

Corporate Governance Report 2012/13

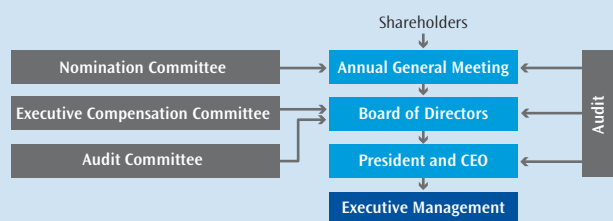
Elekta AB is a Swedish public limited liability company. Elekta is listed on NASDAQ OMX Stockholm. Corporate Governance of Elekta is based on Swedish legislation, primarily the Swedish Companies Act, NASDAQ OMX Stockholm's Rule Book for Issuers, the Swedish Corporate Governance Code (the Code) and other relevant rules and guidelines. Elekta's internal Code of Conduct, as well as its vision and values, form the basis for the internal corporate governance rules.

Elekta has applied the Code since 2005. Elekta has implemented and complies with the Code with one exception concerning item 2.4 of the Code, as follows:

Elekta's Board of Directors has been informed that Elekta's Nomination Committee decided to appoint Laurent Leksell, who is a Board member of the Company, as Chairman of the Nomination Committee. This decision by the Nomination Committee was motivated by the fact that Laurent Leksell is a major shareholder and well suited to effectively lead the work of the Nomination Committee in order to achieve the best result for the Company's shareholders.

This Corporate Governance Report has been reviewed by the Company's auditors in accordance with the Annual Accounts Act (1995:1554).

Corporate Governance at Elekta



GENERAL MEETING OF SHAREHOLDERS

The shareholders' right of decision in Elekta's affairs is exercised at general meetings. The AGM is held in Stockholm, Sweden, in September. Notification of the AGM is published according to the rules of the Companies Act, not earlier than six weeks and not later than four weeks in advance of the meeting.

To be able to participate in decisions, shareholders must be present at the AGM personally or by proxy. Shareholders may register their participation by mail, telephone or via the Elekta website. The language for the AGM is Swedish, and all documentation is available in Swedish and English. Matters considered at the AGM include dividend, adoption of the annual accounts, election of members of the Board of Directors, appointment of auditors, remuneration to the Board of Directors and auditor as well as other important issues resulting from laws or the articles of association.

At General Meetings, Series A-shares entitle the holder to ten votes, while Series B-shares carry one vote. Decisions are normally taken by simple majority, with the exception of those instances when a qualified majority is required. All relevant documentation for General Meetings is made available at the Company's head office and on Elekta's website, www.elekta.com, in Swedish and English.

At the AGM on September 4, 2012, in Stockholm shareholders representing 57 percent of the votes in the Company were present. For more information about the 2012 AGM, please visit www.elekta.com.

Information regarding direct or indirect shareholding in Elekta representing at least one-tenth of the voting right for all shares in the Company and information about authorizations by the General Meeting for the Board of Directors to decide upon repurchases of own shares is set out in the Board of Directors' report on pages 73.

NOMINATION COMMITTEE

The 2012 AGM resolved that the Nomination Committee for the 2013 AGM should be appointed through a procedure whereby the Chairman of the Board, before the end of the second quarter of the fiscal year, contacts three to five representatives for the largest holders of A- and B-shares, as per the last banking day in September, which should be given the possibility to appoint one member each. Those members shall, together with the Chairman of the Board, constitute the Nomination Committee and fulfill its obligations in accordance with the Code. The procedure is described in its entirety in the minutes of the 2012 AGM, which can be found on Elekta's website www.elekta.com. The names of persons appointed to the Nomination Committee were announced in a press release on October 24, 2012. The Nomination Committee's assignment is valid until a new Nomination Committee has been named.

The Nomination Committee consists of the following individuals, who were appointed by the listed shareholders:

- Åsa Nisell – Swedbank Robur funds
- Ossian Ekdahl – First Swedish National Pension Fund, AP1
- Anders Oscarsson – AMF Insurance and Funds
- Laurent Leksell – personal holdings and via companies
- Akbar Seddigh – Chairman of the Board

At the time when the Nomination Committee was established, these shareholders collectively represented approximately 38 percent of the votes in Elekta.

