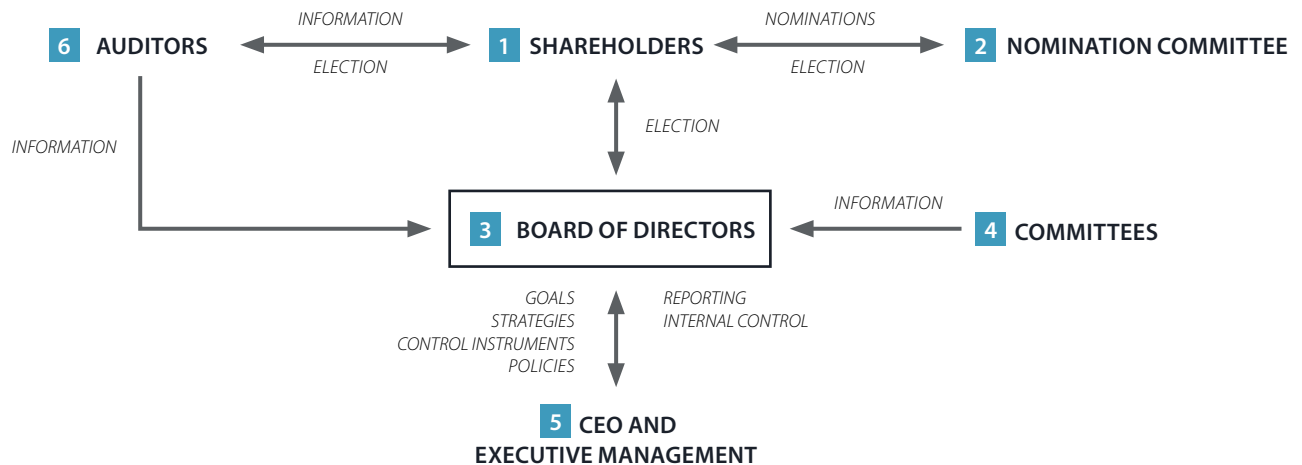
The Annual General Meeting, or where applicable, an Extraordinary General Meeting, is Enea's highest decision-making body. All shareholders are entitled to participate in the Annual General Meeting, either in person or through a representative given Power of Attorney. All shareholders are entitled to request that a matter be addressed by the Meeting. Enea AB's Annual General Meeting was held on 10 May 2016 in Kista, Sweden. The Annual General Meeting's responsibilities include adopting the Articles of Association, appointing the Board of Directors and Chairman, appointing the company's 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 2016 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 program involving a share split, the redemption of shares and a bonus issue. The redemption program involved a transfer of SEK 4.20 per share to shareholders,
- a reduction in share capital and a bonus issue,
- a reduction of the statutory reserve, Board authorization to pass resolutions on acquisitions and transfers of treasury shares corresponding to a maximum of 10 percent of the company's shares,
- Board authorization to reach resolutions on new share issues relating to share or business acquisitions corresponding to a maximum increase of 10 percent of share capital,
- Anders Skarin was elected Chairman. Kjell Duveblad, Mats Lindoff, Torbjörn Nilsson and Åsa Sundberg were re-elected as Board members. Gunilla Fransson was elected as a Board member. Öhrlings PricewaterhouseCoopers AB were appointed as Auditor,
- The AGM authorized the Board's proposal to cancel 222,346 shares.

OVERVIEW OF ENEA'S CORPORATE GOVERNANCE



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), under Investors/corporate-governance.

Extraordinary General Meeting 2016

An Extraordinary General Meeting in Enea was held on Wednesday 7 December 2016 at 4.30 p.m. at the company's head office at Jan Stenbecks torg 17, in Kista, Stockholm.

The EGM adopted the following resolution:

- the EGM adopted the Board's proposal to authorize the Board to decide on a new issue to finance continued growth and expansion, for example in connection with corporate acquisitions, for the period until the AGM 2017 is held.
- the Board's proposal of a long-term incentive program 2017 (LTIP 2017), including the transfer of shares within the program, did not obtain sufficient majority and was not adopted by the EGM.

