

Corporate Governance Report

Rejlers AB (publ) is a Swedish public limited company whose Class B share is noted on the Nasdaq OMX, Nordic list in the Small Cap segment. The company has applied the Swedish Corporate Governance Code since 1 July 2008 and herewith submits its 2015 Corporate Governance Report.

General

Rejlers corporate governance is based on the Swedish Companies Act, the articles of association as approved by the shareholders and obligations the company has undertaken through contracts such as the listing contract with Nasdaq OMX. As a result of the listing contract, the company has applied the Swedish Corporate Governance Code since 1 July 2008. In addition to this, the company is required to comply with applicable Swedish and foreign laws and regulations.

Shareholders

The the company's Class B shares have been noted on the NASDAQ OMX Nordic list, the regulated market for share trading, since 18 December 2006. Before then, the share had been listed on the Nordic Growth Market, NGM, since 8 May 2003.

New emissions increase the number of shares during the year from 12,321,721 to 12,921,721 divided into 1,251,250 Class A shares and 11,670,471 Class B shares. The number of votes increased by 600,000 from 23,582,971 to 24,182,971 and share capital increased by SEK 1,200,000 to SEK 25,843.44. The new share issue was equivalent to 4.64 per cent of share capital and 2.48 per cent of the votes in the company after the issue.

Upon request from the shareholder, Class A shares may be transformed into Class B shares. There is no limit to how many votes a shareholder may cast at the AGM. Class A shares confer 10 votes per share while Class B shares confer 1 vote per share. Shareholders with more than 10 per cent of the votes are Peter Rejler and Jan Rejler through a company.

Annual General Meeting and shareholders' meeting

The Annual General Meeting (AGM) is the company's highest decision-making body in which all shareholders have the right to participate in the decisions. If an individual shareholder wishes to have a matter for resolution taken up at the AGM, it must be submitted in writing to the Board no later than seven weeks before the AGM. In accordance with the articles of association, notice to attend must promulgated in the Official Swedish Gazette (Post- och Inrikes Tidningar) and posted on the company's website. Information regarding the promulgation of a notice to attend must be provided in an advertisement in Dagens Nyheter.

The company's AGM in respect of the 2014 financial year took place on 4 May 2015 in Stockholm; the AGM was attended by 29 shareholders who represented 74.8 per cent of the company's votes and 56.1 per cent of equity. The company auditor and all of the Board members elected by the AGM were present at the meeting. The AGM was chaired by Chairman of the Board, Ivar Verner. Minutes from the AGM are available on the company website.

The AGM resolved, inter alia:

- To pay a dividend of SEK 2.00 per share as proposed by the Board.
- To discharge the members of the Board and CEO from liability as proposed by the auditor.
- To re-elect Ivar Verner as Chairman of the Board as proposed by the nomination committee. In addition, the AGM resolved to re-elect Peter Rejler, Jan Samuelsson, Anders Jonsson, Helena Nordman-Knutson and Thord Wilkne as members of the Board.
- The adoption of principles for nomination committee assignments and appointments and the guidelines for remuneration to senior executives.
- To authorize the Board to pass a resolution for the issue of a maximum of 600,000 Class B shares without the right of priority for existing shareholders.

All of the AGM resolutions were passed unanimously. The company did not hold any other shareholders meetings in addition to the AGM during 2015. The 2016 AGM in respect of the 2015 financial year will be held on 9 May 2016 in Stockholm.

Nomination committee

The nomination committee nominates members to Rejlers' Board who are then proposed to the AGM. The nomination committee's assignment begins with an evaluation of the incumbent Board. When making nominations to the future Board, the nomination committee takes into consideration the potential members' strategic skills, education and any other Board work.

The nomination committee also solicits points of view from the principal owners. The nomination committee submits proposals regarding remunerations to members of the Board at the AGM. The nomination committee also submits proposals regarding the election of auditors. Instructions for the nomination committee are resolved by the AGM. The nomination committee charged with preparing agenda items prior to the 2016 AGM consists of Kent Hägglund representing Peter Rejler, Martina Rejler representing Jan Rejler and Johan Lannebo representing Lannebo Fonder.