The Nomination Committee appointed Laurent Leksell as chairman and has had three recorded meetings. The Nomination Committee has conducted its assignment in accordance with the Code and in line with this work, has produced a proposal for the composition of the Board to be presented to the AGM for resolution and prepared a proposal for the AGM regarding fees for Board members not employed by the Company and for the auditor. The Nomination Committee's assignment also involves proposing an auditor, which is done in consultation with the Audit Committee.

Prior to the nomination process for Elekta's Board of Directors, an evaluation was conducted under the Chairman's leadership of the performance of all Board members. In addition, all Board members have also filled out a special evaluation form regarding Board work during the year. The result of this evaluation was then shared with the Nomination Committee and has formed the basis for the Nomination Committee's discussions.

Prior to the 2013 AGM, the Nomination Committee will submit proposals for the Chairman of the AGM, the number of Board members, the Chairman of the Board, Board members and the appointment of an auditor. The Nomination Committee will also submit proposals for remuneration to the Chairman and other members of the Board, as well as any work on Board committees and auditors' fees, and propose a procedure for appointment of a new Nomination Committee. The Nomination Committee's proposals are presented in the notice of the AGM, and on Elekta's website. When the notice of the AGM is published, the Nomination Committee also publishes a motivated statement regarding its proposed Board on Elekta's website www.elekta.com.

No remuneration was paid by Elekta to the members of the Nomination Committee.

ELEKTA'S BOARD OF DIRECTORS

Elekta's Board of Directors and Chairman are elected by the AGM. The Board of Directors approves Elekta's strategy and goals, evaluates the day-to-day operations and monitors the Company's development and financial position. The 2012 AGM appointed the persons presented on page 78–79 as Board members until the 2013 AGM. Seven of the eight Board members are independent of the Company and its senior management, as well as of major shareholders in the Company, according to the Code. Information regarding provisions of the articles of association for appointment and dismissal of Board members and provisions stipulated in the articles of association regarding changes to the articles of association is presented on page 73. During the 2012/13 fiscal year, the Board held eleven meetings at which minutes were recorded.

As part of its work, the Board regularly visits Elekta's larger units around the world and also participates in other activities of interest. During the past year, the Board traveled to Boston, in the US, to hold a Board meeting in conjunction with ASTRO, which is the largest radiotherapy trade fair of the year. Other meetings were held at the head office in Stockholm. Representatives from the Executive Management and other managerial representatives regularly participated in Board meetings to report on issues relating to their respective areas during the year.

RULES OF PROCEDURE FOR THE BOARD

Within the Board of Directors, there is no special distribution of responsibility among Board members except for the tasks that the Board has delegated to the Executive Compensation Committee and the Audit Committee. In addition to the division of responsibilities that generally apply under the Swedish Companies Act, Elekta's articles of association and the Code, the work of the Board of Directors is regulated by its rules of procedure, which stipulate that the Board should, for example:

- Hold at least seven ordinary meetings
- Resolve on finance and currency policies
- Approve budgets and similar long-term plans, including investment budgets

- Consider matters regarding investments and similar measures in amounts over SEK 5 M if such matters are beyond the scope of approved investment budgets
- Decide on acquisitions of real estate, shares or the acquisition of operations in another company
- Decide on the establishment and capitalization of subsidiaries
- Resolve on the terms of employment for the CEO
- Resolve on the annual reports and interim reports

At the ordinary Board meetings, the following items should also be considered:

- Report on the Group's operations including financial management
- Report on extraordinary measures or events
- Development of major projects in progress and forecast business events
- Report on existing or potential legal disputes

SIGNIFICANT DECISIONS DURING THE YEAR

In addition to decisions on plans and strategy, continuous monitoring of business operations and approval of interim and year-end reports, the Board of Directors decided during the 2012/13 fiscal year on matters including:

- Long-term strategic plan
- Long-term financing and financial policy
- Plan for succession management
- Major investments in research and development, and product development programs

Remuneration to the Board of Directors is resolved on by the AGM and is paid to those Board members who are not Elekta employees. Elekta has not introduced any share, or share-based incentive program for Board members. Remuneration to the respective members is detailed in the table on this page.

Meeting attendance and fees for the Board of Directors 2012/13, thousands

Name	Fees decided by the 2012 AGM		Number of meetings attended		
	Board fees	Committee fees	Board	Audit Committee	Compensation Committee
Chairman:					
Akbar Seddigh	750	70	11	–	4
Members:					
Hans Barella	340	150	11	4	–
Luciano Cattani	340	35	11	–	4
Laurent Leksell ¹⁾	–	–	11	–	–
Siaou-Sze Lien	340	35	10	–	4
Wolfgang Reim	340	–	11	–	–
Jan Secher	340	70	11	4	–
Birgitta Stymne Göransson	340	70	11	4	–
Total	2,790	430	11	4	4

¹⁾ No remuneration is paid to members of the Board who are employed by the Company.