2 Nomination Committee

The Annual General Meeting appoints Nomination Committee members or states how they are to be appointed. Enea's Nomination Committee will be appointed

from two major shareholders and the Chairman of the Board. The Chairman of the Board is assigned the task of notifying the four largest shareholders in terms of votes at the end of September, requesting them to appoint one member each to the Nomination Committee. If more than two of these shareholders do not wish to appoint a member, the next shareholder in order of size is given the opportunity to appoint a representative. The names of the Nomination Committee's representatives are 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 September 2016 to request that they appoint one member each to the Nomination Committee. 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 2017 Annual General Meeting, the Nomination Committee consists of Per Lindberg, Sverre Bergland (DnB), Annika Andersson (Swedbank Robur Fonder) as well as Anders Skarin (Chairman of the Board of Enea AB). The Nomination Committee appointed Per Lindberg as its Chairman.

The Nomination Committee's full proposal to the AGM 2017, including its motivations, is published in the notice convening the AGM 2017, which is available at www.enea.com.

THE BOARD OF DIRECTORS 2016

| |  |  |  |  |  |  |  |
|--|---|---|--|--|--|--|--|
| Name | Anders Skarin | Kjell Duveblad | Mats Lindoff | Torbjörn Nilsson | Åsa Sundberg | Gunilla Fransson | Eva Swedberg |
| Born | 1948 | 1954 | 1961 | 1953 | 1959 | 1960 | 1968 |
| Appointed | 2005 | 2008 | 2010 | 2012 | 2015 | 2016 | 2012 |
| Board position | Chairman | Board member | Board member | Board member | Board member | Board member, elected at AGM 2016 | Employee representative SI |
| Education | B.Sc. (Econ. and IT) | B.Sc. in Business Administration, Stockholm School of Economics | M.Sc. (Eng.) EE | M.Sc. (Eng.) and B.Sc. Business Administration | M.Sc. (Eng.) | M.Sc. (Eng.) Chemical engineering, licentiate nuclear chemistry, Royal Institute of Technology, Stockholm | M.Sc. Engineering |
| Previous position | President of Programator (listed) and Nordic Manager of Cap Gemini, Board work and management consulting. | Sales Director of IBM Svenska AB and President of Oracle Sweden, Nordics and Baltics. | Chief Technology Officer Sony-Ericsson, President of C-Technologies AB. | Chairman and Board member of listed and unlisted technology companies, Deputy CEO of the Ericsson group. | President and CEO of mobile operator Net1, partner in a Nordic venture capital operation focusing on tech investments. | Business Area Manager, Security and Defence Solutions at Saab A. Previously held various management positions at Ericsson. | Test Manager of CM at Enea, Consultant, AGA Process Controller, Energo developer control systems |
| Directorships | Chairman of Multisoft Consulting and JVAB, as well as a Board member of Acando AB. | Chairman of Enaco and directorships in a number of unlisted companies. | Board member of Precise Biometrics AB and directorships in a number of unlisted companies. | Board member of unlisted companies. | Board member of DGC ONE AB. | NetInsight AB, Trelleborg AB, Permobil AB and Teleopti TEM AB. | – |
| Own and related parties' shareholdings 2016 (2015) | 15,000 (15,000) | 10,000 (10,000) | 990 (990) | 0 (0) | 0 (0) | 1,000 (0) | 3,412 (3,412) |
| Primary employment | Management consulting and directorships | Management consultant and directorships | Strategic consultant | Strategic consultant and directorships | President and CEO of Teracom Boxer Group AB | Board work | Team Manager, OSE |
| Attendance, Board meetings | 11/11 | 11/11 | 11/11 | 11/11 | 11/11 | 8/11 | 10/11 |
| Committee positions | Chairman of the Remuneration Committee | Chairman of Audit Committee | Non-member | Audit Committee | Audit Committee | Remuneration Committee (elected at AGM 2016) | Non-member |
| Attendance, Committee meetings | 3/3 | 4/4 | – | 4/4 | 4/4 | 0/3 | – |

3 Board of Directors

According to the Articles of Association, Enea's Board of Directors shall consist of five to seven members with a maximum of seven deputies elected by the AGM. Enea's Board is composed in compliance with the Swedish Code of Corporate Governance and the company's diversity policy. Consideration has been given to the need for breadth, versatility, competence, experience and background required to contribute to Enea's future progress and considering the aim of ensuring an even distribution between the sexes. The composition of Enea's Board corresponds to this, as well as the need for knowledge of and extensive experience of sectors where the company is active. The











Board satisfies the requirements relating to Board members' independence in relation to the company and management, and in relation to the company's major shareholders. Consideration has also been given to Board members' ability to allocate the time required for their assignments in the company, which has been confirmed.

