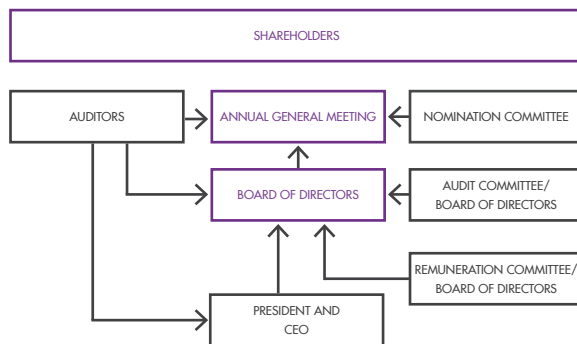


# Corporate governance report

## INTRODUCTION

Formpipe Software AB (publ) ("Formpipe") is a Swedish Public Limited company domiciled in Stockholm. In 2017, the Group had operations in Sweden, Denmark, the Netherlands, the United Kingdom, Germany and the USA. Governance, management and control of Formpipe is divided between the shareholders at the Annual General Meeting, the company Board of Directors, and the CEO in accordance with the Swedish Companies Act, the current Articles of Association, Nasdaq Stockholm Issuer Rules and the Swedish Code of Corporate Governance. The Formpipe Corporate Governance Report for 2017 describes the corporate governance, management, administration and internal controls for financial reporting within the company. The Swedish Code of Corporate Governance is based on the 'Comply or explain' principle, which permits companies using the code to choose an alternative to compliance with specific rules as long as the alternative is described and the reasons for choosing it are fully explained.



Corporate governance is essentially about how the company is to be managed and operated from the shareholder's perspective. Corporate governance at Formpipe is regulated by external regulations and internal steering documents.

### These external regulations include:

- Swedish Companies Act
- The Nasdaq Stockholm Rule Book for Issuers
- Applicable accounting legislation
- Swedish Corporate Governance Code

### Examples of internal regulations

- Articles of Association
- The instructions and work plan for the CEO and the Board
- Internal policies, handbooks and guidelines

## SHAREHOLDERS

On 31 December 2017, Formpipe had approximately 2,000 shareholders owning a total of 51,873,025 shares. The largest single shareholder as of 31 December 2017 was Aktiebolaget Grens specialisten, holding 10.2 per cent of voting rights and equity. The 20 largest shareholders owned a total of 70.9 per cent of voting rights and equity.

## ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) of the Shareholders is the Annual Shareholders Meeting where the Annual Report is presented. The share-

holders' right to influence the affairs of Formpipe is exercised at the shareholders' meeting as the company's highest decision-making body. The Annual General Meeting has several mandatory matters to address, including adopting the company's statement of financial position and income statement, and determining the disposition of the company's profit or loss, determining remuneration policies for senior executives and discharging the Board members and CEO from liability. The Annual General Meeting elects members to the Board of Directors as proposed by the nomination committee (see below) for the period to the next ordinary Annual General Meeting.

### Annual General Meeting 2017

The Formpipe Annual General Meeting was held on 25 April 2017 at the company's premises in Stockholm. Legal Counsel Johan Hessius was elected Chair of the Annual General Meeting. The company's Board of Directors, senior executives, nomination committee and auditors attended the meeting.

Company shareholders received advance notice at [www.formpipe.se](http://www.formpipe.se) of the time and location for the Annual General Meeting and of their right to have any matter addressed at the meeting within the required time limit. All shareholders who were registered in the company share registry and who provided timely notice of their intention to participate were entitled to take part in the meeting and vote for their shares.

### The resolutions passed included:

- Adopting the statement of financial position and income statement for the 2016 financial year.
- Re-election of the Board members Bo Nordlander (Chairman), Martin Henricson and Peter Lindström, and election of Åsa Landén Ericsson and Annikki Schaeferdiek as new Board members.
- Electing Bo Nordlander as Board Chair
- Authorisation to the Board to purchase and transfer treasury shares.
- Authorisation to the Board to buy-back warrants.
- Issuing of warrants for staff.
- Guidelines on remuneration of senior executives.

