



NASDAQ Stockholm: **FINGB**

ISIN: **SE0008374250**

MEETING DATE: 20 APRIL 2017

RECORD DATE: 12 APRIL 2017

PUBLISH DATE: 03 APRIL 2017

INDEX MEMBERSHIP: OMX STOCKHOLM 30; OMX NORDIC ALL-SHARE

SECTOR: INFORMATION TECHNOLOGY

INDUSTRY: ELECTRONIC EQUIPMENT, INSTRUMENTS AND COMPONENTS

COMPANY DESCRIPTION

Fingerprint Cards AB (publ) develops, produces, and markets biometric systems and technologies that verify a person's identity through the analysis and matching of an individual's unique fingerprint.

COUNTRY OF TRADE: SWEDEN

COUNTRY OF INCORPORATION: SWEDEN

VOTING IMPEDIMENT: NONE

DISCLOSURES: NONE

OWNERSHIP	ESG PROFILE	REMUNERATION	PREVIOUS BOARD	VOTE RESULTS	APPENDIX
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2017 ANNUAL MEETING

PROPOSAL	ISSUE	BOARD	GLASS LEWIS	CONCERNS
1.00	Opening of Meeting	FOR	FOR	
2.00	Election of Presiding Chair	FOR	FOR	
3.00	Voting List	FOR	FOR	
4.00	Agenda	FOR	FOR	
5.00	Minutes	FOR	FOR	
6.00	Compliance with Rules of Convocation	FOR	FOR	
7.00	CEO's Address	FOR	FOR	
8.00	Presentation of Accounts and Reports; Report of the Auditor	FOR	FOR	
9.01	Accounts and Reports	FOR	FOR	
9.02	Allocation of Profits/Dividends	FOR	FOR	
9.03	Ratification of Board and CEO Acts	FOR	AGAINST	• Ongoing investigations
10.00	Board Size	FOR	FOR	
11.00	Directors' Fees	FOR	FOR	
12.00	Authority to Set Auditor's Fees	FOR	FOR	
13.00	Election of Directors	FOR	FOR	
13.01	Elect Jan Wäreby	FOR	FOR	
13.02	Elect Urban Fagerstedt	FOR	FOR	
13.03	Elect Michael Hallén	FOR	FOR	
13.04	Elect Åsa Hedin	FOR	FOR	
13.05	Elect Tomas Mikaelsson	FOR	FOR	
13.06	Elect Carl-Johan von Plomgren	FOR	FOR	
13.07	Elect Alexander Kotsinas	FOR	FOR	

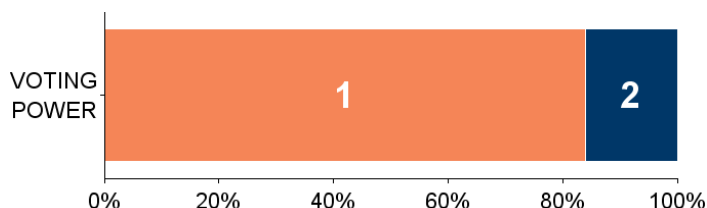
13.08	Elect Ann-Sofie Nordh	FOR	FOR	
13.09	Elect Dimitrij Titov	FOR	AGAINST	• Related party transactions
14.00	Appointment of Auditor	FOR	FOR	
15.01	Nomination Committee	FOR	AGAINST	• Ongoing investigations
15.02.01	Shareholder Proposal Regarding Nomination Committee	UNDETERMINED	FOR	• Improvement to management proposal
15.02.02	Shareholder Proposal Regarding Voting Power Calculation	UNDETERMINED	FOR	• Improves shareholder rights
16.00	Remuneration Guidelines	FOR	FOR	
17.01	Long-Term Incentive Program	FOR	FOR	
17.02	Authority to Repurchase Shares and to Issue Treasury Shares Pursuant to LTIP	FOR	FOR	
17.03	Equity Swap Agreement	FOR	FOR	
18.00	Authority to Repurchase Shares and to Issue Treasury Shares	FOR	FOR	
19.01	Authority to Reduce Share Capital By Cancellation of Shares	FOR	FOR	
19.02	Bonus Issue	FOR	FOR	
20.00	Amendments to Articles Regarding Meeting Notification; Post-Sale Purchase	FOR	FOR	
21.00	Authority to Issue Shares w/ Preemptive Rights	FOR	FOR	
22.00	Shareholder Proposal Regarding Delisting	UNDETERMINED	AGAINST	• Not in shareholders' interest
23.01	Shareholder Proposal Regarding Compensation Demand	UNDETERMINED	AGAINST	• Not in shareholders' interest
23.02	Shareholder Proposal Regarding Legal Action	UNDETERMINED	AGAINST	• Not in shareholders' interest
24.00	Authority to Carry Out Formalities	FOR	FOR	

SHARE OWNERSHIP PROFILE

SHARE BREAKDOWN

	1	2
SHARE CLASS	Class B Shares	Class A Shares
SHARES OUTSTANDING	314.0 M	6.0 M
VOTES PER SHARE	1	10

SOURCE CAPITAL IQ AND GLASS LEWIS. AS OF 30-MAR-2017



TOP 20 SHAREHOLDERS

	HOLDER	OWNED*	COUNTRY	INVESTOR TYPE
1.	Avanza Fonder AB	9.60%	Sweden	Traditional Investment Manager
2.	Morgan Stanley, Investment Banking and Brokerage Investments	6.04%	United States	Bank/Investment Bank
3.	Goldman Sachs Group, Investment Banking and Securities Investments	5.23%	United States	Traditional Investment Manager
4.	OppenheimerFunds, Inc.	3.91%	United States	Traditional Investment Manager
5.	Nordnet AB, Asset Management Arm	2.13%	Sweden	Bank/Investment Bank
6.	Sunfloro AB	1.88%	Sweden	Private Company
7.	Handelsbanken Asset Management	1.75%	Sweden	Traditional Investment Manager
8.	SEB Wealth Management	1.64%	Denmark	Traditional Investment Manager
9.	The Vanguard Group, Inc.	1.62%	United States	Traditional Investment Manager
10.	Norges Bank Investment Management	1.54%	Norway	Government Pension Plan Sponsor
11.	AMF Fonder AB	1.50%	Sweden	Traditional Investment Manager
12.	Unger, Magnus	1.40%	N/A	Individuals/Insiders
13.	AP Fonden 2	1.11%	Sweden	Government Pension Plan Sponsor
14.	Rex, Thomas	1.08%	N/A	Individuals/Insiders
15.	Swedbank Robur Fonder AB	0.87%	Sweden	Traditional Investment Manager
16.	Saxo Bank A/S, Asset Management Arm	0.86%	Denmark	Traditional Investment Manager
17.	Folksam Kapitalförvaltning	0.80%	Sweden	Traditional Investment Manager
18.	BlackRock, Inc.	0.74%	United States	Traditional Investment Manager
19.	SPP Fonder AB	0.64%	Sweden	Traditional Investment Manager
20.	Nordea Investment Management AB	0.53%	Sweden	Traditional Investment Manager

*COMMON STOCK EQUIVALENTS (AGGREGATE ECONOMIC INTEREST) SOURCE: CAPITAL IQ. AS OF 30-MAR-2017

**CAPITAL IQ DEFINES STRATEGIC SHAREHOLDER AS A PUBLIC OR PRIVATE CORPORATION, INDIVIDUAL/INSIDER, COMPANY CONTROLLED FOUNDATION, ESOP OR STATE OWNED SHARES OR ANY HEDGE FUND MANAGERS, VC/PE FIRMS OR SOVEREIGN WEALTH FUNDS WITH A STAKE GREATER THAN 5%.

SHAREHOLDER RIGHTS

	MARKET THRESHOLD	COMPANY THRESHOLD ¹
VOTING POWER REQUIRED TO CALL A SPECIAL MEETING	10.0%	10.0%
VOTING POWER REQUIRED TO ADD AGENDA ITEM	1.0%	1.0%

¹N/A INDICATES THAT THE COMPANY DOES NOT PROVIDE THE CORRESPONDING SHAREHOLDER RIGHT.

