

Corporate Governance Report 2015

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 organisations, 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.

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 16,462,577 shares as of 31 December 2015. On the same date, Enea AB's share capital amounted to SEK 18,355,714, divided between 16,462,577 ordinary shares, each carrying the same voting rights and participation in the company's earnings and capital. Enea owns 544,911 treasury shares, corresponding to 3.3 percent of total shares. On 31 December 2015, the largest shareholders were SIX SIS AG, with 25.6 percent and Försäkringsbolaget Avanza Pension, with 14.5 percent of the shares.

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.

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.

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 7 May 2015 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 2015 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 3.60 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,

- re-election of Board members, Mats Lindoff, Anders Skarin, Kjell Duveblad, Torbjörn Nilsson and Robert Andersson. Åsa Sundberg was elected as Board member. 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), under Investor Relations/corporate governance.

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 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 September 2015 to request that they appoint one member each to the Nomination Committee. Three of these appointed a representative, and one 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 2016 Annual General Meeting, the Nomination Committee consists of Per Lindberg, Sverre Bergland (DnB Nor), 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 2016, including its motivations, is published in the notice convening the AGM 2016, which is available at www.enea.se.

The 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 of Directors is composed to take into consideration competences, experience and resources of existing Board members as well as their knowledge of and long-term participation in the sectors where the

company is active. This means that Board members shall not be elected on the basis of gender, ethnicity or religious convictions, although there is a desire to achieve more balanced gender distribution in accordance with the Code.

In 2015, 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, future 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 page 22.

Ahead of the AGM 2015, Åsa Landén Ericsson, Board member since 2003, declined re-election. Åsa Sundberg was elected as a new Board member in accordance with the Nomination Committee's proposal. Åsa Sundberg has more than 30 years' experience in the telecom and IT industries from operators such as Telia, Provider Venture Partners and Teracom Boxer, which means that Åsa contributes valuable expertise to the Board of Directors.

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 2015, 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 2016,

ATTENDANCE AT BOARD MEETINGS

Board member	1	2	3	4 ¹	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 Sundberg ²	–	–	–	–	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

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

2) Elected in May.

as well as a repurchase of treasury shares. The work of the Board of Directors was appraised at year-end. In 2015, 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 2015 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.

Audit Committee

The Audit Committee consisted of Åsa Landén Ericsson (Chairman), Torbjörn Nilsson and Robert Andersson. Åsa Landén Ericsson

resigned as Board Member in Enea after the AGM 2015 and Kjell Duveblad replaced Åsa Landén Ericsson as Chairman of the Audit Committee from May 2015. Åsa Sundberg replaced Robert Andersson in the Audit Committee after the AGM 2015 and was a member of the Remuneration Committee from the same date.

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 2015, the Audit Committee held four meetings, all in connection with the quarterly financial statements. Board members' attendance statistics at Audit Committee meetings in 2015 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.






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.

THE BOARD OF DIRECTORS 2015



Name	Anders Skarin	Robert W. Andersson	Kjell Duveblad	Åsa Sundberg	Mats Lindoff	Torbjörn Nilsson	Eva Swedberg
Born	1948	1960	1954	1959	1961	1953	1968
Appointed	2005	2012	2008	2015	2010	2012	2012
Board position	Chairman since September 2011	Board member	Board member	Board member	Board member	Board member	Employee representative SI
Education	B.Sc. (Econ. And IT)	M.Sc. (Econ.) (Finland) and MBA (US)	B.Sc. in Business Administration, Stockholm School of Economics	M.Sc. (Eng.)	M.Sc. (Eng.) EE	M.Sc. (Eng.) and B.Sc. Business Administration	M.Sc. Engineering
Previous position	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.	President and CEO of mobile operator Net1, partner in a Nordic venture capital operation focusing on tech investments	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.	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,	Chairman of Enaco and directorships in a number of unlisted companies.	Board member of DGC ONE 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	15,000 (15,000)	0 (0)	10,000 (10,000)	0 (0)	990 (990)	0 (0)	3 412 (2 250)
Primary employment	Management consulting and directorships	EVP, Head of Region Europe, Telia Sonera	Management consultant and directorships	President and CEO of Teracom Boxer Group AB	Strategic consultant	Strategic consultant and directorships	Team Manager, OSE
Attendance, Board meetings	9/9	9/9	9/9	4/9	9/9	9/9	8/9
Committee positions	Chairman of Remuneration Committee	Audit Committee (Jan-May), Remuneration Committee (May-Dec)	Remuneration Committee (Jan-May) Chairman of Audit Committee (May-Dec)	Audit Committee	Non-member	Audit Committee	Non-member
Attendance, Committee meetings	3/3	Audit Committee 1/4 Remuneration Committee 0/3	Audit Committee 3/4 Remuneration Committee 3/3	3/4	–	4/4	–

MANAGEMENT 2015

								
Name	Anders Lidbeck	Håkan Rippe	Karl Mörner	Adrian Leufvén	Bogdan Putinica	Daniel Forsgren	Kirk Fuller	Fredrik Medin
Born	1962	1968	1975	1972	1977	1973	1958	1970
Employed since	2011	2009	1998	1998	2007	2006	2014	2015
Member of management since	2011	2009	2011	2008	2011	2014	2014	2015
Position	President and CEO	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	Senior Vice President, Marketing & Communication
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. Marketing & Sales Executive Program at IHM Business School, Stockholm
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 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.
Own and related parties' shareholdings 2015 (2014)	55,682 (through endowment insurance) (50,000)	24,644 (of which 14,644 through endowment insurance) (45,000)	1,546 (500)	21,000 (17,000)	10,822 (3,500)	12,395 (11,000)	0 (0)	0 (0)

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 2015, the Committee comprised Board members Anders Skarin (Chairman) and Kjell Duveblad. Kjell Duveblad was replaced by Robert Andersson after the AGM 2015. 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 2015.

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 three written reports to use as the basis for their review of the Board of Directors' work.

Auditors

The AGM 2015 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 2016.

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 2015, Enea's Auditors conducted a review of the Annual Financial Statements, whereupon the Auditors presented their Auditors' Report in the company's Annual Report 2015. 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 2015. The review of the third quarter Interim Report focuses on the company's internal control.

Group management

Since 2015, Enea's group management has consisted of Enea's CEO, CFO and seven division and line managers representing the organisation's functions. For more

information about group management, see page 23. Group management meets fortnightly to present progress reports on business conditions for each function and discuss other ongoing and relevant issues. In addition to 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.

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 page 23. Anders Lidbeck has no significant shareholdings in companies that Enea has a business relationship with.

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.

Guidelines for remuneration to senior executives are determined by the Annual General Meeting. Senior executives are defined as group management. 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. Remuneration to the CEO is decided by the Board of Directors on the basis of 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. 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 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.

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. In order 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, authorisation and responsibilities throughout the organisation 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 in order to evaluate the group's financial position on a continuous basis. The instructions to the CEO include matters on which the CEO requires authorisation 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 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, such as approvals and authorisation 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, 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 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 authorisation levels depending on the relevant staff member's role in the organisation.

The Board of Directors is presented with monthly progress reports. The reports are analysed 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 different 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 organisation 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 analysing 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 organisational 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 future 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 held scheduled fortnightly meetings in 2015 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

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 24.

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 group-wide 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.