The nomination committee must draft proposals regarding: the AGM chair, the number of Board members, fees to Board members, Board members and Chairman of the Board, the number of auditors, how the nomination committee should be appointed before the 2016 AGM and the nomination committee's assignment.

As the basis for the nomination committee's work, the chairman of the Board and the CEO submitted a report on the work of the Board during the year. Furthermore, an annual evaluation of the Board was carried out on behalf of the nomination committee.

Board of Directors

Rejlers Board and the Chairman of the Board are appointed by the AGM. The Board approves Rejlers strategy and objectives, ensures effective evaluation of operation and monitors the company's development and financial situation. The Board comprised eight members up until the 2015 AGM. Since the AGM, the Board has comprised six members, who are presented in more detail on page 13. The Board held 10 minuted meetings

during the 2015 financial year. Average attendance was 98 per cent, and on average Board meetings lasted around three hours. Representatives from Group management and other management personnel regularly attended Board meetings during the year to discuss issues in their respective areas. In addition to the Board meetings mentioned above, the Board holds minuted teleconferences for updates on current issues. No Board decisions are taken during teleconferences.

The Board is also responsible for acquisitions and disposals of operations, major investments appointments and remunerations to Group management. The Board also approves business plans, the annual accounts and monitors the work of the CEO.

The trades unions have appointed Björn Lauber and Sten Pettersson as Board members.

Ivar Verner was elected by the Annual General Meeting as the Chairman of the Board. The statutory meeting of the new Board resolved to set up an audit committee comprising Jan Samuelsson (chair) Helena Nordman-Knutson and Ivar Verner, and that the Board in its entirety would constitute the remunerations committee. It was also resolved to establish a projects/investment committee comprising Peter Rejler and Ivar Verner.

In addition to company President, Peter Rejler (Board member), other salaried employees from the organization take part in the work of the Board to report on specific matters.

The Board's rules of procedure

The Board has not allocated any specific areas of responsibility internally between its members. In addition to the allocation of responsibility that applies generally under the Swedish Companies Act, the Articles Of Association and the Swedish Code of Corporate Governance, the Board's work is governed by its rules of procedure, which stipulate inter alia that the Board must:

- In addition to the statutory meeting, hold five ordinary meetings
- Establish the overarching objectives for the company's operations and decide on company's strategy
- Approve the budget and corresponding long-term plans including the investment budget
- Address issues regarding investments and similar in amounts that exceed SEK 15 million where these fall outside the approved investment budget
- Decide on the purchase and sale of real estate, shares or the acquisition of another company's operations that exceeds SEK 5 million
- Decide on the formation and capitalization of subsidiaries in amounts that exceed SEK 1 million
- Appoint an audit committee
- Appoint a projects/investment committee
- Approve the annual accounts, administration report and interim reports
- Approve the raising of loans in excess of SEK 5 million
- Initiate major processes and the settlement of disputes of material significance
- Other issues of material financial or other significance

Board composition

Name	Function	Independent	Elected	Present
Ivar Verner	Chairman	Yes	2010	10/10
Thord Wilkne	Board member	Yes	2007	10/10
Peter Rejler ¹⁾	Board member	No	2010	10/10
Jan Samuelsson	Board member	Yes	2010	10/10
Anders Jonsson	Board member	Yes	2011	9/10
Helena Nordman-Knutson	Board member	Yes	2014	10/10
Åsa Söderström Jerring	Board member	Yes	2007	3/3
Lauri Valkonen ²⁾	Board member	No	2002	3/3

¹⁾ Dependent in relation to the company through employment as well as major shareholder.

²⁾ Dependent due to previous employment and major shareholder.

The following items must be taken up at every ordinary Board meeting:

- A report on the company's activities including its financial management
- A report on exceptional measures taken or events occurring between Board meetings
- The development of major projects in progress and anticipated business events
- A report on existing or potential disputes that may have a significant impact on the company's operations

The Chairman of the Board is the link between the President and its other members. The Chairman is tasked with directing the work of the Board and ensuring that the Board complies with applicable laws, rules and recommendations.

