

Corporate Governance Report 2015/16

Elekta AB (publ) is a Swedish public limited liability company listed on NASDAQ Stockholm. Elekta considers good corporate governance, including risk management and internal control, to be an important element of a successful business operation since it provides opportunities for maintaining confidence among customers, patients, shareholders, authorities and other stakeholders. Elekta's Corporate Governance

Report 2015/16 was prepared by the Company's Board of Directors and has been reviewed by the Company's external auditor.

Elekta AB (publ) is referred to as "Elekta AB", "the Company" or "the Parent Company" and the Elekta Group, which includes Elekta AB and its subsidiaries, is referred to as "Elekta" or "the Group".

Chairman's comments 2015/16

Elekta is a global medical technology company pioneering significant innovations and clinical solutions for treating cancer and brain disorders. Elekta's clinical solutions contribute to treatment of close to 1.5 million patients annually, all around the world. Thus, we have a major responsibility towards our customers and their patients. As a manufacturer of medical devices, Elekta's operations are governed by requirements and standards established by regulatory authorities in various countries, as well as by our own policies and procedures, including our Code of Conduct. Elekta is listed on NASDAQ Stockholm and has an international shareholder base. This contributes to the high demands we set on Elekta's governance, which includes risk management and internal control.

The Board emphasizes its work with Elekta's strategy and international development, as well as corporate governance. Elekta's Governance Framework describes how the Group is directed and controlled. The purpose is to create, preserve, and realize value for our shareholders as well as to provide and secure sustainable and reliable operations.

Elekta is in the final stage of implementing a strengthened internal control framework, and reinforced Group risk and quality management procedures and processes. This will enable us to manage and mitigate risks in a more structured manner.

Elekta has zero tolerance towards all actions that do not comply with or follow regulations, our Code of Conduct and other business policies. We strive for, and expect, the highest ethical business standard. During the year, the Board has thus reinforced our functions for compliance and internal control. The Board has worked extensively with the recruitment of Richard Hausmann, and was pleased to be able to appoint him as Elekta's new president and CEO on June 10, 2016. Tomas Puusepp, whom Richard Hausmann succeeded as president and CEO, will continue to contribute in his former capacity as an executive member of the Board.

During the year, Elekta has made significant progress with the extensive Transformation Program which was launched in June 2015. We in the Board continue to support and monitor the Company to ensure that we reach our strategic and financial objectives. We are fully confident in that the actions that are being established and implemented by executive management will contribute to a positive future, and the further development of Elekta.