The minutes of the Annual General Meeting were published on the company's website two weeks after the meeting. The information from the Annual General Meeting, including the notice to attend, meeting minutes and information regarding the nomination committee is published at the Formpipe website, [www.formpipe.se](http://www.formpipe.se).

### Annual General Meeting 2018

The Formpipe Annual General Meeting of Shareholders 2018 will take place on 25 April at the company's premises in Stockholm. Information regarding shareholders providing notice of their intent to participate in the 2018 AGM will be available in advance at [www.formpipe.se](http://www.formpipe.se). This information will include a description of how shareholders may bring any matter before the meeting.

## NOMINATION COMMITTEE

The Nomination Committee work is begun by evaluating the sitting Board by the Chairman of the Board sending all Board members a survey covering the following main areas: strategy, reporting and control, composition and expertise and the Board's working methods. The results are then discussed in the Board as a separate agenda item and where comparison is done against previous years. The Chairman of the Board presents the results to

the Nomination Committee. The Nomination Committee normally also has individual meetings with all Board members. The the Nomination Committee applied rule 4.1 in the Swedish Corporate Governance Code and the policy for diversity for the Board in its work. Diversity is an important factor in the nomination work of the Nomination Committee. The Nomination Committee continuously strives for an even gender distribution and diversity in terms of competence, experience and background on the Board, which is also reflected in the current composition. The nomination committee's work must be characterised by openness and discussion so as to achieve a well balanced Board. The nomination committee nominates individuals to the Board for the next mandate period, who are then proposed to the Annual General Meeting for election. The nomination committee also proposes remuneration for the auditors and members of the Board of Directors, and for the election of auditors where necessary. The 2017 AGM resolved that the nomination committee for the 2018 AGM shall consist of four members. The Chairman of the Board shall contact the three largest shareholders or shareholder groups in terms of votes (this refers to both directly registered shareholders and trustee-registered shareholders) according to Euroclear Sweden AB's print-out of the share register as of the last day of trading in June of the current year (i.e. the year when the AGM that established the current principles was held) and other reliable information that was provided to the company at this time. Documented shareholding through pension or endowment insurance can be taken into account. These shareholders shall each appoint a representative, who with the Board Chair shall form the nomination committee for the mandate period to the next Annual General Meeting. The names of the nomination committee were published at the company's website no later than six months before the Annual General Meeting. The complete description of nomination committee policies will be contained in the document 'Nomination committee's proposals and explanatory statement regarding the proposed members of the Board of Directors' prior to the 2017 AGM at [www.formpipe.se](http://www.formpipe.se).

#### The members of the nomination committee for the period prior to the 2018 AGM are:

- Peter Larsson, Chairman of the Nomination Committee, representing a shareholder group consisting of himself, Thomas Bill, Martin Bjäringer, Carl Rosvall and Lars Sveder, 7,033,770 shares
- Jens Ismunden, representing AB Grenspecialisten, 5,296,351 shares.
- Staffan Ringvall, representing Handelsbanken Fonder, 2,564,063 shares
- Bo Nordlander, Chair of Formpipe Software AB, 318,159 shares

#### ARTICLES OF ASSOCIATION

The Articles of Association stipulate that Formpipe is a Public Limited company, which shall conduct business, directly or indirectly, in the specified fields and with all activities compatible therewith: consulting operations regarding Internet and Intranet solutions; consulting operations regarding information, management, and data processing; development and design of computer software and related products and services, including sales thereof in combination with suitable hardware; administration and trade in securities and real estate. The share capital for Formpipe shall amount to not less than SEK 2,000,000 and no more than SEK 8,000,000. The number of shares shall be no less than 20,000,000 and no more than 80,000,000. The Board of Directors shall consist of no less than three and no more than six members with no more than three deputies. The complete Articles of Association can be downloaded from [www.formpipe.se](http://www.formpipe.se).