REMUNERATION DETAILS

Fingerprint Cards AB

The Company paid: less remuneration to its CEO than the median CEO remuneration for a group of similarly sized European companies with an average market capitalization of SEK40.52 billion; less than a group of Europe based companies in the Information Technology sector; and more than a group of European Technology Hardware and Equipment companies. Overall, the Company performed better than the peers. (Note: The amount listed for CEO remuneration reflects portions paid to multiple individuals who served as CEO during the fiscal year.)

CEO Remuneration

All figures in SEK

2016

Fixed	13,100,000
STI	1,300,000
LTI	0
Pensions	1,700,000
Other / Benefits	0
Total remuneration	14,400,000

Notes: Remuneration above reflects values of multiple CEOs.

Composition of Remuneration

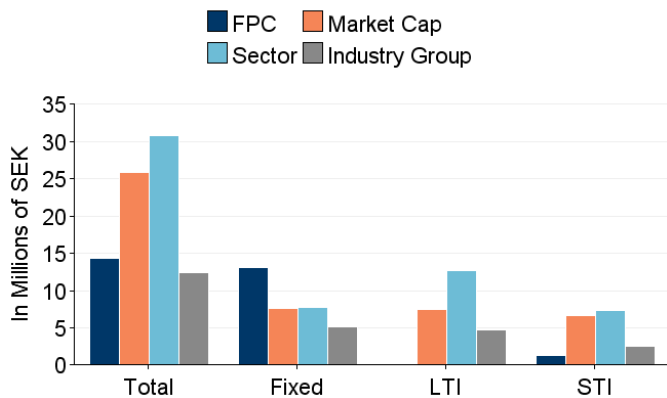
Company's CEO



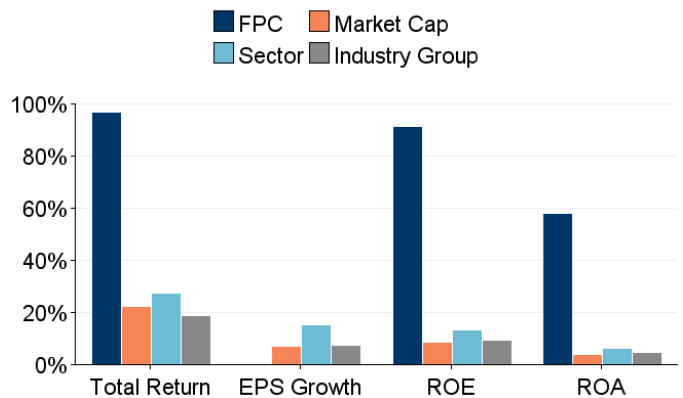
Industry Group CEO



CEO Compared To Median



Shareholder Wealth and Business Performance



Note: Remuneration analysis for period ending December 31, 2016. Total return and EPS growth based on weighted average of annualized 1, 2 and 3 year data. Total remuneration does not include pensions.

PROPOSAL REQUEST:	Approval of routine meeting items	RECOMMENDATIONS & CONCERNS:
PRIOR YEAR VOTE RESULT:	N/A	FOR - NO CONCERNS
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	Majority	

■ PROPOSAL SUMMARY

In Sweden, shareholders typically approve each of the following items separately:

- **Opening of Meeting**
- **Election of Presiding Chair:** It is customary in Sweden for the shareholders' meeting to be opened by the chair of the board, or such other person appointed by the board. The participants then elect someone to chair the meeting, unless otherwise prescribed in the articles of association.
- **Voting List:** The voting list contains the names of shareholders (or their proxies) that are entitled to participate at the meeting. In order to participate, shareholders must register their shares on the list and notify the Company in advance.
- **Agenda:** The agenda lists all of the issues on which shareholders are being asked to vote.
- **Election of Individuals to Check Minutes:** It is customary in Sweden for the participants of the meeting to elect one or two shareholders or representatives of shareholders, who are neither directors nor employees of the Company, to verify the official record of the proceedings.
- **Compliance with Rules of Convocation:** Shareholders will vote on whether the meeting has been duly convened in compliance with the rules set out in the Company's articles of association.
- **Welcome Speech:** Presented by the CEO, chair, or another executive
- **Presentation of Accounts and Reports:** The Company's financial statements, report of the board of directors, and auditor's report for the past fiscal year will be presented to shareholders at the meeting.
- **Conclusion of Meeting**

■ GLASS LEWIS ANALYSIS

In our opinion, each of these matters is a routine item in Sweden and should not be cause for shareholder concern. Shareholders are not being asked to approve the substance or content of any reports. We further note that approval of each of these items is premised on attending the general meeting. As such, shareholders voting by proxy are often unable to vote on these proposals. Nevertheless, given that these proposals validate the procedure for the meeting, we believe that those shareholders who have the ability to vote on these proposals should support them.

We recommend that shareholders vote **FOR** this proposal.

PROPOSAL REQUEST:	Approve the Company's financial statements, consolidated financial statements and annual report for the past fiscal year.	RECOMMENDATIONS & CONCERNS:
PRIOR YEAR VOTE RESULT (FOR):	N/A	FOR- No material concerns
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	Majority	

■ PROPOSAL SUMMARY

The Company's consolidated financial statements combine the activities of the Company, as well as the activities of its subsidiaries. As a routine matter, Swedish company law requires that shareholders approve both the parent company's financial statements, as well as the financial statements of the entire group.

■ GLASS LEWIS ANALYSIS

We believe that all of the necessary financial statements and reports are present in the Company's annual report. We note that in the opinion of KPMG, the Company's independent auditor, the financial statements have been properly prepared in accordance with the generally accepted accounting principles in Sweden and International Financial Reporting Standards.

We recommend that shareholders vote **FOR** this proposal.

PROPOSAL REQUEST:	Approve the allocation of profits for the past fiscal year.	RECOMMENDATIONS & CONCERNS:
PRIOR YEAR VOTE RESULT (FOR):	N/A	FOR- No material concerns
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	Majority	

■ PROPOSAL SUMMARY

The board of directors proposes that no dividend be distributed to the Company's shareholders. As a result, the retained earnings will be carried forward to the next fiscal year.

■ GLASS LEWIS ANALYSIS

Taking into account the Company's history of carrying forward the retained earnings instead of distributing dividends, we believe it is in the shareholders' best interest to approve the Company's continuing strategy.

We recommend that shareholders vote **FOR** this proposal.

PROPOSAL REQUEST:	Ratify board and CEO acts for the past fiscal year	RECOMMENDATIONS & CONCERNS:
PRIOR YEAR VOTE RESULT (FOR):	N/A	AGAINST- Ongoing investigations
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	Majority	

■ GLASS LEWIS ANALYSIS

It is customary for companies in Sweden to submit the actions of the Company's board of directors and management during the year for shareholder approval. The Swedish Companies Act allows the company or shareholders to bring action against board members or the CEO if a group representing at least 10% of the company's share capital rejects this proposal. By approving this proposal, shareholders may face a higher burden if they seek to bring legal action against the company in the future.

This ratification, however, will not be valid if the financial statements contain any omission or false statement and will not shield the board and management from liability in cases of willful misconduct or gross negligence.

In this case, shareholders should be aware of the investigations into the acts of the Company's former CEO, Johan Carlström, who resigned from his employment in 2016, after resigning from the position of CEO in 2015. These are described in detail in Proposal 13.00. Taking into account the seriousness of these allegations, we do not believe it serves shareholder interests to ratify the acts of the CEO or the board for the 2016 fiscal year.

We recommend that shareholders vote **AGAINST** this proposal.

PROPOSAL REQUEST:	Approval of board size	RECOMMENDATIONS & CONCERNS:
PRIOR YEAR VOTE RESULT (FOR):	N/A	FOR- No material concerns
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	Majority	

■ PROPOSAL SUMMARY

If approved, the board will consist of nine shareholder-elected directors.