July 18, 2016

Laurent Leksell
Chairman of the Board

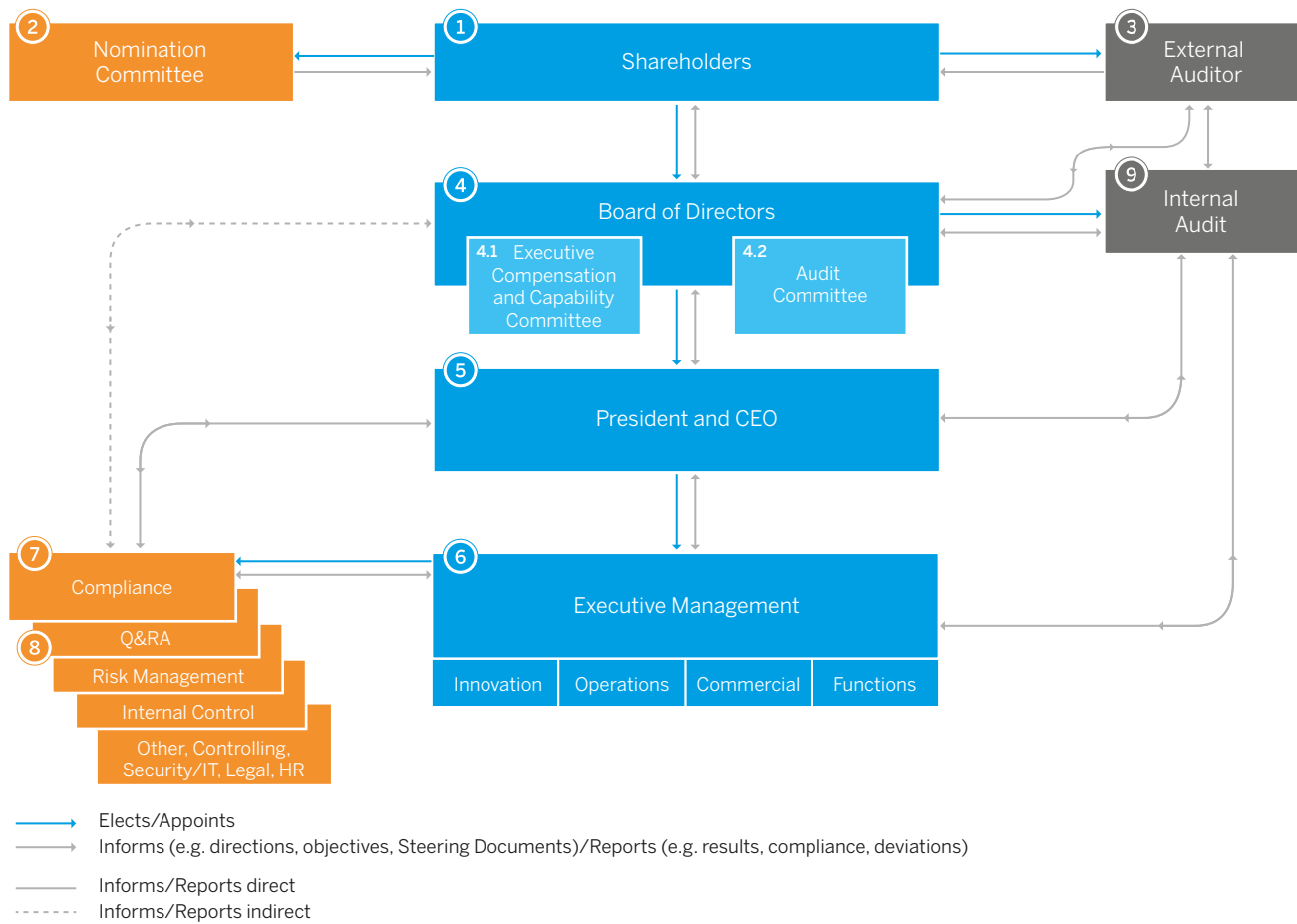


Elekta has implemented and complied with the Swedish Corporate Governance Code ("the Code") with one exception during the fiscal year 2015/16. Elekta's Nomination Committee resolved to appoint the Chairman of the Board of Directors, Laurent Leksell, as Chairman of the Nomination Committee, motivated by the fact that in his capacity as the major shareholder, he is

well suited to effectively lead the work of the Nomination Committee in order to achieve the best results for the Company's shareholders. According to point 2.4 of the Code, the Chairman of the Board of Directors is not to be the Chairman of the Nomination Committee.

ELEKTA GOVERNANCE STRUCTURE

As at April 30, 2016



Examples of External Steering Documents, Laws and regulations:

- The Swedish Companies Act
- The Swedish Annual Accounts Act
- The Swedish Accounting Act
- NASDAQ Stockholm Rule Book for Issuers
- The Swedish Corporate Governance Code
- International Financial Reporting Standards (IFRS)
- Requirements and standards from supervisory authorities in the field of medical technology
- Other applicable Swedish and international laws and regulations

Examples of Internal Steering Documents:

- Articles of Association
- Working Instructions for the Board of Directors, Working Instructions for the Chief Executive Officer, Instructions regarding financial reporting for the Board of Directors, Working Instructions for the Audit Committee, a Directive for the Executive Compensation and Capability Committee and a Charter for the Internal Audit function
- Objectives and strategies
- Mission, vision and values
- Code of Conduct

- The organizational structure with defined roles and responsibilities and delegation of authority
- Other policies and procedures, such as the Anti-Corruption Policy, Whistle Blowing Procedure, Communication Policy, Quality Policy, Environmental Policy, IT Policies and HR Policies, including processes and work instructions in the Elekta Business Management System
- Financial Guide

1 SHAREHOLDERS

Ownership structure

At the end of the fiscal year, Elekta AB had 29,656 shareholders, of whom 60 percent were domiciled in Sweden. At April 30, 2016, the largest shareholders were Laurent Leksell with companies, with 29.7 percent of the votes, and Swedbank Robur funds with 4.7 percent of the votes. Read more about the share and shareholders on pages 27–29.

Shares and votes

Elekta AB's B-share is listed on NASDAQ Stockholm. On April 30, 2016, the total number of registered shares in Elekta AB was 382,829,047, divided between 14,250,000 Series A shares and 368,579,047 Series B shares. At the General Meetings of Shareholders, which is the forum in which shareholders may exercise influence, Series A shares entitle the holder to ten votes, while Series B shares carry one vote each. Read more about the share and shareholders on pages 27–29.

Dividend policy

Elekta's goal is to provide shareholders with a favorable return and value growth. The policy is to distribute at least 30 percent of profit for the year in the form of dividends, repurchase of shares or comparable measures. A dividend decision is based on Elekta's financial position, earnings trend, growth potential and investment requirements.

General Meeting of Shareholders

The General Meeting of Shareholders is Elekta AB's highest decision-making body. In addition to the Annual General Meeting of Shareholders, Extraordinary General Meetings of Shareholders may be held at the discretion of the Board of Directors or, if requested by the external auditor or by shareholders owning at least 10 percent of the shares. Decisions are normally made by a simple majority, and in elections, the person receiving the most votes is deemed elected. The Swedish Companies Act requires certain decisions, such as amendments of the Articles of Association and the transfer of treasury shares to employees participating in equity-based long-term incentive programs, to be made by a qualified majority. Disclosures on direct or indirect shareholdings in Elekta AB representing at least one-tenth of the voting rights, and information about authorizations by the General Meeting of Shareholders for the Board of Directors to decide upon repurchases of treasury shares are set out on page 27.

