

# Corporate Governance Report 2013

SENSYS Traffic is a Swedish public limited liability company with corporate registration number 556215-4459. The company has its registered office Jönköping and is listed on the Small Cap list of the NASDAQ OMX Stockholm exchange. The governance of the company is based on external as well as internal governing documents.

## EXTERNAL GOVERNANCE SYSTEMS

The external governance systems, which provide a framework for corporate governance at SENSYS Traffic, include the Swedish Companies Act and Annual Accounts Act. Furthermore, SENSYS Traffic observes the terms of the listing agreement with NASDAQ OMX Stockholm ("the Stockholm Stock Exchange") and the Swedish Corporate Governance Code.

Governance, management and control are spread among the shareholders at the Annual General Meeting, the Board of Directors and the Chief Executive Officer in accordance with Swedish corporate law, the Swedish Corporate Governance Code and the company's Articles of Association.

## INTERNAL GOVERNANCE SYSTEMS

The most important internal governing document is the Articles of Association adopted by the general shareholders' meeting followed by the rules of procedure for the Board of Directors and the CEO instructions. The company has

also adopted a number of policies and guidelines containing binding rules for the company.

## APPOINTMENT AND DISMISSAL OF BOARD MEMBERS

The Articles of Association contain no specific provisions on the appointment or dismissal of Board members.

## SHAREHOLDERS

SENSYS Traffic's shares have been listed on the Stockholm Stock Exchange since 2001. SENSYS Traffic has a share capital of SEK 27.1 million. The number of outstanding shares of SENSYS Traffic at year-end was 541,234,314 and the number of shareholders 10,884. All shares carry the same voting rights and entitle the holder to the same share of company's earnings and capital. For further information about the ownership structure, trading and share price movements, see page 10.

The Articles of Association do not contain any conditions concerning voting right restrictions.

## ANNUAL GENERAL MEETING

The highest decision-making body is the Annual General Meeting. Shareholders who wish to participate in the Annual General Meeting must be entered in the register of shareholders five working days before the Annual General Meeting and notify the company in accordance with the notice of the meeting. Notice of the Annual General Meeting is given no earlier than six weeks and no later than four weeks before the Annual General Meeting by means of an advertisement placed in the publications *Post* and *Inrikes Tidningar*, as well as on the company's website. The fact that notice of the AGM has been given is advertised in *Dagens Industri*.

## ARTICLES OF ASSOCIATION

The Articles of Association of SENSYS Traffic AB state that the company's business is to develop and market traffic enforcement and traffic informatics products. The Board of Directors shall consist of at least three and no more than seven Board members with no more than three Deputy Board members. The Board of Directors shall have its registered office in Jönköping in the Municipality of Jönköping. The company's accounts

shall be examined by one or two auditors with up to two deputy auditors or a registered auditing firm.

## ANNUAL GENERAL MEETING 2013

The Annual General Meeting of Shareholders in SENSYS Traffic was held on Thursday 16 April 2013 in Jönköping. 22 (15) shareholders or their representatives, were present at the Meeting, representing approximately 17 per cent (9) of the votes. Peter Svensson was elected Chairman of the Meeting. All Board members elected by the AGM were present, with the exception of Torbjörn Sandberg and Gunnar Jardelöv.

The Chief Executive Officer informed the Annual General Meeting of the development and position of the company and commented on the results for 2012 and the first quarter of 2013. During the Annual General Meeting, shareholders were given the opportunity to ask questions, which were answered during the AGM.

## RESOLUTIONS

The minutes of the AGM can be found on SENSYS Traffic's website. The following are some of the resolutions passed by the AGM:

- » That no dividend be paid for the financial year 2012, in accordance with the proposal of the Board of Directors and CEO (SEK 0.00 per share for financial year 2011).
- » That the Board of Directors should consist of 6 Board members (6), all of whom were re-elected: Jeanette Jakobsson, Anders Norling, Claes Ödman, Ingemar Skogö, Torbjörn Sandberg and Gunnar Jardelöv.
- » Re-election of Chairman of the Board Peter Svensson.
- » The AGM adopted the Annual Report for 2012 submitted by the Board of Directors and Chief Executive Officer, passed a resolution on the appropriation of the company's profits and discharged the Members of the Board and the Chief Executive Officer from personal liability.
- » That remuneration of the Board of Directors and auditors should be in accordance with the proposal of the nominating committee. A resolution was also passed on guidelines for the remuneration of senior executives.

Re-election of Öhrlings PricewaterhouseCoopers (PwC) as auditing firm with the auditors Martin Odqvist and



Magnus Brändström for the period until the Annual General Meeting 2014.

## NOMINATING COMMITTEE

In accordance with a resolution passed at the 2013 AGM, a nominating committee was elected with the task of presenting proposals concerning the number of Board members and the composition of the Board of Directors. The nominating committee consists of Lars Gunnar Bertson, Jan Johanson (chairman), Anders Bergstrand and Andre Vatsgar.