■ GLASS LEWIS ANALYSIS

Glass Lewis believes that the board is in the best position to evaluate and determine the appropriate number of directors. Boards should be small enough to foster good working relationships and to ensure efficiency in the decision-making process, and large enough to ensure diversity in skill sets and professional experience among the directors. The appropriate number to meet these criteria will vary by company.

In our view, five members is generally an acceptable minimum and twenty members is usually an appropriate maximum for an effective and properly functioning board. Given that the proposal would fix the board at nine members, we believe the size of the board will remain within the boundaries of a reasonable range.

We recommend that shareholders vote **FOR** this proposal.

PROPOSAL REQUEST:	Approve directors fees	RECOMMENDATIONS & CONCERNS:
PRIOR YEAR VOTE RESULT (FOR):	N/A	FOR- No material concerns
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	Majority	

■ PROPOSAL SUMMARY

The nominating committee proposes that the fees paid to directors for the next year will be as follows:

Fees in SEK	FY 2017	FY 2016	Change
Chair of the board	930,000	850,000	9.4%
Members of the board	440,000	400,000	10%
Audit committee chair	165,000	150,000	10%
Audit committee member	85,000	75,000	13.3%
Remuneration committee chair	90,000	80,000	12.5%
Remuneration committee member	45,000	40,000	12.5%

If tax-related prerequisites for invoicing exist, and on condition that it is cost-neutral for the Company, the possibility of invoicing director fees from the member's own company will be provided. If a board member invoices his/her director fee via a company, the fee will be increased by an amount corresponding to social security contributions and statutory VAT.

■ MARKET PRACTICE

According to the Swedish Corporate Governance Code ("the Code"), the non-executive members of the board are not to participate in compensation programs designed for the executive management or other employees. In addition, the compensation for non-executive board members is not to include stock options or warrants, but may include shares in the Company.

■ GLASS LEWIS ANALYSIS

Glass Lewis believes that the proposed increase in directors' fees is appropriate given the time commitment involved in serving as a board member of this Company.

We find that the fees paid to the board of directors have been reasonable in the past and are in line with those paid by the Company's peers.

We recommend that shareholders vote **FOR** this proposal.

PROPOSAL REQUEST:	Authorise the board to set the independent auditor's fees	RECOMMENDATIONS & CONCERNS:
PRIOR YEAR VOTE RESULT (FOR):	N/A	FOR- No material concerns
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	Majority	

■ PROPOSAL SUMMARY

Authorize the board to set the fees to be paid to KPMG, the Company's independent auditor, for the next fiscal year.

■ GLASS LEWIS ANALYSIS

We believe that the fees paid for non-audit-related services are reasonable and that the Company has a track record of disclosing the appropriate information about these services in its filings. Please refer to Proposal 14.00 for further analysis regarding the fees.

We recommend that shareholders vote **FOR** this proposal.

PROPOSAL REQUEST: Election of nine directors

ELECTION METHOD: Plurality

RECOMMENDATIONS & CONCERNS:

AGAINST- Titov D. Related party transactions

FOR- Fagerstedt U.
Hallén M.
Hedin Å.
Kotsinas A.
Mikaelsson T.
Nordh A.
Plomgren C.
Wäreby J.

NOT UP- None

PROPOSAL SUMMARY

Nine candidates are up for election as directors to serve a one-year term each. If elected, their terms would expire at the Company's 2018 annual meeting of shareholders.

BOARD OF DIRECTORS

UP	NAME	AGE	GENDER	GLASS LEWIS CLASSIFICATION	COMPANY CLASSIFICATION	OWNERSHIP**	COMMITTEES		TERM START	TERM END	YEARS ON BOARD
							AUDIT	REM			
✓	Urban Fagerstedt	57	M	Affiliated 1	Not Independent	16%		✓	2009	2017	8
✓	Tomas Mikaelsson	61	M	Affiliated 2	Not Independent	No			2016	2017	1
✘	✓ Dimitrij Titov	55	M	Affiliated 3	Not Independent	No			2017	2017	0
✓	Michael Hallén	53	M	Independent	Independent	Yes		✓	2016	2017	1
✓	Åsa Hedin	55	F	Independent	Independent	No		✓	2016	2017	1
✓	Alexander Kotsinas	49	M	Independent	Independent	No			2017	2017	0
✓	Ann-Sofie Nordh	48	F	Independent	Independent	No			2017	2017	0
✓	Carl-Johan von Plomgren	55	M	Independent	Independent	Yes		✓	2015	2017	2
✓	Jan Wäreby ·Chair	60	M	Independent 4	Independent	Yes		C	2015	2017	2

C = Chair, * = Public Company Executive, ✘ = Withhold or Against Recommendation

- Affiliated to Sunfloro AB, which, through Johann Carlström, beneficially owns 1.91% and 16.31% of Company's issued share capital and voting rights, respectively.
- Not considered independent by the board.
- Legal counsel for Johan Carlström, the Company's former CEO and current largest shareholder.
- Chair.

**Direct, indirect or representational ownership of voting rights. Below 5% displays as Yes.

NAME	ATTENDED AT LEAST 75% OF MEETINGS	PUBLIC COMPANY EXECUTIVE	ADDITIONAL PUBLIC COMPANY DIRECTORSHIPS
Urban Fagerstedt	Yes	No	None
Tomas Mikaelsson	Yes	No	None
Dimitrij Titov	N/A	No	None
Michael Hallén	Yes	No	None
Åsa Hedin	Yes	No	(3) Nolato AB ; Tobii AB ; Cellavision AB
Alexander Kotsinas	N/A	No	(2) Intervacc AB; Oasmia Pharmaceutical AB
Ann-Sofie Nordh	N/A	No	None
Carl-Johan von Plomgren	Yes	No	None

MARKET PRACTICE

INDEPENDENCE AND COMPOSITION	FINGB*	REQUIREMENT	BEST PRACTICE
Independent Chair	Yes	CEO may not serve as chairman ¹	None ³
Board Independence	67%	N/A	>50% of company of which two directors also of major shareholders, a maximum of one executive director ⁴
Audit Committee Independence	100%	One director, no employees ²	>50% of company of which one director also of major shareholders ⁴
Remuneration Committee Independence	67% ; Independent Chair	N/A	All members of company, excluding chairman. ⁴
Nominating Committee Independence	N/A	N/A	>50% of company and board of directors, no executives, one of the largest shareholder ⁵
Percentage of women on board	22%	N/A	Company should strive for equal gender distribution. ⁴
Directors' biographies	Biographical details for current directors can be found on the Company's website and in the Annual Report.		

* Based on Glass Lewis Classification

1. Swedish Companies Act
2. Swedish Companies Act.

3. Swedish Corporate Governance Code
4. Swedish Corporate Governance Code.
5. Swedish Corporate Governance Code. Separate nomination committee, which is not a board committee.

Swedish companies are generally governed by a one-tier structure, with a board of directors who appoints the CEO. While employees have the right to appoint up to two representatives at companies with more than 25 employees, and up to three representatives at companies with more than 1,000 employees, the number of employee representatives may never exceed the number of shareholder-elected directors.

The Swedish Code of Corporate Governance recommends that a majority of shareholder-elected directors be independent of the Company and its executive management. Furthermore, the listing rules of NASDAQ OMX Stockholm prescribe that only one member of executive management, usually the CEO, can serve as a director, while the Swedish Companies Act prohibits the CEO from serving as the chairman of the board of directors. However, the Code recommends that only a minimum of two directors be independent of both the Company and its executive management as well as independent of the major shareholders, i.e. those with beneficial ownership of 10% or more of the share capital or voting rights. Therefore, Swedish boards are typically composed of a majority of directors who represent substantial shareholders.

This tendency for boards to be dominated by major shareholders is a reflection of the ownership structure in Sweden. Ownership in Swedish listed companies is often concentrated in single or small groups of shareholders who generally play an active ownership role through engagement with the company or through representation on the board of directors. In most cases, corporate control is dependent upon a dual-class share system where one class of shares typically has ten times the number of votes of the other class.