In 2016, Enea's Board of Directors had seven members elected by the AGM. The CEO and CFO participate at every Board meeting and reports on the company's business situation, prospects, financial position and events of material significance. 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 above.

Ahead of the AGM 2016 Robert W Andersson declined re-election. Gunilla Fransson was elected as a new Board member in accordance with the Nomination Committee's proposal. Gunilla Fransson has extensive experience of the telecom and defense industries, including Ericsson and Saab, which has added valuable competences to the Board.

MANAGEMENT 2016

| |  |  |  |  |  |  |  |  |  |  |
|--|--|---|---|---|--|---|--|---|---|---|
| Name | Anders Lidbeck | Håkan Rippe | Karl Mörner | Adrian Leufvén | Bogdan Putinica | Daniel Forsgren | Kirk Fuller | Fredrik Medin | Johan Glane | Hans Blomqvist |
| Born | 1962 | 1968 | 1975 | 1972 | 1977 | 1973 | 1958 | 1970 | 1977 | 1962 |
| Employed since | 2011 | 2009 | 1998 | 1998 | 2007 | 2006 | 2014 | 2015 | 2016 | 1999 |
| Member of management since | 2011 | 2009 | 2011 | 2008 | 2011 | 2014 | 2014 | 2015 | 2016 | 2016 |
| Position | President and Chief Executive Officer | CFO | Senior Vice President, Product Management | Senior Vice President for EMEA and Asia | Senior Vice President, Global Services | Senior Vice President, Product Strategy | Senior Vice President, Sales and Strategic Alliances | Senior Vice President, Marketing & Communication | Senior Vice President, Sales for Strategic Accounts | Senior Vice President, R&D |
| 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. | B. Sc., Human Resource Development alongside further management and business studies at Stockholm University. | M.Sc. Computer Science, Lund University Faculty of Engineering | M.Sc. Mechatronics, Licentiate, Royal Institute of Technology, Stockholm |
| Previous positions | President and CEO of Telelogic, sales and marketing positions at Nokia, K1 and Telia Megacom, including as President of ICL Direct in Benelux and Vice President of Sales and Marketing for ICL Industry systems Europe. | SVP Corporate Development, SVP Consulting at Enea, Business Development Executive at IBM Rational Software and Executive Vice President Corporate Development at Telelogic. | SVP R&D, Director of Product Management, Director of System Management, System Architect and Team Leader at Enea. | SVP Operations & Quality, SVP Software Sales, SVP Global Delivery, VP Strategic Outsourcing, VP Support, VP Marketing and Director Asian Sales at Enea. | CEO of Enea Romania, Global Sales Director Product Services at Enea Romania and President of IP Devel. | SVP Product Management, Principle Engineer at Enea's CTO office, System Architect, System Responsible, 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. | Senior Marketing Manager Amadeus, Marketing Director IAR Systems, Product Marketing Manager Ericsson Enterprises, Marketing Manager of Ericsson Global Services, Product Manager at Ericsson GSM. | SVP Strategic Accounts EMEA at Enea, VP Sales, Head of Sales & Commercial Excellence Ericsson Middle East, Associate Principle Ericsson Business Consulting, Senior Consultant at Prosales. | VP Product Operations, Senior Director Product Services, CIO of Enea, Director Release Management Enea Software, Technical Project Manager, Systems. Architect CelsiusTech Systems. |
| Own and related parties' share-holdings 2016 (2015) | 14,000 (through endowment insurance) (55,682) | 24,644 (of which 14,644 through endowment insurance) (45,000) | 1,546 (1,546) | 21,000 (21,000) | 5,372 (10,822) | 12,395 (12,395) | 0 (0) | 0 (0) | 0 (0) | 0 (0) |

Maria Constantinescu was part of Enea's Executive Management in Jan-Nov 2016 as SVP Software Sales Europe & Asia.