Board of Directors



AKBAR SEDDIGH

First elected 1998

Board chairman, chairman of the Compensation Committee

Born 1943. Graduate chemist and marketing specialist

Independent: Independent of the Company and the executive management and independent of the major shareholders

Board chairman: A+ Science Holding AB, Blekinge Tekniska Högskola, Innovationsbron AB and Sweden Bio

Board member: Athera Biotechnologies AB och LSO – USA

Holdings in Elekta: 13,200 B-shares and 3,300 B-convertibles

Principal work experience and other information: Nearly 30 years of experience from medical technology. Among others he has had executive positions in Volvo Group, AB Atomic Energy and Geological survey of Sweden. He founded the medical technology company Ortivus in 1984 and was its CEO until the Company's listing in 1997



HANS BARELLA

First elected 2003

Chairman of the Audit Committee

Born 1943. Master of Science in Electrical Engineering/Business Administration from the Technical University in Eindhoven, the Netherlands

Independent: Independent of the Company and the executive management and independent of the major shareholders

Board chairman: Sapiens GmbH and Super Sonic Imagine SA

Holdings in Elekta: –

Principal work experience and other information: CEO at Philips Medical Systems and member of the Group Management Committee of Royal Philips from 1997 to 2002. Former board chairman of COCIR



LUCIANO CATTANI

First elected 2008

Member of the Compensation Committee

Born 1945. Master of Science in Economics from the University of Rome

Independent: Independent of the Company and the executive management and independent of the major shareholders

Deputy board chairman: EQVAL SA – Switzerland

Board member: EGEA Medical-Carpi and Sorin Spa

Holdings in Elekta: 1,000 B-convertibles

Principal work experience and other information: President for EMEA at Stryker Corporation from 2001 to 2004, Group President International at Stryker Corporation from 2005 to 2008 and Executive Vice President International Public Affairs at Stryker Corporation from 2008 to 2010



LAURENT LEKSELL

First elected 1972

Born 1952. Master of Business Administration and PhD from Stockholm School of Economics

Independent: Not independent in relation to the Company or the executive management and, being the Company's largest shareholder, not independent in relation to major shareholders

Board chairman: Stockholm City Mission

Board member: International Chamber of Commerce (ICC) and Sweden-China Trade Council

Holdings in Elekta: 14,250,000 A-shares, 9,406,624 B-shares, 3,562,500 A-convertibles and 2,500,681 B-convertibles

Principal work experience and other information: Founder of Elekta and Executive Director, since 2005. Former CEO and President of Elekta during the years from 1972 to 2005. Scientist and teacher at Stockholm School of Economics

**SIAOU-SZE LIEN****First elected 2011***Member of the Compensation Committee*

Born 1950. Bachelor of Science in Physics from Nanyang University and an Master of Science in Computer Science from Imperial College in London

Independent: Independent of the Company and the executive management and independent of the major shareholders

Board member: Luvata Holding, Nanyang Technological University (NTU), NTU's Confucius Institute and Republic Polytechnic Singapore

Holdings in Elekta: –

Principal work experience and other information: Senior Executive Coach at Mobley Group Pacific Ltd after a 28-year career at Hewlett-Packard. Until 2006, Senior Vice President, Hewlett-Packard Services for the Asia-Pacific & Japan region

**WOLFGANG REIM****First elected 2011**

Born 1956. Master in Natural Sciences and PhD in Physics from the Federal Institute of Technology ETH in Zürich

Independent: Independent of the Company and the executive management and independent of the major shareholders

Board chairman: Ondal Medical Systems GmbH since November 2012

Board member: Carl Zeiss Meditec AG, GN Store Nord A/S, Esaote S.p.A until December 2012, Klingel GmbH from December 2012 and Medlumics S.L. from January 2013

Holdings in Elekta: –

Principal work experience and other information: Independent consultant focusing on the medical technology industry. Until end of 2006 CEO of Dräger Medical AG. He started to work for Siemens in 1986 and was the CEO of the Siemens Ultrasound Division from 1997 to 2000 and President of the Special Products Division from 1995 to 1997