The Code recommends that a company should have a nomination committee, responsible for the independence and quality of directors, and the transparency and integrity of the nominating process. The committee is established as a separate committee and consisting of a company's shareholders. The committee prepares proposals concerning the election and remuneration of the board of directors and board committees for the company's next general meeting. Normally, an additional proposal is included in a meeting agenda to appoint a nomination committee.

VOTING PROCEDURE

The Swedish Companies Act provides that directors are elected through plurality voting. Since there are rarely more director nominees than board seats, directors are virtually guaranteed election as they need only a single vote in favor of the nominee. However, we believe that when directors are elected by a majority vote of shareholders, the board more accurately represents those shareholders' interests. A majority vote also allows shareholders to collectively reject a director they believe has not or will not pursue their best interests. We believe that this minimal amount of protection for

shareholders will neither upset the corporate structure nor reduce the willingness of qualified shareholder-focused directors to serve in the future, but rather, will encourage directors to be more attentive to shareholder needs. However, the plurality vote standard is mandatory under Swedish law, making the election of directors by majority vote impossible.

When the number of nominees to the board does not exceed the number of board seats open in an election, the chairman will simply put forth the resolution to elect directors as a slate instead of conducting elections individually. This is in accordance with the plurality standard. We believe that, as elected representatives of shareholders, all directors should be individually accountable for their actions. Though shareholders who are physically present at a meeting are able to vote on candidates separately if they so request, shareholders voting by proxy are unable to do so.

■ GLASS LEWIS ANALYSIS

We believe that shareholders should be mindful of the following:

EQUITY SHARE CAPITAL

The Company's common share capital comprises unlisted series A and listed series B shares. Each series A share is assigned ten votes and each series B share one vote.

COMMITTEE SIZE

We note that following the resignation of director Bonde, the audit committee will consist of only two members. We believe that a committee with responsibilities as crucial as those of the audit committee should have a minimum of three members to perform its functions to shareholder satisfaction. We urge the board to nominate at least one additional director to this committee as soon as practicable following the annual meeting. We will monitor this issue going forward.

INSIDER TRADING CHARGES

On January 23, 2017, the Company's largest shareholder and former CEO Johan Carlström was taken into custody by the Swedish Economic Crime Authority ("SECA") for alleged market abuse in connection with the Company's profit warning in December 2016. The SECA carried out house searches and arrested Mr. Carlström and director Lars Söderfjell on suspicion of insider trading after a substantial number of shares had been sold before the profit warning, which sent the shares plummeting by 23%. The Company said in a press release its operations were not affected by the arrests ("Fingerprint Cards' Member of the Board Lars Söderfjell Taken into Custody". [Company Press Release](#). January 23, 2017). Mr. Söderfjell, who left the board two days later, was subsequently cleared of all charges on February 28, 2017, but the allegations against Mr. Carlström remain (Olof Sandström. "Söderfjell inte längre misstänkt för insiderhandel i FPC". *Dagens Industri*. February 28, 2017).

The arrest comes amid a series of other scandals surrounding Mr. Carlström, who is charged with seven cases of suspected aggravated insider trading occurring between the period December 2012 and March 2014 when he was the Company's CEO. The trial for those will begin on April 24, 2017, in the Stockholm District Court, and the prosecutor demands a five-year ban for Mr. Carlström to engage in any business activity. Mr. Carlström has denied any wrongdoing (Leif Brännström. "Här är åtalpunkterna mot Fingerprint-vd:n". *Expressen*. January 23, 2017).

Using his Twitter account to vent his frustrations, Mr. Carlström verbally attacked several people at SECA, including prosecutor Pontus Hamilton, accusing him of being guilty of severe economic crimes, and claiming he was involved in the "country's biggest insider crime". As a result, on October 7, 2016, the SECA reported Mr. Carlström to the police for defamation (Martin Rex. "Johan Carlström polisanmäld av EBM". *Dagens Industri*. October 7, 2016). However, on March 8, 2017, prosecutor Malin Arentoft decided to close the preliminary investigation, concluding the tweets did not represent exceptional circumstances for prosecuting (Jesper Mothander. "Carlström slipper åtal för förtal". *Dagens Industri*. March 8, 2017).

SANCTION BY THE NASDAQ DISCIPLINARY COMMITTEE

On December 2, 2016, the Disciplinary Committee of Nasdaq Stockholm found that the Company has breached its Rule Book for Issuers, and therefore sanctioned the Company to pay a fine of SEK 916,496, corresponding to two annual listing fees ("Nasdaq Stockholm orders Fingerprint Cards to pay a fine corresponding to two annual fees". [Press Release](#). December 2, 2016).

One of the violations relates to an earnings forecast in December 2015 which was published two hours too early due to an error at the Company's news distributor. This entailed that the information was not made available to the public on a non-discriminatory basis. Also, the press release was written only in English, which violated a regulation of the Swedish Financial Supervisory Authority ("Fingerprint Cards AB Decision". [Press Release](#). November 30, 2016).

Following the erroneously published press release, the former chair Urban Fagerstedt confirmed to the news agency SIX News that the earnings forecast for 2016 was correct, violating another stipulation of the Rule Book. In addition, the Company did not inform Nasdaq Stockholm before publication of the information. The Disciplinary Committee also found that major shareholder and former CEO Johan Carlström has on three occasions (once in September 2015 and twice in March 2016) made tweets about the Company and its future without being an authorized spokesperson for the Company. Therefore, the Company is not considered to have met the requirements regarding sufficient capacity for information disclosure. According to the Disciplinary Committee, the Company has not had adequate procedures and systems in place for its information disclosure ("Fingerprint Cards AB Decision". [Press Release](#). November 30, 2016).

RECOMMENDATIONS

We recommend voting against the following nominee:

Nominee **TITOV** serves as legal counsel for Johan Carlström, the Company's former CEO. Taking into account the legal actions and sanctions discussed above, we believe Mr. Titov faces a serious conflict of interest with regard to his role on the board. In order to ensure that shareholder interests are served above all else, we do not believe it is appropriate for Mr. Titov to continue serving on the board or nominating committee (Proposal 15.01).

Apart from the aforementioned and having reviewed the remaining nominees, we find no cause for shareholder concern.

We recommend that shareholders vote:

AGAINST: Titov

FOR: Fagerstedt; Hallén; Hedin; Kotsinas; Mikaelsson; Nordh; Plomgren; Wäreby

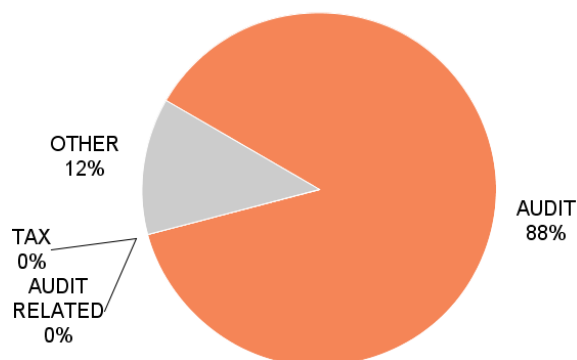
The Company discloses the following biographical information for directors Alexander Kotsinas, Ann-Sofie Nordh and Dimitrij Titov, new nominees to the board:

Alexander Kotsinas is a Partner at the venture capital firm Nexttobe AB. Chairman of the Board of Svenska Brandslangsfabriken AB and Allgotech AB. Member of the Board of Intervacc AB (publ), Oasmia Pharmaceutical AB (publ), Sweden Carnica Group AB, Scint-X AB and Delta Projects AB. Vice president and CFO Q-Med AB 2008-2011, CFO Life Europe AB 2007, CFO mobile operator Tre (Hi3G Access AB) 2003-2006, vice president Investor AB (publ) 2000-2003 and different positions at Ericsson 1994-2000.

Ann-Sofie Nordh is Head of Investor Relations at Sandvik AB (publ). 20 years of experience in the financial industry with base in London and Stockholm, including 11 years as an equity analyst with focus on Swedish industrial companies such as Alfred Berg Fondkommission AB (publ) and Nordea Markets. The last three years working at Sandvik AB (publ), including as Head of Sandvik Investor Relations.