Board of Directors' independence

According to the Swedish Code of Corporate Governance, a majority of Board members elected by the AGM shall be independent of the company and management. A minimum of two of these shall also be independent of the company's major shareholders. 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.

Board work

The Board of Directors' Rules of Procedure are determined annually at the Board meeting following election immediately in

conjunction with the AGM and is amended when required. In addition to the aforementioned tasks, the Rules of Procedure also includes the Board's responsibilities, distribution of work, setting the Board's agenda, instructions to the CEO, and management of the Board meeting schedule, notices convening meetings, agenda and minutes.

In addition to the Board meeting following election, the Board of Directors shall hold a minimum of five meetings annually. Ahead of each Board meeting, documentation relating to the meeting is distributed to the Directors, either in digital format or by mail if required.

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, evaluating strategic and complementary acquisitions continuously and ensuring that the company's corporate communication features transparency and that it is accurate, relevant and reliable.

In 2016, the Board of Directors addressed matters such as the Enea group's strategy and business operations, the CEO's progress report, the Remuneration Committee's Rules of Procedure, remuneration of senior executives, continuously monitored operations and forecasts, interim reports, budgets and the business plan for 2017 as well as a repurchase of treasury shares.

The work of the Board of Directors was appraised at year-end. In 2016, the Board of Directors held 10 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 2016 are shown in the table on page 24. The Board received remuneration of SEK 1,680,000, to be divided as follows: SEK 450,000 to the Chairman of the Board and SEK 210,000 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.

4 Audit Committee

The Audit Committee consisted of Kjell Duveblad (Chairman), Torbjörn Nilsson and Åsa Sundberg. 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 2016, the Audit Committee held four meetings, all in connection with the quarterly financial statements. Board members' attendance statistics at Audit Committee meetings in 2016 are indicated on page 22. 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, internal reviews, new accounting standards and their implementation (for revenue recognition and leasing, and financial instruments), and acquisition-related matters.

The group's Auditors report their 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.

4 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, other remuneration and other employment terms for the CEO and other members of group management.

In 2016, the Committee comprised Board members Anders Skarin (Chairman)

and Robert W. Andersson. Gunilla Fransson replaced Robert W. Andersson after the AGM 2016. The Remuneration Committee is convened as required and reports to the Board of Directors. The Remuneration Committee held three meetings where minutes were taken in 2016.

Review of the Board of Directors' work

Anders Skarin, Chairman of the Board of Directors, is responsible for preparing a review of the Board of Directors' work which he presents to the Nomination Committee. The review is completed in two parts, a written review where individual Board members complete a relatively extensive survey. The results are compiled and the anonymous data discussed at a Board meeting. The second part takes the form of an oral review where the Nomination Committee, excluding the Chairman, interviews two Board members each. Accordingly, the Nomination Committee receives written reports to use as the basis for discussing the composition and members of the Board of Directors.

5 CEO and group management

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.

In 2016, Enea's group management consisted of Enea's CEO, CFO and eight division and line managers representing the organization's functions. For more information about the group management, see page 23. Group management meets every second week to present progress reports on business conditions for each function and discuss other ongoing and relevant issues. In addition to

ATTENDANCE AT BOARD MEETINGS

| Board member | 1 | 2 | 3 | 4 ¹ | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
|-------------------------------|---|---|---|----------------|---|---|---|---|---|----|----|
| Anders Skarin (Chairman) | x | x | x | x | x | x | x | x | x | x | x |
| Kjell Duveblad | x | x | x | x | x | x | x | x | x | x | x |
| Mats Lindoff | x | x | x | x | x | x | x | x | x | x | x |
| Torbjörn Nilsson | x | x | x | x | x | x | x | x | x | x | x |
| Åsa Sundberg | x | x | x | x | x | x | x | x | x | x | x |
| Gunilla Fransson ² | – | – | – | x | x | x | x | x | x | x | x |
| Eva Swedberg | x | – | x | x | x | x | x | x | x | x | x |

1) Meeting no. 4 was the first meeting following election.