The Board is evaluated on an ongoing basis, both in respect of the Board as a whole and its individual Board Members. During 2015, the evaluation was carried out in the form of a Board questionnaire under the direction of the nomination committee. The entire Board took part in the questionnaire and discussed the evaluation. On the same occasion the Board evaluated the President and the company's management in their absence, but with the company auditor present. The company auditor participated in one Board meeting in connection with closing the annual accounts. The company's interim report for the third quarter was reviewed by the company's auditor and reported to the Board's audit committee.

Audit committee

initiative, monitor legislation, regulations, listing agreements and compliance with the Swedish Corporate Governance Code. The audit committee also makes sure that other assignments in addition to audits carried out by the company's auditors are within the framework of approved policy.

During the year, the audit committee also followed up on operational control of commissioned work and the instructions that apply from preparing quotes up to completed delivery within an assignment.

In addition, the audit committee monitors changes to audit rules that may have an effect on the company's financial reporting and the external financial disclosures, and it also evaluates the need for an annual internal audit.

Projects/investment committee

At its statutory meeting following the 2015 AGM, the Board appointed a projects/investment committee comprising Ivar Verner (chairman) and Peter Rejler. The investment committee had three meetings during the year with everyone present. The committee reporter is usually the company's CFO.

The principal task of the investment committee is to discuss matters relating to investments that require a Board decision.

Remunerations committee

The Board has decided not to appoint a special remunerations committee. Instead, the Board in its entirety will constitute a remuneration committee and will address e.g. remunerations and employment issues regarding the President and the other senior executives based on the guidelines adopted by the AGM. The remunerations committee is represented by the Chairman of the Board in negotiations with the President.

Remuneration

Resolutions were made during the 2015 AGM regarding guidelines for remunerations to the CEO and senior executives. These were mainly the same as in previous years. The main principle for these guidelines is that senior executive at Rejlers must be offered remunerations on market terms to enable the company to attract, develop and retain key individuals. The remuneration structure may be made up of a basic salary, variable remuneration and in certain cases other benefits. The variable remuneration for senior executives is limited to a maximum 60 per cent of basic salary. The full guidelines are available appended to the AGM minutes and on the company website. The term senior executives refers to the members of the Group's management group.

The AGM approved remunerations to the Board in the amount of SEK 340,000 to the Chairman of the Board and SEK 160,000 each to those of the other members who are not Rejlers employees. An additional SEK 160,000 was set aside for committee work.

See Note 7 to the annual accounts for remuneration to the Board.

President and Group management

The President is appointed by the Board and is tasked with the day-to-day administration of the company in accordance with the guidelines and instructions contained in law, the articles of association and the internal work instructions.

Day-to-day administration includes all measures that, in consideration of the scope and nature of the company's operations, are of an unusual character or of great significance or are expressly defined as falling within the responsibility of the Board.

Peter Rejler has been President and CEO for Rejlers since 1 April 2014. He was born in 1966 and has worked within Rejlers since 1998. In 1999, he took up his post as President of Rejlers' operations until 2012. During the period 2012-2014 he was executive Chairman of the Board but returned

to his role as president as of 1 April 2014. From the beginning of August 2014, Peter also held the position of CEO for Rejlers' Swedish operation. Peter holds a Master of Science in Engineering from Chalmers and an undergraduate qualification in electrical and telecoms technology.

The President directs the work of Group management and makes decisions in consultation with other members of the management team. Group management holds regular meetings under the direction of the President. Between these meetings regular checks are made regarding the status of each operation. Group management prepares an annual business plan which is followed up through monthly reports that focus on profitability, cost control and cash flow. Group management comprised the President, the CFO, the Heads of operations for Sweden, Norway and Finland, the Head of IT Solutions, the CIO and the Head of HR, in all six members.

Information about the President and the members of the group management team, their ages, education and shareholdings, is available in the Group Management section on page 14.

Audits

The AGM's tasks include selecting an auditor. The 2013 AGM elected Deloitte as auditors, with authorized public accountant Birgitta Lööf as auditor-in-charge. Deloitte audits all active Rejlers companies in Sweden, Finland and Norway which were wholly owned by Rejlers during 2015. The auditor works from an audit plan and reports her observations to the audit committee on an ongoing basis throughout the year. Reporting to the Board takes place in conjunction with the annual closing of accounts.