Dimitrij Titov is a Lawyer and Partner at Advokatfirman Fylgia. Chairman of the Board of the Italian Chamber of Commerce in Sweden, Italienska Handelskammarens Service AB, Din Studio Sverige AB and Phantome de Genolier AB. Member of the Board of Provinsor Fastigheter AB (publ). 29 years of experience as a business lawyer. Lawyer since 1993 and Partner at Advokatfirman Fylgia since 1995 with main focus on M&A, corporate law and international agreements in the industry. Chairman of the Nomination Committee of Fingerprint Cards AB (publ) and Mr Green & Co AB (publ).

PROPOSAL REQUEST:	Ratification of KPMG	RECOMMENDATIONS & CONCERNS:
PRIOR YEAR VOTE RESULT (FOR):	N/A	FOR- No material concerns
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	Majority	
AUDITOR OPINION:	Unqualified	



AUDITOR FEES

	2016	2015	2014
Audit Fees:	SEK 1,400,000	SEK 1,000,000	SEK 614,000
Audit-Related Fees:	SEK 0	SEK 0	SEK 0
Tax Fees:	SEK 0	SEK 0	SEK 19,000
All Other Fees:	SEK 200,000	SEK 200,000	SEK 223,000
Total Fees:	SEK 1,600,000	SEK 1,200,000	SEK 856,000
Auditor:	KPMG	KPMG	KPMG
Years Serving Company:			N/D
Restatement in Past 12 Months:			No

GLASS LEWIS ANALYSIS

We believe that the fees paid for non-audit-related services are reasonable and that the Company has a track record of disclosing the appropriate information about these services in its filings. The board is also seeking shareholder approval to set the auditor's fees for the forthcoming fiscal year in Proposal 12.00. Given that fees were reasonable during the past year, we see no cause for shareholder concern.

We recommend that shareholders vote **FOR** this proposal.

PROPOSAL REQUEST:	Establish a nomination committee and confirm its guidelines	RECOMMENDATIONS & CONCERNS:
PRIOR YEAR VOTE RESULT (FOR):	N/A	AGAINST- Ongoing investigations
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	Majority	

PROPOSAL SUMMARY

If approved, the nomination committee will consist of the chair of the board and three members representing each of the Company's three largest shareholders.

The members of the committee during the last fiscal year were:

COMMITTEE MEMBER	AFFILIATION	CONCERN WITH INDIVIDUAL COMMITTEE MEMBER
Dimitrij Titov (Chair)	Not independent. Legal representative of Johan Carlström.	Proposed member of the board of directors.
Tommy Trollborg (Member)	Not disclosed	Committee member is the former chair of the board of directors.
Johan Carlström (Member)	Sunfloro AB (16.3%)	Committee member is suspected of aggravated insider trading.

Furthermore, this proposal seeks shareholder approval of the guidelines for the nomination committee.

MARKET PRACTICE

The Swedish Corporate Governance Code ("the Code") recommends that a company should have a nomination committee, responsible for the independence and quality of directors, and the transparency and integrity of the nomination process. The committee is established as a separate committee either by election by name or approval on a procedure for later appointments of the members consisting of a company's shareholders. The committee prepares proposals concerning the election and remuneration of the board of directors and board committees for the company's next general meeting. It is common practice in Sweden to elect the entire nomination committee as a slate instead of conducting elections individually.

The chair of the board or any other director should not serve as the chair of the nomination committee. Only a minority of the members of the nomination committee may be directors.

In general, the nomination committee is responsible for making recommendations to the annual meeting regarding the following issues: (i) the chair of the annual general meeting; (ii) the number of directors; (iii) the election of directors; (iv) the compensation of directors; (v) the appointment and compensation of the Company's auditor; and (vi) appointing a nomination committee for the next fiscal year.

Normally, the nominees should be presented no later than six months prior to the next annual general meeting.

GLASS LEWIS ANALYSIS

The nomination committee allows shareholder representatives to make recommendations regarding the election and compensation of directors and auditors. In general, we believe that it is in the best interests of shareholders to secure an avenue for their involvement in such matters.

However, in this case, given the recent arrest of Mr. Carlström and the pending court proceedings against him regarding multiple cases of aggravated insider trading, we do not believe it is in the shareholders' best interest for him to continue

his duty on the nomination committee. We believe these issues are grave enough to merit voting against this proposal at this time.

Please refer to Proposal 13.00 for further information.

We recommend that shareholders vote **AGAINST** this proposal.

PROPOSAL REQUEST:	Shareholder proposal regarding nomination committee	SHAREHOLDER PROPONENT:	Daniel Guner Holding AB
BINDING/ADVISORY:	Binding		
PRIOR YEAR VOTE RESULT (FOR):	N/A	REQUIRED TO APPROVE:	Majority
RECOMMENDATIONS, CONCERNS & SUMMARY OF REASONING:			
FOR -	● Improvement to management proposal		

GLASS LEWIS REASONING

- Proposed nomination committee guidelines offer alternative to management's, which we do not support

PROPOSAL SUMMARY

The proponent, Daniel Guner Holding AB, proposes that the instructions for the nomination committee be adjusted so that the nomination committee will comprise four members and that the fourth member, also the chair of the nomination committee, be appointed by the annual general meeting, and that Björn Riese be appointed chair of the nomination committee.

PROPONENT'S PERSPECTIVE

- To the best of our knowledge, the proponent has not presented any rationale for these proposals.

BOARD'S PERSPECTIVE

- To the best of our knowledge, the board has not issued a statement either for or against these proposals.

GLASS LEWIS ANALYSIS

In general, we are reluctant to recommend voting for a shareholder proposed candidate without the explicit backing of the nomination committee, unless we have grave concerns regarding the nomination committee's judgment. In this case, as discussed in Proposal 15.01, we are gravely concerned by the guidelines for the nomination committee proposed by the committee itself, given that they would likely result in the same composition as in prior years. Here, we must acknowledge that the proponent has not provided sufficient biographical information regarding nominee Riese. However, Mr. Riese, a partner at law firm Mannheimer Swartling, is also a member of the board of directors of [Axis Communications](#). Absent any apparent conflict of interest, or any proposed alternative by the nomination committee, we find no reason to oppose his nomination. In our view, an independent external candidate may be a more appropriate choice for the chairmanship of the nominating committee in light of the circumstances.

We recommend that shareholders vote **FOR** this proposal.

PROPOSAL REQUEST:	Shareholder Proposal regarding voting power calculation	SHAREHOLDER PROPONENT:	Daniel Guner Holding
BINDING/ADVISORY:	Binding		
PRIOR YEAR VOTE RESULT (FOR):	N/A	REQUIRED TO APPROVE:	Majority
RECOMMENDATIONS, CONCERNS & SUMMARY OF REASONING:			
FOR -	● Improves shareholder rights		

■ GLASS LEWIS REASONING

- Improves shareholder rights

■ PROPOSAL SUMMARY

It is proposed that when establishing the three largest shareholders in terms of voting power, the number of voting rights be calculated as follows: each Class B share held will be counted as one vote regardless of whether the shares are held through an endowment policy, an Investment Savings Account or a share depository, upon the request of the shareholder.

PROPONENT'S PERSPECTIVE

- To the best of our knowledge, the proponent has not presented any rationale for these proposals.

BOARD'S PERSPECTIVE

- To the best of our knowledge, the board has not issued a statement either for or against these proposals.

■ GLASS LEWIS ANALYSIS

Having reviewed the proposal, we find no reason to question the proponent's proposal, which would allow shareholders to request that votes be cast in the name of a single beneficial owner. Given that the proposal would not affect shareholders who do not make such a request, we find no cause for shareholder concern.

We recommend that shareholders vote **FOR** this proposal.