2) Elected in May.

these meetings, group management also meets several times a year to discuss strategy and planning, which is then reported to the Board of Directors in September and December. The CEO and CFO produce a business plan for the coming year that is then presented at a Board meeting in December.

Auditors

The AGM 2016 re-elected Audit firm Öhrlings PricewaterhouseCoopers AB, with Authorized Public Accountant Niklas Renström as Auditor in Charge until the end of the next AGM in 2017. 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 within the Board of Directors and between the Board of Directors and management.

In 2016, Enea's Auditors conducted a review of the Annual Financial Statements, whereupon the Auditors presented their Auditors' Report in the company's Annual Report 2016. A review was also conducted in connection with the third quarter Interim Report and the company's Auditors presented their Audit Review in the Interim Report 1 January – 30 September 2016. The review of the third quarter Interim Report focuses on the company's internal control.

Remuneration to senior executives

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.

Principles

In order to recruit and retain senior executives, the company offers competitive terms and conditions with remuneration at market rates. Overall remuneration to senior executives comprises fixed and variable salary, pension provisions and share-based remuneration.

Fixed and variable salary is determined annually on the basis of individual conditions. Variable salary is subject to a pre-determined ceiling. With the exception of certain sales executives, variable salary may not exceed fixed salary. Variable salary is based on individual performance in relation to annually set goals, mainly relating to the company's sales and operating profit, as well as specific goals for individual executives. If the goals are met, 50 percent of maximum variable salary is payable, potentially rising to 100 percent if the goals are exceeded.

Senior executives are invited to participate in share-based incentive programs authorized by shareholders' meetings and, accordingly, remuneration may also be share-based provided that the goals and other terms of the share-based incentive program are met.

The model for variable salary and determining actual variable salary for senior

executives is decided by the Board based on a proposal from the Remuneration Committee.

Remuneration to the CEO is decided by the Board of Directors based on a proposal from the Remuneration Committee.

Pensions

The pension terms of the CEO are decided by the Board of Directors following a proposal from the Remuneration Committee and comprises 35 percent of fixed and variable salary.

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. 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 is 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.

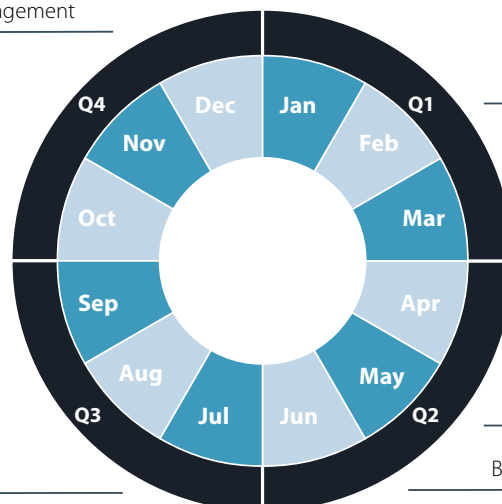
BOARD WORK IN 2016

Business plan, budget, evaluation by management

Business conditions, Interim Report

Strategy, organization

Business conditions, Interim Report



Business Conditions, Annual Statement

Annual Report, preparation for AGM

Business conditions, Interim Report

AGM

Business conditions, strategy

Internal control and risk management

The Board is responsible for internal control and risk management in accordance with the Swedish Companies Act, the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance. The Audit Committee monitors Enea's internal control, which does not affect the Board of Directors' responsibilities and work otherwise. The purpose is for operations to be pursued in an expedient and efficient manner, and that external reporting complies with legislation and internal regulations that govern the company. For this work to be successful, the Board works in a structured manner where work is delegated to group management, the Audit Committee and other staff. Enea described the methods for delegating and monitoring this work in the company's internal policies, such as the Finance Policy and Authorization Policy.

Internal control of financial reporting Control environment

Enea's control environment forms the basis of the company's internal control over financial reporting, and clear communication of decision paths, authorization and responsibilities throughout the organization is a key component of Enea's control environment.

Enea's objective is to fulfil the requirements for ongoing work pertaining to internal control and risk management 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 the control environment and for reviewing and ensuring the quality of financial reporting, and for ensuring that the Board of Directors receives the reports required to evaluate the group's financial position on a continuous basis. The instructions to the CEO include matters on which the CEO requires authorization or approval from the Board of Directors.