**JAN SECHER****First elected 2010***Member of the Audit Committee*

Born 1957. Master of Science in Industrial Engineering and Management from Linköping University in Sweden

Independent: Independent of the Company and the executive management and independent of the major shareholders

Board chairman: Peak Management AG and Holmstaden A/S from October 1, 2013

Holdings in Elekta: 8,800 B-shares and 2,340 B-convertibles

Principal work experience and other information: President and CEO of Perstorp AB from September 16, 2013. Previous the President and CEO of Ferrostaal AG from 2010 to 2012, operating partner of the US private equity fund Apollo in London from 2009 to 2010, CEO of Clariant AG in Basel from 2006 to 2008 and CEO of SICPA in Lausanne from 2003 to 2005. Before he held various leading positions in the ABB Group during the years from 1982 to 2002

**BIRGITTA STYMNE GÖRANSSON****First elected 2005***Member of the Audit Committee*

Born 1957. Master of Business Administration from Harvard Business School and Master of Science in Chemical Engineering and Biotechnology from the Royal Institute of Technology in Stockholm

Independent: Independent of the Company and the executive management and independent of the major shareholders

Board chairman: Fryshuset Foundation

Board member: Medivir AB, Rhenman & Partners Asset Management AB and Stockholm Chamber of Commerce

Holdings in Elekta: 7,600 B-shares and 1,900 B-convertibles

Principal work experience and other information: President and CEO of Memira Group since 2010. Previous positions as CEO for Semantix from 2005 to 2009 and VP and CFO for Telefos from 2001 to 2005. Before that CFO for Åhlens, senior management consultant at McKinsey & Company, Swedish Technical Attache's in Washington DC and product manager for Gambro

EXECUTIVE COMPENSATION COMMITTEE

Elekta's Executive Compensation Committee (ECC) is appointed by Elekta's Board of Directors. The purpose of the Committee is to provide clarity in the decision process for issues related to compensation of executive staff within Elekta as well as other remuneration plans throughout Elekta.

The objective of the Committee is to achieve maximum shareholder and customer value through ensuring fairness and internal equality of the structure, scope and level of executive compensation in Elekta while maintaining market competitiveness.

During the fiscal year, the ECC consisted of the Chairman of the Board, Akbar Seddigh, who also was Chairman of the ECC and Board members Luciano Cattani and Siao-Sze Lien. President and CEO Tomas Puusepp is present at the Committee meetings and the Group VP Human Resources serves as secretary.

The ECC provides the Board with recommendations regarding principles for formulating the Group's remuneration system for senior executives and senior managers. The recommendations relate to the variable salary component, distribution between fixed and variable remuneration as well as the level of salary increases for top management. The ECC also proposes criteria for assessing performance of senior executives and senior managers, which are discussed and resolved on by the Board. The entire Board decides on remuneration to the President and CEO.

During the 2012/13 fiscal year, the ECC held four meetings. Minutes were taken at every meeting. Attendance at the committee meetings was 100 percent. More important matters dealt with by the ECC during the fiscal year included:

- Yearly remuneration audit for the CEO and the Executive Management
- Compensation benchmark for the CEO and Executive Management
- Evaluation of the Group's remuneration philosophy and strategy
- An evaluation of the Company's existing long-term incentive plan
- Proposals for the revision of the long-term incentive plan
- Evaluation of the Company's compliance with the Code regarding remuneration to senior executives
- Evaluation of the Company's compliance with the principles for remuneration to senior executives

Information on Elekta's principles for remuneration of Executive Management and outstanding share plans is presented on pages 74–75 and in Note 5.

AUDIT COMMITTEE

The Audit Committee works in accordance with guidelines and instructions for the Audit Committee, which have been adopted by the Board. The Audit Committee is responsible for ensuring that the entire Board of Directors is kept regularly informed as to the work of the Audit Committee and, where necessary, shall submit matters to the Board for approval. The main duties of the Audit Committee are to support the Board of Directors in the work of monitoring the quality of the financial reporting, risk management and auditor review and to ensure that established accounting principles are applied in a correct manner. The Audit Committee regularly meets Elekta's auditors, evaluates the audit work and approves the additional services that Elekta may procure from the external auditors.

The Audit Committee's members were Hans Barella (chairman), Birgitta Stymne Göransson and Jan Secher. President and CEO Tomas Puusepp and CFO Håkan Begrström is present at the Committee meetings. During the 2012/13 fiscal year, the Audit Committee held four meetings. Minutes were taken at every meeting.