PROPOSAL REQUEST:	Approve remuneration guidelines	RECOMMENDATIONS & CONCERNS:
PRIOR YEAR VOTE RESULT (FOR):	N/A	FOR- No material concerns
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	Majority	

EXECUTIVE SUMMARY

KEY AREAS OF FOCUS

- Salary: Not comparable
- STI: Payouts of 16.3% of salary for former CEO

GLASS LEWIS RECOMMENDATION: FOR

Shareholders should remain mindful of the issues raised in our analysis; however, on balance we believe this proposal to be supportable.

MATERIAL CHANGES

The committee proposes the following changes:

- To introduce a new performance share long-term incentive plan.

REMUNERATION OVERVIEW

NAME AND TITLE	basic SALARY	variable remuneration*	PENSION	TOTAL [^]
Christian Fredriksson <i>CEO (since August 1, 2016)</i>	5,100,000	-	800,000	5,900,000
Jörgen Lantto <i>Former CEO (until July 31, 2016)</i>	8,000,000	1,300,000	900,000	10,200,000
Other senior executives (8-9)	15,200,000	1,900,000	4,200,000	21,300,000

[^] All figures expressed in SEK unless otherwise stated.

* Refers to the Company's costs for bonus, which is paid on achievement of predetermined performance targets.

REMUNERATION FRAMEWORK

FIXED

The Company hired a new CEO during the past fiscal year. To our knowledge, annualised salary information for both the current and former CEO has not been disclosed; as such we are unable to compare their fixed pay levels.

SHORT-TERM INCENTIVES

VARIABLE REMUNERATION

AWARD TYPE	Cash
MAXIMUM PAYOUT	100% of base salary
ACTUAL PAYOUT	16.3% of base salary for the former CEO
DEFERRAL PROVISIONS	None
RECOVERY PROVISIONS	None
FINANCIAL ELEMENT	Not disclosed
NON-FINANCIAL ELEMENT	Not disclosed
DISCLOSURE OF TARGETS	Financial targets have not been disclosed and the committee has not provided an indication that they will be disclosed on a retrospective basis
NOTES	No material changes have been announced regarding the bonus structure.

LONG-TERM INCENTIVES

LONG-TERM INCENTIVE PROGRAM - NEW PLAN

AWARD TYPE	<i>Performance shares</i>
GRANT LEVELS	<i>CEO: 174,500 awards; members of the executive management (8): 25,800 awards; other senior executives (15): 14,100 awards.</i>
PERFORMANCE PERIOD	<i>Three years</i>
ADDITIONAL HOLDING	<i>None</i>
RECOVERY PROVISIONS	<i>None</i>
PEER GROUP	<i>Not applicable; no relative metrics</i>
NOTES	<i>The Company previously offered a warrant incentive plan to senior executives. No awards were granted in FY2015 or FY2016. All outstanding warrants were exercised by the end of FY2016.</i>

OPERATING MARGIN

	Performance*	Target	Measured
Threshold Performance	80% of target	N/D	Total over period
Maximum Performance	120% of target	N/D	

METRICS

GROWTH

	Performance*	Target	Measured
Threshold Performance	80% of target	N/D	Total over period
Maximum Performance	120% of target	N/D	

*Straight-line vesting between points

OTHER FEATURES

SEVERANCE	<i>The Company's policy limits severance payable to executive managers to a maximum of 12 times the monthly fixed salary.</i>
EXECUTIVE SHAREHOLDING GUIDELINES	<i>No</i>
NON-COMPETITION AGREEMENT	<i>None</i>
PEER GROUP	<i>The Company discloses that it did consider a peer group when formulating its pay program during the past year, but has not disclosed the companies that comprise this group.</i>

GLASS LEWIS ANALYSIS

In completing our assessment of a Company's remuneration principles, we consider (among other factors): (i) the appropriateness of the overall remuneration structure with regard to strategy and risk; (ii) the implementation of remuneration principles and pay outcomes during the year under review; and (iii) the quality and transparency of a committee's disclosure.

In this case, we believe shareholders should be mindful of the following:

RECOVERY PROVISIONS

No Recovery Provisions

The incentive structure currently lacks a recovery provision, such as clawback or malus provisions, whereby any bonus or incentive award may be recouped or adjusted by the Company in certain circumstances, including in the event of material fraud or misconduct by the recipient the award. We note that market best practice has come to promote the use of recovery provisions to safeguard against the receipt of unwarranted awards and to similarly encourage executives and senior management to take a more comprehensive view of risk when making business decisions.

DEFERRAL

No Annual Bonus Deferral

The annual bonus scheme currently lacks a feature compulsorily deferring a portion of annual cash bonus into shares. We generally prefer that a specified percentage of annual bonuses, typically ranging from 25% to 50%, be deferred for a period of two to three years. In our view, such a provision encourages executives and senior management to be mindful of the potential consequences of their operational and strategic decisions and discourages risky or short-sighted strategies.

SHARE OWNERSHIP

No Executive Share Ownership Guidelines

The remuneration report fails to disclose share ownership guidelines for executive directors. We generally prefer that the remuneration committees set share ownership goals for executive directors to achieve (generally between 100% and 250% of base salary) within a set time frame. In this case, we note that all current executives with multiple years of service beneficially own shares or warrants worth at least 100% of salary, largely mitigating our concerns

EQUITY-BASED SCHEMES

Absolute Metric

We are concerned that the performance targets attached to awards made under the Company's long-term incentive plan are based upon absolute metrics. In Glass Lewis' view, the use of absolute (rather than relative) performance conditions as the sole metrics of the long-term incentive plan may prove inappropriate, as it may largely reflect economic factors beyond the control of executives, rather than their own individual performance. Glass Lewis believes that long-term incentive plans which are based on single metrics should only include relative measures.

DISCLOSURE

Peer Group Not Disclosed

The Company fails to disclose the identity of the peer group against which it benchmarks executive base salary remuneration. Lacking such disclosure, shareholders are unable to determine if executive remuneration levels are benchmarked against an appropriate set of peers, which may increase the likelihood that remuneration levels do not accurately reflect the Company's size and scope.

Only CEO Remuneration Disclosed

The Company has failed to provide individualized remuneration disclosure for other executives.

Description of Hurdles and Vesting Schedule

The remuneration report has failed to disclose a clear description of the performance hurdles for one or more of its long-term incentive schemes. We believe clearly defined performance hurdles are essential for shareholders to fully understand and evaluate an incentive plan.

Short-Term Performance Metrics Not Disclosed

The Company has failed to disclose its processes of determining short-term executive remuneration. Without such disclosure, shareholders are unable to evaluate the extent to which the Company strives to align executive remuneration with short-term performance. Accordingly, we believe the Company should provide substantially more detail regarding the determination of awards under the STI plan.

Description of STI Targets

The remuneration report has failed to fully disclose the specific targets used under the Company's bonus scheme. Generally, we consider a clearly defined performance assessment structure as important for shareholders to fully understand and evaluate an incentive plan, as well as assessing the link between payouts and Company performance. We recognise that current targets may be considered commercially sensitive; however when this is the case, we believe shareholders can expect the targets to be disclosed retrospectively. To our knowledge, the committee has not provided any indication that the targets will be disclosed when they are no longer commercially sensitive.

RECOMMENDATION

While shareholders should remain mindful of the aforementioned issues, we do not consider any of the Company's remuneration practices to be particularly contentious and believe that shareholders can reasonably support this proposal.

We recommend that shareholders vote **FOR** this proposal.

PROPOSAL REQUEST:	Approve long-term incentive plan	RECOMMENDATIONS & CONCERNS:
PRIOR YEAR VOTE RESULT (FOR):	N/A	FOR- No material concerns
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	Majority	
POTENTIAL DILUTION:	0.25%	

PROPOSAL DETAILS

If approved, the Company will adopt the Long-term Incentive Program 2017. This plan is intended to replace the Company's Warrant Programs.

The plan is to be made available to 25 individuals in senior management. Each participant is allotted a number of shares based on their position within the Company. On commencement of the vesting period, the CEO may be allotted a maximum of 174,500 share awards, members of the executive management group (maximum of 8 members) may each be allotted a maximum of 25,800 share awards and other senior executives (maximum of 15 persons) may each be allotted a maximum of 14,100 share awards. Within the plan, participants will be awarded performance shares after three years provided that certain performance targets are achieved and they remain employed with the Company throughout the performance/vesting period.