#### BOARD OF DIRECTORS

##### The job of the Board of Directors

The job of the Board of Directors is to manage the company's affairs on behalf of its shareholders. The work of Formpipe's Board is governed, other than by applicable laws and recommendations, by the Board's work plan which contains the rules for the delegation of duties and decision-making powers between the Board and the CEO for financial reporting, investments and financing. The work plan is approved once a year.

#### Responsibilities of the Board

The Board of Directors at Formpipe has overall operational responsibility for the company's organisation and management, and to ensure that guidelines for managing company assets and funds are appropriate for their purpose. The Board is responsible to ensure the company is governed in accordance with the laws and ordinances, as well as the issuer rules of which the Swedish Code of Corporate Governance is part. The Board is also responsible for developing and monitoring the Group's strategies by means of plans and targets, decisions on acquisitions and divestments of companies, major investments, recruitments and remuneration to the Group executive, along with regular monitoring of operations over the year. The Board of Directors annually approves the year-end financial statement, with regard to the business plan, operations-related policies and the work plan for the CEO.

#### Work of the Board of Directors for 2017

The AGM on 25 April 2017 re-elected Bo Nordlander, Chairman, Martin Henricson, Board member, and Peter Lindström, Board member, and elected Åsa Landén Ericsson and Annikki Schaeferdiek as new Board members. The Board has held 10 meetings recorded in minutes, which considered the company's financial positions and reporting, the focus of business operations, acquisitions, market assessments, strategic alternatives and organisational issues.

#### The Board Chair

Bo Nordlander, the Chair for the Board of Directors, leads the Board's work to ensure it is carried out in accordance with applicable laws and regulations. The Chair monitors operations in dialogue with the CEO and is responsible for ensuring that all Board members receive the information necessary to conduct high quality discussions and decision-making. The Chair also participates in the evaluation and developmental issues related to the Group's senior managers.

#### The composition of the Board of Directors

Formpipe normally holds five general meetings of the Board of Directors annually plus an inaugural meeting immediately after the Annual General Meeting. Additional Board meetings are held as necessary. The Board consists of five full members and no deputies. The CEO is not part of the Board of Directors, but attends all Board meetings as a speaker except when the CEO's performance is under evaluation. The CEO reports to the Board regarding the operative activities of the Group and ensures that Board members receive factual and relevant information for their decision-making processes. In addition to the CEO, the company's CFO also attends as the secretary. The table below specifies the members of the Board of Directors and their assessment in regard to their independence in relation to the company and shareholders.

#### The Board's work plan

The Board's work plan was approved on 25 April 2017 and must be reviewed annually at the inaugural meeting of the Board. These procedures are also reviewed as required. The procedures include ☐ among other things ☐ the Board's responsibilities and tasks, the tasks of the Chairman of the Board and audit issues, as well as stating which reports and financial information should be received by the Board of Directors prior to each Ordinary General Meeting. The work plan also includes instructions to the CEO. An appendix regarding the Board's work as an audit committee and remuneration committee has been prepared and approved at the inaugural Board meeting of 25 April 2017.

#### AUDIT AND REMUNERATION COMMITTEE

The Board as a whole operates as the audit and remuneration committees. The description of tasks in regard to its work as an audit committee and remuneration committee is prepared and approved as an appendix to the approved work plan. The work plan with appendix was approved at the inaugural Board meeting on 25 April 2017. During 2017, the committees have held separate meetings to address these issues (two meetings each in the audit committee and remuneration committee).