A review of internal procedures and control systems is also carried out in conjunction with the audit review.

In addition to the audit review, Deloitte was also engaged for other assignments. Among other things, the work included tax and acquisitions issues along with various audit issues (see also Note 8 to the annual accounts). All of the assignments fall within the framework of policy laid down by the audit committee.

Remunerations to the company auditors for 2015 and 2014 are presented in the Annual Report.

Financial reporting and information

Rejlers provides the market with regular information on the progress and financial position of the company. Information is provided regularly in the form of:

- Interim reports
- Rejlers' annual report
- Press releases about news and events that may materially affect the valuation and future prospects of the company. Rejlers' policy is to publish orders that are of strategic value
- Presentations for financial analysts, investors and media
- Rejlers' website – www.rejlers.com – where the information described above is available

The Board's description of the internal control system and risk management

Control environment

The control environment constitutes the basis of internal control. The control environment creates the culture upon which Rejlers operates and defines standards and guidelines for the operation's actions. In practical terms, the control environment consists of documented guidelines.

manuals and instructions disseminated throughout the organization. The quality management system is supplemented by a series of documented directives, which include a financial manual containing policies for accounting and financial management together with the information policy. Rejlers maintains a quality management system that includes procedures, instructions and templates for relevant processes. Rejlers is always busy developing and improving quality and processes in order to meet the standards customers, suppliers and employees demand of a consultancy. The organizational structure is transparent, with defined roles and responsibilities that are communicated through documented work instructions for the Board, Board committees, the President and managers in the Group. There are rules of procedure for the Board and instructions for the CEO of each company in the Group, based on the same principles as those for Rejlers AB.

Each company has a board tasked with continuously ensuring compliance with the overall guidelines and policies and making regular assessments of the company's financial situation. The boards each have at their disposal a president, who in the larger subsidiaries also has a management group. In each of the countries concerned, the Rejlers organization allows local units great independence. Managers at all levels have clearly assigned responsibilities and powers to develop their operations based on local conditions and their customers' needs. Regular evaluations are conducted in the organization at both function and departmental level in order to ensure relevant knowledge of financial reporting in the organization. The aim is the ability to guarantee with reasonable certainty that Rejlers' short-term and long-term targets are achieved. The aim of risk management and internal controls in connection with financial reporting is the ability to guarantee with reasonable certainty that the external financial reporting is reliable with regard to interim reporting, annual reporting and the annual accounts, and to ensure that the external financial reporting is prepared in accordance with laws, applicable financial reporting standards and other requirements that must be met by listed companies.

Information and communication

The most important documents regarding financial reporting are updated continuously and communicated to relevant employees through the

company's intranet, information letters, regular meetings etc. There are established information channels to communicate to employees in the organization as effectively as possible. Rejlers also has an information policy in regard to both internal and external communication.

Control activities

The control structure is designed to manage the risks the Board and the senior management consider significant for operational activities, compliance with laws and regulations and financial reporting. Defined decision-making procedures, including an authorization manual, are established e.g. for investments and signing of contracts. Where appropriate, automatic controls specifically related to financial reporting have been established. Most control activities are integrated into the company's key processes such as order booking, revenue recognition, investments, supplier contracts and purchases. To ensure risks in customer projects are noted, managed and correctly reflected in financial reporting, a separate function has been set up – the project building – to carry out regular checks to ensure customer projects are run in compliance with Rejlers' quality management system in regard to both implementation and financial follow-up. The IT structure is designed to manage potential IT-related risks with checks in the IT systems related to the processes that have an impact on financial reporting.

Monitoring

Each unit head is responsible for ensuring adequate internal control in the unit concerned and for ensuring that the units comply with the Group's directives for financial reporting. In addition, the internal control structure of separate, decentralized functions is reviewed by a special function. Because the Board considers Rejlers' significant areas of risk to be covered by the reviews carried out, it sees no current need to set up a separate function for internal audit at present.

Stockholm 06 April 2016
Board of Directors Rejlers AB