The more important matters dealt with by the Audit Committee during the fiscal year included:

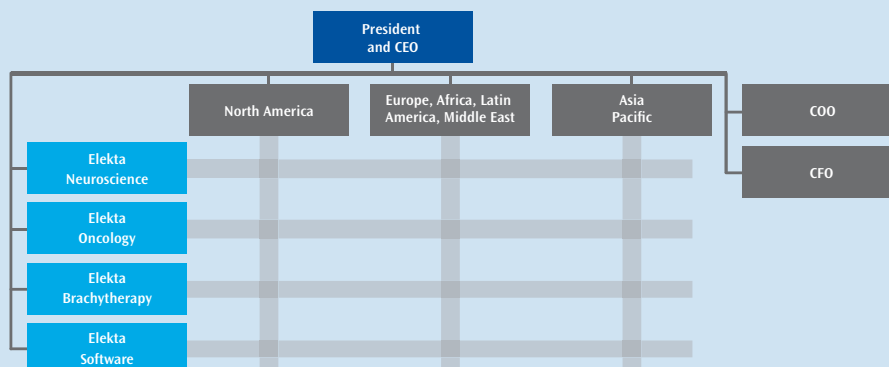
- Monitoring of compliance and review of plans and measures for compliance
- Risk Management and prioritization of resources to ensure proper risk management
- Proposals for the establishment of an Internal audit function
- Evaluation of reports from external auditors
- Analysis of balance sheet and income statement, monitoring and review of performance indicators
- Review of principles for revenue recognition
- Review and evaluation of auditor's impartiality and independence
- Adoption of internal control processes

AUDITORS

The AGM on September 4, 2012 elected PwC as audit firm until the 2013 AGM, with Johan Engstam, born 1966, as auditor in charge.

In addition to Elekta, Johan Engstam's auditing assignments include Husqvarna AB (publ) and Transmode AB (publ). He has no auditing assignments in companies related to Elekta's major shareholders or its President and CEO. The auditors' fees during the fiscal year are reported in Note 8.

Elekta's organization



Executive Management



TOMAS PUUSEPP

Year of birth: 1955
Official title: CEO and President
Employed since: 1988
Holdings: 600,000 B-shares and 150,000 B-convertibles



JOHAN SEDIHN

Year of birth: 1965
Official title: COO
Employed since: 1993
Holdings: 79,462 B-shares and 20,203 B-convertibles



HÅKAN BERGSTRÖM

Year of birth: 1956
Official title: CFO
Employed since: 2001
Holdings: 140,052 B-shares and 35,013 B-convertibles



JAMES P HOEY

Year of birth: 1958
Official title: EVP Region North America
Employed since: 2005 (Founded IMPAC 1990)
Holdings: 15,417 B-shares



GILBERT WAI

Year of birth: 1953
Official title: EVP Region Asia Pacific
Employed since: 1998
Holdings: 344,000 B-shares



ÅSA HEDIN

Year of birth: 1962
Official title: EVP Elekta Neuroscience
Employed since: 1994–2000 and since 2007
Holdings: 6,970 B-shares and 6,540 B-convertibles



BILL YAEGER

Year of birth: 1961
Official title: EVP Elekta Oncology
Employed since: 2000–2008 and since 2011
Holdings: 4,200 B-shares



JOHN LAPRÉ

Year of birth: 1964
Official title: EVP Elekta Brachytherapy
Employed since: 2011 (Employed at Nucletron since 2009)
Holdings: 2,500 B-shares



TODD POWELL

Year of birth: 1965
Official title: EVP Elekta Software
Employed since: 2005 (Employed at IMPAC since 1992)
Holdings: –



IAN ALEXANDER

Year of birth: 1958
Official title: EVP Region Europe, Africa, Latin America, Middle East
Employed since: 2008–2011 and since 2012
Holdings: 1,332 B-shares

PRESIDENT AND CEO

The President and CEO is appointed by the Board of Directors and shall oversee the operational management of Elekta in accordance with the guidelines and directions stated in law, the articles of association and the internal operating instructions. Operational management includes all measures that are not – considering the scope and nature of the Company's operations – of an unusual nature, of major significance, or are explicitly defined as the responsibility of the Board of Directors.