Board of Directors	Participation/total meetings			Deemed independent	Other
	Board meetings	Aud. committee	Rem. committee		
Bo Nordlander Chairman of the Board since 2013 Board member since 2009 Year of birth: 1956 Shareholding: 318,159	10/10	Yes	Yes	Yes	Bo conducts his own operations within BosseN Consulting AB. Bo was formerly the CEO of SIX Financial Information Nordic AB (2010-2016). Head of Capital Market & Wealth, Tieto (2007-2009), CEO Abaris (2001-2007), Entra AB (1991-2001). Bo holds a degree in business administration from the School of Business, Economics and Law.
Martin Henricson Board member since 2016 Year of birth: 1961 Shareholding: 50,000	10/10	Yes	Yes	Yes	Martin has more than 20 years of experience in senior positions from international companies in IT/telecom, Internet and software, and is today the CEO of Outpost24 Group AB. Martin has a Bachelor of Science (behavioural science/accounting) and doctoral studies at Stockholm University.
Peter Lindström Board member since 2016 Year of birth: 1970 Shareholding: 30,000	10/10	Yes	Yes	Yes	Peter has an executive MBA from the School of Economics and Management at Lund University and an electrical engineering degree from the Faculty of Engineering at Lund University. Peter is the Head of the New Business department and a part of the management group of Axis Communications AB (publ). Peter has more than 20 years' extensive experience from senior roles in the IT industry, both at a regional and global level.
Annikki Schaeferdiek Board member since 2017 Year of birth: 1969 Shareholding: -	7, 7	Yes	Yes	Yes	Annikki holds a Master of Science in Engineering from the Institute of Technology at Linköping University. Annikki has 20 years' experience from the IT/telecom industry. Annikki worked among other things in Berglin for a small technology firm, as the CEO of Netwise, and the Business Area Manager of Ericsson's Multimedia unit and since 2010 runs her own company Syster P that makes jewellery and fashion accessories with sales in some 15 countries. Other assignments: member of the Boards of Proact IT AB and Syster P AB.
Åsa Landén Ericsson Board member since 2017 Year of birth: 1965 Shareholding: 7,500	7, 7	Yes	Yes	Yes	Åsa holds an MSc. in Industrial Economics from Chalmers University of Technology and an MBA from INSEAD. Åsa has more than 25 years' experience in senior positions in the IT and telecom sector. She is currently the President and CEO of C.A.G. Group AB. Earlier assignments include the CEO of the systems integrators Cygate AB, the CEO of the IT consulting firm Enfo BI & Analytics, President and CEO of ENEA AB, CEO of Scanpix Sweden AB, Board member of ENEA AB, Rejlers AB and Acando AB. Other assignments: member of the Boards of Grant Thornton Sweden AB (adj), Lindebergs Intressenter AB (adj) and Rhenman Global Opportunities Asset Management AB.

The composition of the Board of Directors for Formpipe meets the requirements of the Nasdaq Stockholm Stock Exchange and the Swedish Code of Corporate Governance in regard to composition and independent Board members.

## CEO AND GROUP MANAGEMENT

CEO Christian Sundin manages the Group and its operations within the framework approved by the Board of Directors.

Christian Sundin  
Chief Executive Officer  
Born 1971  
Employed since 2006  
Shareholding: 988,312  
Share options: 517,055

Christian was employed as CFO at Formpipe prior to taking over the CEO post in 2007. Christian has a background within the Ericsson Corporation and solid experience of implementing larger IT systems. Christian has a degree in Economics. Christian does not hold any material assignment

outside Formpipe and has no material shareholding or part ownership in any companies other than Formpipe.

The latest valid instruction to the CEO was passed by the Board on 25 April 2017. The CEO continuously prepares necessary documentation to inform and provide a basis for decision-making, and he explains and substantiates proposals for Board determination. The Board Chair conducts an annual performance assessment interview with the CEO in compliance with the CEO instruction and applicable requirements specification. The CEO leads the executive management of the Group in their activities and makes final decisions in consultation with the business area managers. An annual business plan is also prepared in consultation with the relevant business area manager. The business plan is followed up with monthly reports from each business area within the company, where the review concentrates on growth and cost control.

## AUDITORS

The Annual General Meeting of shareholders appoints one or two auditors with no more than two deputies for the purpose of auditing the company financial statements and annual accounts, as well as the work of the administration of the Board of Directors and CEO. Chief Auditor is Aleksander Lyckow from PricewaterhouseCoopers AB.