The targets, established by the board, will have a target floor of 80% fulfilment of the performance targets and a target ceiling of 120% fulfilment of the performance targets. For each participant, 1% of the awards will vest if the target floor is reached and 100% of the award will vest if the target ceiling is reached.

Please refer to our analysis in Proposal 16.00 for further analysis of the plan.

SUMMARY OF PROPOSED PLAN

PROPOSED PLAN	LONG-TERM INCENTIVE PROGRAM	
	AWARDS TO BE GRANTED	<i>Performance shares</i>
	PERFORMANCE CONDITIONS	<i>Operating margin; Growth</i>
	TARGET RANGE	<i>Between 80% and 120% of undisclosed targets</i>
	MINIMUM VESTING PERIOD	<i>Three years</i>
	PERFORMANCE PERIOD	<i>Three years</i>
	ADDITIONAL HOLDING/VESTING PERIOD	<i>No</i>
	OTHER FEATURES	
	PERMITS DISCRETIONARY AWARDS	<i>No</i>
	INDIVIDUAL LIMITS DISCLOSED	<i>Yes</i>
RECOVERY PROVISIONS	<i>None</i>	
CHANGE OF CONTROL PROVISION	<i>No</i>	

LIMITS

**TOTAL PLAN DILUTION
OVERALL PLAN LIMIT**

0.3% of the Company's share capital
618,200 Class B shares

■ GLASS LEWIS ANALYSIS

In general, Glass Lewis believes that equity-based compensation can provide an appropriate vehicle for linking executive pay to a company's performance, thereby aligning the interests of executives with those of shareholders. Tying a portion of an executive's compensation to the performance of the Company provides an incentive to maximise share value by those in the best position to realise that value. Nonetheless, when used, we believe that such remuneration schemes should be designed to promote the long-term success of the Company, while avoiding overly complex structures or allowing for excessive levels of compensation.

In this case, while we believe shareholders should be mindful of certain issues (see Proposal 16.00), the plan largely satisfies this criteria. We believe the plan provides an appropriate incentive structure, with reasonable limits, performance metrics and safeguards. As such, we believe shareholders can reasonably support its approval.

We recommend that shareholders vote **FOR** this proposal.

17.02: AUTHORITY TO REPURCHASE SHARES AND TO ISSUE TREASURY SHARES PURSUANT TO LTIP

FOR

PROPOSAL REQUEST:	Authorise the Company to repurchase its own shares, and to issue shares pursuant to LTIP	RECOMMENDATIONS & CONCERNS:
PRIOR YEAR VOTE RESULT (FOR):	N/A	FOR- No material concerns
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	90%	

PROPOSAL SUMMARY

Repurchase Amount	0.3%
Maximum Price	Market price
Minimum Price	Market price
Authority Length	Next annual general meeting
Takeover Defense	No
Purpose	Long term incentive program

GLASS LEWIS ANALYSIS

As a general rule, we believe that buyback programs are in shareholders' best interests, as long as the Company is left with a sufficiently strong balance sheet in light of its capital requirements.

In this case, we note that the proposed buyback program would be used solely to finance a long-term incentive plan. Given our favorable opinion of the Company's performance-based incentive program in Proposal 17.01, we see no reason for shareholders to oppose this authority.

We recommend that shareholders vote **FOR** this proposal.

PROPOSAL REQUEST: Approve an equity swap agreement
PRIOR YEAR VOTE RESULT (FOR): N/A
BINDING/ADVISORY: Binding
REQUIRED TO APPROVE: Majority

RECOMMENDATIONS & CONCERNS:
FOR- No material concerns

■ PROPOSAL SUMMARY

This proposal seeks shareholder approval to hedge the financial exposure of LTIP 2017 by entering into an equity swap agreement with a third party. This authorization will come into effect should Proposal 17.02 not be approved. Pursuant to this proposal, the third party will be able to acquire Class B shares in the Company and transfer them to the program participants.

■ GLASS LEWIS ANALYSIS

Glass Lewis believes that equity-based incentive programs can be an effective way to attract, retain and motivate key employees. While we are of the opinion that the terms of Proposal 17.02 are preferable to an equity swap agreement, we also believe that the Company should be authorized to resort to this option should the earlier proposal not be approved by shareholders, in order to fulfill obligations under its equity compensation plans, should those be approved by shareholders.

We recommend that shareholders vote **FOR** this proposal.

18.00: AUTHORITY TO REPURCHASE SHARES AND TO ISSUE TREASURY SHARES

FOR

PROPOSAL REQUEST:	Authorise the Company to repurchase its own shares, and to issue shares held in the Company's treasury	RECOMMENDATIONS & CONCERNS:
PRIOR YEAR VOTE RESULT (FOR):	N/A	FOR- No material concerns
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	67%	

PROPOSAL SUMMARY

If approved, the board of directors will be authorised to repurchase and issue the Company's own shares.

Repurchase Amount	10.0% of share capital
Maximum Repurchase Price	Market price
Minimum Repurchase Price	Market price
Authority Length	Next annual general meeting
Takeover Defense	No
Purpose	General corporate purpose

Moreover, if approved, the Company will be able to purchase, sell, transfer or exchange the shares by any means, including, on the open market or over-the-counter, as the case may be, or by way of derivative securities or warrants or securities giving access to the Company's share capital or by implementation of optional strategies at any time, in compliance with applicable regulations.

GLASS LEWIS ANALYSIS

As a general rule, we believe that buyback programs are in shareholders' best interests, so long as the Company is left with a sufficiently strong balance sheet in light of its capital requirements. Typically, a repurchase is used to return surplus capital to shareholders, increase earnings per share, or provide shares for equity compensation plans.

We believe that the terms under which the Company is considering a repurchase of its shares are reasonable.

We recommend that shareholders vote **FOR** this proposal.

19.01: AUTHORITY TO REDUCE SHARE CAPITAL BY CANCELLATION OF SHARES

FOR

PROPOSAL REQUEST:	Authority to reduce share capital by cancellation of shares	RECOMMENDATIONS & CONCERNS:
PRIOR YEAR VOTE RESULT (FOR):	N/A	FOR- No material concerns
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	67%	

■ PROPOSAL SUMMARY

PROPOSAL 19.01: REDUCTION OF SHARE CAPITAL

The share capital will be reduced by SEK 416,960 through the cancellation of 10,424,000 Class B shares, representing 3.2% of the Company's outstanding share capital, acquired through the buyback program. The purpose of the reduction is to transfer the reduction amount from unrestricted equity, with a simultaneous bonus issue and an increase of the share capital.

PROPOSAL 19.02: BONUS ISSUE:

The board of directors proposes that the annual general meeting resolves on a bonus issue to increase the Company's share capital with SEK 416,960 by a transfer from non-restricted equity. No new shares shall be issued in connection with the bonus issue. The purpose of the bonus issue is to restore the company's share capital following the reduction pursuant to proposal 19.01.

■ GLASS LEWIS ANALYSIS

As a general rule, we believe that buyback programs and associated share cancellation programs are in shareholders' best interests, as long as the Company is left with a sufficiently strong balance sheet in light of its capital requirements. We also note that the increase in the share capital by an amount equal to the reduction will allow the Company to implement the proposed plan without obtaining the Swedish Companies Registration Office's or a general court's permission, in accordance with Swedish law. We believe that, in this case, the terms under which the Company is considering a cancellation of its repurchased shares and bonus issue are reasonable.

We recommend that shareholders vote **FOR** Proposals 19.01 and 19.02.