In 2009 the nominating committee performed an assessment of the work of the Board as well as its size and composition on the basis of requirements contained in the Swedish Corporate Governance Code. The nominating committee's proposals with regard to the election and remuneration of Board members was presented in the notice of the Annual General Meeting as well as on the company's website.

No remuneration has been paid for the work of the nominating committee.

All shareholders are entitled to approach the nominating committee with proposals concerning the Members of the Board and remuneration. Proposals must be sent to the chairman of the nominating committee. No such proposals were received before the Annual General Meeting in 2013.

## BOARD OF DIRECTORS

The Board of Directors makes decisions relating to SENSYS Traffic's strategic focus, funding, investments, acquisitions, sales, organisational issues, and rules and policies.

The Board monitors business operations partly through their own work and partly through periodical reporting. Informal contact is also maintained among the members of the Board. In financial year 2009, the Board held eight minuted meetings. Following election at the Annual General Meeting, a Board meeting was held during which resolutions were passed concerning signing for the company, the Board's rules of procedure, CEO instructions and scheduled Board meetings throughout the year. Four of the Board meetings were held before interim reports. The CEO took part in all the Board meetings to present the reports. During 2013, Chief Financial Officer Helena Claesson performed the secretarial duties. For information on the Chief Executive Officer, see page 37 of the Annual Report.

The Board has also held two minuted strategy meetings with the company's management.

## Special committees

The Board does not include any special committees.

The whole Board takes responsibility for and makes decisions concerning the salaries of the CEO and the company's management, other conditions of employment and incentives programmes on the basis of policies determined by the Annual General Meeting.

All members of the Board of Directors assume responsibility for ensuring that audit activities are conducted in an effective manner and that the company has appropriate internal control procedures in place and produces high-quality financial reports. The Board fulfils this duty by maintaining regular contact with the auditors and by examining their plan for the audit activities and the remuneration for this work.

According to the Swedish Corporate Governance Code, the majority of the elected Board members must be independent in relation to the company and company's senior executives. At least two of these must also be independent in relation to the company's largest shareholders. All members of the SENSYS Traffic's Board are independent in relation to the company and in relation to the company's largest shareholders.

## ASSESSMENT OF THE WORK OF THE BOARD

The Chairman is responsible for the assessment of the work of the Board while the Chief Financial Officer compiles the assessment of the Chairman of the Board. The Chairman is also responsible for ensuring that the assessments are submitted to the nominating committee.

## MANAGEMENT TEAM

The CEO leads the activities in accordance with the adopted rules of procedure governing the relationship between the CEO and Board and the CEO instructions. The CEO is responsible for keeping the Board of Directors up-to-date and for ensuring that the Board has all necessary decision guidance documents and that these are as comprehensive as possible. The CEO and management team hold regular meetings to review the company's results and plan and discuss strategic issues. At year-end the management team consisted of Johan Frilund, Helena Claesson, Jörgen Andersson, Göran Löfqvist, Magnus Ferlander and Kjell Lundgren.

The Board is responsible for ensuring that there is an effective system for internal control and risk management. Responsibility for creating a good environment for working on these issues

has been delegated to the CEO. The management team has this responsibility in its respective areas. Authorities and responsibilities are defined in guidelines, descriptions of responsibilities and authorisation instructions.

## AUDITING WORK

The authorised public accountants Martin Odqvist and Magnus Brändström from PwC have been elected as auditors for the period until the end of the 2014 Annual General Meeting. At the first Board meeting of the year, the auditor reported his observations concerning the financial audit of the company's internal controls and accounts.

## INTERNAL CONTROL

The purpose of internal control is to create an effective decision-making process in which requirements, goals and frameworks are clearly defined. Ultimately, internal control is aimed at protecting the company's assets and thereby the shareholders' investment. The company has also a set of internal instructions, routines, systems and a specified division of roles and responsibilities in place to improve internal control.

## FINANCIAL REPORTING

The company's results and development are followed up on a monthly and quarterly basis and reported with analyses and comments to the Board. The company's business plan and reviews of the business plan constitute an important means of ensuring internal control. The company's financial reporting complies with the laws and regulations applicable to companies listed on the Stockholm Stock Exchange.

SENSYS Traffic does not have a separate review function (internal audit) as the Board came to the conclusion that there are no special circumstances in operations or other conditions to warrant such a function.

## DISSEMINATION OF INFORMATION

In accordance with the listing agreement with the Stockholm Stock Exchange, SENSYS Traffic disseminates information to shareholders and other interested parties through the publication of press releases, financial statements, interim reports and annual reports. Information is also presented on the company's website, [www.sensys.se](http://www.sensys.se).

The company's information policy in a separate document ratified by the Board of Directors.