## INTERNAL CONTROL REGARDING FINANCIAL REPORTING FOR THE 2017 FINANCIAL YEAR

The report has been prepared in compliance with the Swedish Code of Corporate Governance and is thereby delimited to the internal control regarding financial reporting. The Board of Directors is responsible for managing corporate governance at Formpipe and thereby for management of internal controls. The overall purpose for this is to protect the company's assets and thereby the investment of all shareholders. The Board is also responsible for ensuring that financial reporting is prepared in compliance with applicable law. Quality assurance of Formpipe's financial reporting is conducted by the Board, addressing all critical accounting issues and the financial reports submitted by the company. This presumes that the Board addresses issues concerning internal control, regulatory compliance, material uncertainties in recognised values, any uncorrected errors, events after the statement of financial position date, changes to estimates and assessments, any determined irregularities and other circumstances that impact the quality of these financial reports.

### Description of the internal control organisation

#### Control environment

An active and fully engaged Board of Directors is the foundation for good internal control. The Board at Formpipe has established clear working processes and work plans for their administration. An important part of work in the Board is to prepare and approve basic policies, guidelines and frameworks related to both operating control and financial reporting. The company's governing documents are designated "The Board of Director's Work plan and instruction for delegation of responsibilities between the Board and Chief Executive Officer and instruction for economic reporting to the Board of Directors in Formpipe (including subsidiaries and branches)". The purpose of this policy includes creating the basis for sound internal control. Follow-up and amendment are conducted continuously and communicated to all staff members involved in financial reporting. The Board conducts monthly assessment of operational performance and results using a purpose-designed reporting package that contains income statement and calculated key ratios along with additional material operational and financial information. The Board functions in its entirety as an Audit Committee. The Board has reviewed and assessed the accounting and economic reporting procedures, and monitored and assessed the work, qualifications and independence of the external auditors. During the year, the Board conducted a review and received written reports from the company's external auditors. Other established policies that provide the basis for internal control within Formpipe are the Authorisation Policy, Financing Policy, Information Policy and IT Policy. Formpipe works according to a function-based organisational structure where the respective function manager is a member of the management group and responsible for the work results within that function. All functions in Formpipe have the same structure, accounting system, accounting plan and policies, which facilitates the creation of suitable procedures and control systems.

#### Risk assessment

Formpipe actively and continuously conducts risk analyses, risk assessments and risk management to ensure that the risks the company faces are managed appropriately within established rules. These risk assessments consider the company's administrative procedures regarding invoicing and agreement management. Statement of financial position and income items that carry material risk for errors arising are monitored also continuously. The items carrying such risk for company operations include new sales and recurring revenues. The risk assessment is conducted regularly by senior executives and reported monthly to the Board by the CEO.

## Control activities

Policies and guidelines define how correct accounting, reporting and provision of information shall take place and how control activities are to be performed. Formpipe follows its Financial Guidelines, which include treatment of control activities such as reconciliation, authorisation flows, account reconciliations, financial systems and comparative metrics. The control structure manages the risks that the Board deems material to internal control of financial reporting. These control structures consist of clear delegation of responsibilities, clear procedures and clear roles. Examples of control activities include reporting decision-making processes and chains of command for significant decisions (such as new major customers, investments, agreements and similar) as well as auditing all financial reports that are presented.

## Information and communication

The company's steering documents, which are the policies, guidelines and manuals for internal and external communication, are updated regularly and communicated internally through appropriate channels, such as internal meetings, internal newsletters and the company intranet. A clear policy is established for communication with external parties that specifies all guidelines for how this information is to be published – the approved company Information Policy. The purpose of this policy is to ensure complete and correct compliance with all disclosure requirements for Formpipe according to applicable Issuer rules.

## Follow-up and monitoring

Follow-up of internal control is appropriate and conducted regularly by the company. The Board of Directors meets at least once a year with the company's auditors to review the current standing, without the CEO or other senior executives attending. The Board also ensures that the company's auditors conduct a cursory review of the financial reporting from the third quarter. Lastly, the auditors also submit a brief report on how internal control was done during the year. The Board annually assesses whether a separate internal audit function should be implemented at Formpipe. The current position of the Board on this issue is that the existing processes provide satisfactory management of this ongoing process and of internal control, and hence no formal internal auditing function has been implemented.

## GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

The AGM resolved to approve the proposal of the Board for guidelines to remuneration for the company's Chief Executive Officer and other senior executives as follows. The AGM resolution principally agrees with previously applied policies for remuneration. The guidelines apply for agreements that are made after the 2017 Annual General Meeting, or where a change in remuneration occurs thereafter. The Board has not appointed a separate remuneration committee; instead, the Board in its entirety deals with issues relating to remuneration and other conditions of employment. The company shall offer market-adjusted terms which allow the company to recruit and retain skilled personnel. Remuneration to senior executives shall consist of basic salary, variable remuneration, a long-term incentive programme, pensions, severance terms and other customary benefits. The remuneration is based on the individual's commitment and performance in relation to targets defined in advance, both individual targets and shared targets for the company as a whole. There is continuous evaluation of individual performance. The basic salary is usually reviewed once a year and must take into account the quality of the individual's performance.

The basic salary for the Managing Director and other senior executives must be competitive. The variable remuneration shall take into account the individual's level of responsibility and degree of influence. The extent of the variable remuneration is related to the extent by which financial objectives established by the Group's Board of Directors are met. The variable remuneration shall constitute no more than 40 per cent in addition to the basic salary. All variable remuneration plans have defined maximum allocation and outcome limits. A provision is made in the annual accounts for variable remuneration attributable to the financial year when

applicable and is disbursed in close connection with the Annual General Meeting. The company has stock-related incentive programmes directed at the entire staff (including the Chief Executive Officer and other senior executives) that is intended to promote the company's long-term interests. The Board continuously evaluates whether additional option programmes or any other form of stock-related or stock price-related incentive programme should be proposed to the Annual General Meeting. The Chief Executive Officer and other senior executives shall have defined contribution pension agreements. Retirement occurs at age 65 for the Chief Executive Officer and the senior executives. Pension provisions are based solely on the fixed salary. In the event of termination of the employment of the Chief Executive Officer, six months' notice of termination and six months' severance pay will apply if the contract is terminated by the company. Other income which the Chief Executive Officer receives during the period for which severance pay is paid will be subtracted from the severance pay. If the Chief Executive Officer terminates the contract, six months' notice must be given. A mutual notice period of 3 to 6 months applies between the company and the other senior executives. In the event the company is the object of a public takeover bid that results in at least 30 per cent of the company's shares ending up in the possession of one and the same shareholder, the Chief Executive Officer is entitled, upon termination of employment by the company or the Chief Executive Officer, to special severance pay corresponding to 12 basic monthly salaries at the time notice is given. Such severance pay is not subject to deduction for other income, shall be paid in its entirety upon the cessation of the employment and replaces the severance pay to which the Chief Executive Officer is normally entitled according to his or her employment contract.

The Annual General Meeting provided the Board of Directors with an opportunity to deviate from the proposed guidelines above in the event there are particular grounds for doing so in specific cases.

The guidelines proposed to the 2018 Annual General Meeting for remuneration to senior executives remain unchanged from 2017.

## REMUNERATION

### Remuneration to the Board

The 2017 AGM resolved that the total remuneration to the members of the Board for the current year shall be KSEK 1,050, of which KSEK 350 is for the Board Chair and KSEK 175 for each member (Note 7).

### Remuneration to the CEO and senior executives

Christian Sundins fixed remuneration in 2017 amounted to KSEK 2,040 and the variable remuneration amounted to KSEK 221 in accordance with set targets. In addition to this, pension in an amount of KSEK 518 and other remuneration amounting to KSEK 124 were expensed during the year (Note 7).

### Remuneration to other senior executives

Basic salary for other senior executives for 2017 was KSEK 4,556. Variable remuneration for the same period totalled KSEK 189 and pension contributions were KSEK 358. Other remuneration totalled KSEK 56 (Note 7).

### Remuneration to the auditors

Remuneration to the auditors is made on account in accordance with the recommendations of the nomination committee. A total of KSEK 1,402 was paid in fees to the auditors and auditing company for 2017. The total refers to work for auditing, regular advice and other reviews (Note 6).