Tomas Puusepp has served as President and CEO of Elekta since May 1, 2005. Born in 1955, he has a total of more than 30 years of management experience in international medical technology. Following studies in engineering and physics and management training at IMD in Lausanne, Switzerland, Tomas Puusepp held various positions at the Research Institute for Atomic Physics, Scanditronix and Ericsson before being employed by Elekta in 1988. Since then, he has held various management positions within Elekta, including head of Elekta's neurosurgery operations, President of Elekta's subsidiary in North America and global head of Elekta's sales, marketing and service operations. Tomas Puusepp has no significant assignments outside Elekta. He has no shareholdings or ownership interests in companies with significant business relations with Elekta. Tomas Puusepp's share and option holding in Elekta is noted in the presentation of the Executive Management on page 81.

EXECUTIVE MANAGEMENT

Elekta's Executive Management consists of the President and CEO, the Chief Financial Officer, the Chief Operating Officer, the managers of four product areas and the three regions – a total of ten members. The President and CEO oversees the work of the Executive Management and the Executive Management makes jointly decisions. Executive Management meetings are held one or two days each month. The meetings, with Elekta's General Counsel acting as secretary, are often held in conjunction with visits to the Group's various units. Details regarding remuneration of the President and CEO and Executive Management are provided in Note 5.

FINANCIAL REPORTING AND INFORMATION

Elekta provides the market with continuous information regarding the Company's performance and financial position in accordance with the guidelines specified in the Board's communications policy. Financial information is published regularly in the form of:

- Interim reports
- Elekta's annual report
- Press releases on news and events that may significantly affect the Company's valuation and future prospects. As a general rule, orders with a value exceeding USD 10 M shall be considered for disclosure through publication of a press release
- Presentations and telephone conferences for financial analysts, investors and media
- Capital markets days arranged by the Company at one of its major units or in conjunction with major scientific conferences where Elekta is exhibiting
- Elekta's website – www.elekta.com – where the above information is made available

According to policy, Elekta has a silent period prior to each quarterly report, during which the Company does not present at investor seminars or conduct meetings with investors or analysts, in person or over telephone. The length of this silent period is to be determined by the CEO. It should not be shorter than 14 days.

RISK MANAGEMENT AND INTERNAL CONTROL

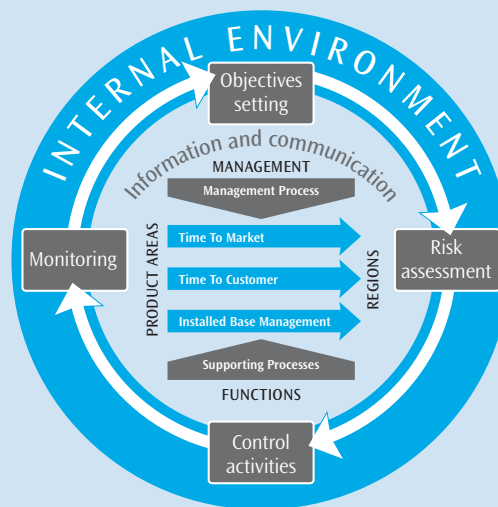
During the year, Elekta has continued to implement a more systematic method for risk management and internal control, Elekta Risk Management and Internal Control process, see figure on this page. The method is developed from already established work procedures for identifying and handling of risks and will secure that risk management and internal control is an integral part of the strategy- and management processes. The method focuses on management of strategic risks, operating risks, legal and regulatory compliance risks and risks related to financial reporting with the aim to provide reasonable assurance that the Elekta long-term and short-term objectives are achieved. Risk Management and Internal Control over financial reporting aims to provide reasonable assurance with regard to the reliability of the external financial reporting in terms of interim reports, year-end reports and annual reports, and to ensure that the external financial reporting is prepared in accordance with laws, applicable accounting standards and other requirements on listed companies.

Internal environment

The internal environment is the foundation for internal control. It establishes the culture in which Elekta operates and defines standards and guidelines for corporate behavior. The internal environment embraces Elekta's Mission, Vision and Values as guiding principles and is described in more detail in Elekta's Business Management System through documented policies, procedures, processes and work instructions that are communicated throughout the organization.