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, Finance Policy 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, such as the Swedish Companies Act, the Annual Accounts Act and the Swedish Code of Corporate Governance, group 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 organizational 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, such as approvals and authorization policies for group staff indicating the relevant authorization of various employees to take specific actions. Enea also presents a number of policies on the intranet, which govern work at Enea and create a basis for internal control, including a Finance Policy, Authorization Policy, IT Policy, Environmental Policy and Communications Policy. In 2016, Enea has thoroughly updated its policies in connection with changes to the EU's Market Abuse Regulation.

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 employees who work directly or indirectly on financial reporting.

In order to strengthen internal control, all important documents such as policies, regulatory documents etc., are available on Enea's intranet and uploaded to Enea's document management system. This gives all staff access to relevant documents and policies. Documents are also classified according to authorization levels depending on the relevant staff member's role in the organization. The Board of Directors is presented with monthly progress reports. The reports are analyzed and evaluated by the Board of Directors and in the event that further measures are required, these are discussed at the next Board meeting or, alternatively, in urgent cases the Chairman convenes a Board meeting to address the issue. Internal control is followed up in various ways, for example through the ongoing activities of Enea's finance and quality, operations, Enea's Legal Counsel, the delivery operations, internal quality meetings and at the Audit Committee's quarterly meetings.

Each operational function proceeds from different goals and regulatory documents in order to assure the quality of the company's processes and decisions.

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, group management and the controller, and measures are implemented as required.

The preceding review describes how Enea's organization is structured to manage, review and evaluate the internal control. Furthermore, internal control also includes the company's planning and budget process, where the risks of operations are reviewed annually. The Audit Committee and the Board of Directors are responsible for analyzing and assessing these risks.

Control activities

Enea's control structure is designed to manage the risks the Board judges to be significant for the internal control of financial reporting. The control structure is based on the company's clear division of organizational responsibilities which enables the effective division of responsibilities and ensures that control activities discover and prevent the risk of misstatements in the financial reporting in a timely manner.

Examples of control activities include the control and continuous monitoring of the company's financial reporting, financial and legal policies, quarterly updates of the company's forecasts, the continuous monitoring and review of specific areas, auditing, the Board of Directors' quarterly reviews of business conditions in terms of planning and budget, financial progress of individual business units and products, major transactions, cash flow, Balance Sheet and prospects.

Enea's business areas are followed up monthly by the relevant manager and controller, results are compared to previous figures and budgets. Enea's group management every second week meetings in 2016 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.

Enea's product operations are ISO-certified since 2006. Certification (ISO 9001:2008) encompasses management, marketing, sales, development and support of software products. Re-certification takes place every three years and follow-up reviews are conducted in intervening years.

Information and communication

Regulatory documents in the form of policies, guidelines, manuals etc. relating to financial reporting are communicated on Enea's intranet and document management system. Each division amends the regulatory documents the division assumes responsibility for. Most communication takes place in digital form, and divisional managers hold meetings to communicate information, follow-up and evaluation when required. For more information about the Board of Directors' and group management's communication, see pages 21 and 23.

Enea's policies provide guidelines for handling communication of information with internal and external parties. Policies for internal and external information have been prepared to ensure compliance with disclosure requirements.

Follow-up

Enea's finance division uses an integrated finance and accounting system and groupwide reporting instructions. The company's marketing and sales division manages customers and potential customers in Enea's business system and ensures that relevant sales staff receive the information required. The company continuously updates the Board of Directors and Audit Committee on compliance with the company's Code of Conduct and continuously provides information about export legislation that affects Enea and updates on compliance with such legislation.

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

Sustainability governance

Enea's sustainability governance is based on the company's Code of Conduct and ethical guidelines. Enea supports the UN's Global Compact initiative. Sustainability issues are a part of Enea's daily operations and permeate the company. Enea's vision demonstrates the company's focus on achieving a sustainable society. For more information see page 12-13.

The responsibility for overall goals, strategy and follow-up lies with Enea's CEO and group management. In order to ensure Enea's sustainability work, the Board of Directors follows up sustainability matters at quarterly Board meetings.