<p>PROPOSAL REQUEST: Amend article 9 and 13 of the Company's articles of association.</p> <p>BINDING/ADVISORY: Binding</p> <p>REQUIRED TO APPROVE: 67%</p>	<p>RECOMMENDATIONS & CONCERNS:</p> <p>FOR- No material concerns</p>
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■ PROPOSAL SUMMARY

If approved, the Company will adopt new articles of association with the following changes:

PROPOSED	EFFECT ON SHAREHOLDER RIGHTS	ANALYSIS
<p>ARTICLE 9 - Meeting Notification: If approved, the pre-notification of attendance at a general meeting shall occur no later than on the date set forth in the notice of meeting.</p>	Neutral	<p>This update is in accordance with the law.</p>
<p>ARTICLE 13 - Post-Sale Purchase: If approved, the post-sale purchase clause in article 13 will be removed since there is only one holder of class A shares.</p>	Neutral	<p>No impact on shareholder rights.</p>

■ GLASS LEWIS ANALYSIS

Glass Lewis generally supports changes made to the articles of association that do not act contrary to shareholders' interest. In this case, we believe that most of the proposed changes will not have a significant effect on the Company's shareholders.

We recommend that shareholders vote **FOR** this proposal.

PROPOSAL REQUEST:	Authorize the board to increase the Company's share capital by issuing shares with preemptive rights.	RECOMMENDATIONS & CONCERNS:
PRIOR YEAR VOTE RESULT (FOR):	N/A	FOR- No material concerns
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	67%	

■ PROPOSAL SUMMARY

The authority would allow the board to increase the Company's share capital through the issue of shares with first offering the securities to existing shareholders on a pro rata basis.

Proposed share issue authority:

Share Issuance	25 million shares
Potential Dilution	7.7% of issued capital
Authority Length	Next annual general meeting
Takeover Defense	No
Purpose	General corporate purpose

■ GLASS LEWIS ANALYSIS

Glass Lewis believes that access to adequate capital is important to ensure that a Company has the flexibility to finance its operations and business opportunities, as well as to optimize its capital structure, within reasonable limits. In general, we recommend that authorities to issue shares without preemptive rights not exceed 20%, and with preemptive rights 100%, of a company's share capital.

In this case, the board will be authorized to issue up to 7.8% of the Company's current issued share capital with preemptive rights. As such, we believe that dilution to current shareholders will be reasonable.

We recommend that shareholders vote **FOR** this proposal.

PROPOSAL REQUEST:	Shareholder proposal regarding delisting	SHAREHOLDER PROPONENT:	Fredrik Vildö
BINDING/ADVISORY:	Binding		
PRIOR YEAR VOTE RESULT (FOR):	N/A	REQUIRED TO APPROVE:	Majority
RECOMMENDATIONS, CONCERNS & SUMMARY OF REASONING:			
AGAINST -			
	<ul style="list-style-type: none"> Not in shareholders' best interests 		

GLASS LEWIS REASONING

- Insufficient rationale provided by proponent
- Not in shareholders' best interests

PROPOSAL SUMMARY

The proponent, Fredrik Vildö, seeks shareholder approval to assign the board to immediately investigate the possibility of delisting the Company's Class B Shares from Nasdaq Stockholm and to subsequently list them on another marketplace. The proponent suggest the convening of an extraordinary general meeting to pass a resolution on the matter.

PROPONENT'S PERSPECTIVE

- The proponent states that the valuation and the treatment of the Company would be more correct, fair and relevant on a different marketplace.

BOARD'S PERSPECTIVE

- To the best of our knowledge, the board has not issued a statement either for or against this proposal.

GLASS LEWIS ANALYSIS

In general, Glass Lewis believes that business decisions and the management of day-to-day operations of the Company are best left to management and the board. In this case, we believe the proponent has failed to provide a clear rationale why the Company's shares should be delisted from Nasdaq Stockholm and why trading would be more efficient at another marketplace. We believe this shareholder proposal seeks to assert the views of one shareholder over those of management. Absent evidence of egregious conduct, we find no reason to supplant the board's judgement on this matter.

We recommend that shareholders vote **AGAINST** this proposal.

PROPOSAL REQUEST:	Shareholder proposal regarding demanding compensation; taking legal action	SHAREHOLDER PROPONENT:	AB Trovata
BINDING/ADVISORY:	Binding		
PRIOR YEAR VOTE RESULT (FOR):	N/A	REQUIRED TO APPROVE:	Majority
RECOMMENDATIONS, CONCERNS & SUMMARY OF REASONING:			
AGAINST -			
	<ul style="list-style-type: none"> Not in shareholders' best interests 		

GLASS LEWIS REASONING

- Insufficient rationale provided by proponent.
- Not in shareholders' best interests.

PROPOSAL SUMMARY

PROPOSAL 23.01: DEMANDING FULL COMPENSATION

The proponent, AB Trovata, seeks shareholder approval to assign the board to demand full compensation from those parties who have caused damage to the Company in the form of the payment of additional fees to Nasdaq OMX.

PROPOSAL 23.02: LEGAL ACTION

The proponent seeks shareholder approval to assign the board to sue for damages those individuals or legal entities who have "blatantly" damaged the Company's reputation in the market.

PROPONENT'S PERSPECTIVE

- The proponent states that it has been evident in the media that an outsider (individual or legal entity) has disseminated information about the Company and its future outlook (order bookings, invoicing, earnings, etc.) and that this information has damaged the Company and caused the Company to incur costs in the form of additional fees (sanctions) to Nasdaq OMX.
- Due to this information, the proponent would like the Company's President to make a detailed account to the annual general meeting concerning the events that have occurred and to specify which direct costs the Company has incurred as a result of this party's actions.

BOARD'S PERSPECTIVE

- To the best of our knowledge, the board has not issued a statement either for or against these proposals.

GLASS LEWIS ANALYSIS

In general, Glass Lewis believes that business decisions and the management of day-to-day operations of the Company are best left to management and the board. However, in this case, the proposal relates to taking legal action and demanding compensation, which potentially could be accretive to shareholder value. On the other hand, we believe the proponent has failed to clearly describe the specific case that purportedly caused damage to the Company and which specific parties the legal action would be against in that case.

Presumably, the proposal relates to the decision by the Disciplinary Committee of Nasdaq Stockholm on December 2, 2016, when it ordered the Company to pay a fine of SEK 916,496. As discussed in Proposal 13.00, one of the violations relates to an earnings forecast published too early due to an error at the Company's news distributor. However, the decision was based on several incidents, including a statement by the former chair, tweets by Johan Carlström, and previous criticism from Nasdaq Stockholm regarding the Company's information disclosure. The Disciplinary Committee concluded that "the Company has not had adequate procedures and systems in place for its information disclosure" ("Fingerprint Cards AB Decision". [Press Release](#). November 30, 2016).

Given the cohesive reasoning behind the sanction, we do not believe the proponent has provided sufficient rationale for initiating legal action without seeking the board's input on the matter. While we would welcome a detailed account of the relevant costs incurred by the Company, the proposals are significantly more prescriptive than a request for relevant information. As these proposals would require the board to take definitive legal action, we find that the proponent has failed to provide adequate disclosure of the terms of the proposal or the related rationale.

Accordingly, we recommend that shareholders vote **AGAINST** Proposals 23.01 and 23.02.

PROPOSAL REQUEST:	Authorize the chair to carry out any formalities related to the decisions of the meeting.	RECOMMENDATIONS & CONCERNS:
PRIOR YEAR VOTE RESULT (FOR):	N/A	FOR- No material concerns
BINDING/ADVISORY:	Binding	
REQUIRED TO APPROVE:	Majority	

■ PROPOSAL SUMMARY

The authority will allow the chair to complete any changes to the numbering of the articles of association and to carry out any changes and supplements to the resolutions as needed to give full force and effect to the decisions made at the meeting.

■ GLASS LEWIS ANALYSIS

This is a routine proposal.

We recommend that shareholders vote **FOR** this proposal.

APPENDIX

Questions or comments about this report, GL policies, methodologies or data? Contact your client service representative or go to www.glasslewis.com/issuer/ for information and contact directions.

■ DISCLOSURES

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■ LEAD ANALYSTS

Governance: **Governance & Remuneration:**

Andrew Gebelin Jakob Nordmark