Elekta's Code of Conduct serves as an overall policy to ensure that all employees understand and act in accordance with corporate responsibility regarding business ethics and behavior in the areas of social, environmental and economic responsibility. Other policies procedures, processes and work instructions describe Elekta's business operations, for example the strategy- and management processes, the main business processes; Time to Market, Time to Customer and Installed Base Management, as

The Risk Management and Internal Control process



The Elekta Risk Management and Internal Control process is developed from the principles and definition of Enterprise Risk Management established by COSO, The Committee of Sponsoring Organizations of the Treadway Commission.

well as supporting processes such as purchasing, customer feedback, IT and human resources. There are also policies, procedures, processes and work instructions regarding the financial reporting in the Financial Guide, including for example authorization policy and instruction, accounting policy, reporting instruction and financial policy. In addition there are working instructions established for supporting for example the financial IT systems, and an information policy.

As a medical device company, Elekta operates according to requirements and standards established by regulatory authorities. These requirements and standards are implemented and maintained through Elekta's Business Management Systems.

The organizational structure is transparent with defined roles, authorities and responsibilities documented in job descriptions on all levels in the Company. The Board of Directors has established working instructions for the Board of Directors, the Audit Committee, the Executive Compensation Committee, the President and CEO as well as instructions regarding financial reporting for the Board of Directors. Personal performance evaluation is conducted annually to ensure relevant competency and any development needs. The organizational structure is described on page 80.

Objectives setting and risk assessment

As part of Elekta's strategy- and management processes, the Company establishes long-term and short-term objectives. A risk assessment is performed in connection with the strategy process in order to identify the risks related to the achievement of the objectives including risks related to financial reporting. The risks are documented in a Company risk map. In addition, risks that appear during the year are continuously evaluated and included, if applicable, to the Company risk map. The major risks are described on pages 70–71 and 97–99.

The risk assessment is conducted by evaluating the risk level, based on an impact and probability perspective, and defines the appropriate risk response to manage the risks. All risks are then handled by appointed risk owners and risk actionees.

Control activities

The control activities are designed to manage risks considered by the Audit Committee, the President and CEO and the Executive Management to be significant to achieve the strategic objectives, the objectives for the business operations, legal and regulatory compliance as well as for the financial reporting.

Policies and procedures are established and implemented to ensure that the risk responses are effectively carried out, for example by:

- Changing the business model to avoid risks
- Accepting actual risk levels and secure monitoring of changes
- Improving business processes to reduce risks
- Sharing risks between entities
- Transferring risks to external parties as appropriate

Control activities regarding financial reporting are designed to ensure that the fundamental requirements on the external financial reporting are fulfilled. They comprise overall and detailed controls and could be preventative or detective. Control activities are often integrated in key processes, such as order- and revenue recognition, and also include analysis and follow up of performance and results. Areas that are covered by control activities are for example approvals and authorizations of business transactions, reliability in business IT systems, observance of laws, applicable accounting standards and other requirements on listed companies as well as areas that include a certain degree of judgement.

Monitoring

The monitoring of risk management and internal control processes to ensure that they are effective, is conducted by the Board of Directors, the Audit Committee, the President and CEO, the Executive Management and other specifically appointed committees and relevant employees. Monitoring includes for example reviewing of monthly business- and financial reports, quarterly business reviews, monthly reviews of order recognition by the Order Committee and follow-up of internal quality audit reports of the business operations related to for example quality of product, product development and manufacturing, which is conducted by the Quality function, as well as reports from the external auditors.

Status of prioritized risks are monitored by the Risk Manager and reported quarterly to the Audit Committee and the Board of Directors, while all overall company risks are monitored by the Executive Management as an integrated part of the business reviews.

Information and communication

As part of Elekta's strategy- and management processes, the Board of Directors, the President and CEO and the Executive Management make decision on company long-term strategies, operational plans and company policies. These are communicated to the relevant levels within the Company as base for company control.

Management at different levels in the organization make daily decisions based on relevant reported operational and financial information and ensure that decisions are implemented and are in line with overall strategies, plans and policies.

Elekta has several different communication channels within the organization, including for example the Company's intranet, information letters, regular meetings and company magazines. The aim is to ensure visibility of necessary information to relevant employees.

Elekta's Communications Policy regulates communication with external parties, including the financial market.

Any suspicion of breach of the Code of Conduct may be reported, anonymously as well as, directly to Elekta's Corporate Social Responsibility Officer.

The work with risk management and internal control over financial reporting has during the year been performed by the Risk Manager, other internal functions and external resources. The work is based on established control procedures and control routines within the Company.

Based on the performed work, the Company currently has not considered to establish a separate internal audit function. However, the Board of Directors continuously evaluates the need and scope of an internal audit function related to financial reporting.