Annual General Meeting of Shareholders

The Annual General Meeting of Shareholders is held in Stockholm, Sweden. The date and venue for the meeting will be announced on Elekta's website www.elekta.com not later than in connection with the third interim report May–January. Notification of the Annual General Meeting is published, according to the rules of the Swedish Companies Act, not earlier than six weeks and not later than four weeks in advance of the Meeting.

Shareholders who cannot attend in person may be represented by an authorized proxy. Only shareholders included in the shareholder register are entitled to vote. Shareholders with trustee-registered shares who wish to vote must request that they be entered in the shareholder register by the record date for the Annual General Meeting. The Annual General Meeting is held in Swedish, but all relevant documentation is also available in English. At the Annual General Meeting, shareholders have the opportunity to ask questions. Elekta always strives to ensure that the members of the Board of Directors, the Executive Management and the external auditor are present at the Meeting.

2015 Annual General Meeting of Shareholders

The 2015 Annual General Meeting of Shareholders was held in Stockholm on September 1, 2015. The meeting was attended by 571 shareholders, either personally or by proxy, corresponding to 58 percent of the votes in the Company. All members of the Board of Directors were present at the Meeting. The 2015 Annual General Meeting of Shareholders resolved on the following:

- Adoption of the income statement and the balance sheet for the Parent Company and the consolidated income statement and the consolidated balance sheet.
- A dividend payment of SEK 0.50 per share to shareholders.
- Discharge of the members of the Board of Directors, and President and CEO, from liability.
- Adoption of fees to the Board of Directors totaling SEK 4,295,000 (3,710,000), of which SEK 1,075,000 (1,040,000) to the Chairman of the Board of Directors and SEK 460,000 (445,000) to each of the other external members of the Board of Directors, as well as SEK 90,000 (90,000) to the Chairman of the Executive Compensation and Capability Committee and SEK 50,000 (50,000) to each of the other members of the Committee, and SEK 200,000 (200,000) to the Chairman of the Audit Committee and SEK 110,000 (110,000) to each of the other members of the Committee.
- Fees to the external auditor should be paid in accordance with approved accounts.
- Re-election of members of the Board of Directors Luciano Cattani, Laurent Leksell, Siaou-Sze Lien, Tomas Puusepp, Wolfgang Reim, Jan Secher and Birgitta Stymne Göransson, and election of new members Johan Malmquist and Annika Espander Jansson. Laurent Leksell was re-elected Chairman of the Board of Directors.
- Re-election of PwC as external auditor, with Authorized Public Accountant Johan Engstam as Auditor in Charge.
- Adoption of the Board of Directors' proposed guidelines for remuneration of senior executives.
- Adoption of the Board of Directors' proposed equity-based long-term incentive program, Performance Share Plan 2015, to encompass approximately 11 key employees of the Group, with the exception of the transfer of treasury shares to employees.
- Adoption of procedure for appointment of Nomination Committee for the 2016 Annual General Meeting of Shareholders.

The minutes of the 2015 Annual General Meeting of Shareholders are available at www.elekta.com. No other General Meetings of Shareholders were held during the 2015/16 fiscal year.

2016 Annual General Meeting of Shareholders

The 2016 Annual General Meeting of Shareholders will be held in Stockholm, Sweden, at Moderna Museet on September 1, 2016 at 1:00 pm. More information regarding the 2016 Annual General Meeting of Shareholders is available at www.elekta.com.

2 NOMINATION COMMITTEE

Procedure for appointment of Nomination Committee

The 2015 Annual General Meeting of Shareholders resolved that the Nomination Committee for the 2016 Annual General Meeting of Shareholders would be appointed through a procedure whereby the Chairman of the Board of Directors, before the end of the second quarter of the fiscal year, would contact the four largest shareholders in terms of voting rights, besides the shareholder or shareholders the Chairman of the Board of Directors may represent as of the last banking day of September. These shareholders would be given the opportunity to appoint one person each who, together with the

Chairman of the Board of Directors, would constitute the Nomination Committee. The Chairman of the Nomination Committee would be the member of the Nomination Committee appointed by the largest shareholder in terms of voting rights. The Nomination Committee would be entitled to appoint a person as a co-opted member to the Nomination Committee. Such a co-opted member would not participate in the Nomination Committee's resolutions. No remuneration would be paid to the members of the Nomination Committee.

Composition of the Nomination Committee for the 2016 Annual General Meeting of Shareholders

The composition of the Nomination Committee for the 2016 Annual General Meeting of Shareholders was announced in a press release on November 3, 2015. The Nomination Committee for the 2016 Annual General Meeting of Shareholders comprises:

- Laurent Leksell, Chairman of the Nomination Committee and Chairman of the Board of Directors – representing his own and related parties' holdings
- Åsa Nisell – appointed by Swedbank Robur Funds
- Per Colleen – appointed by the Fourth Swedish National Pension Fund
- Johan Hernander – appointed by Nordea Investment
- Mikael Wiberg – appointed by Alecta pensionsförsäkring

The Nomination Committee has appointed Laurent Leksell as Chairman of the Nomination Committee. The Nomination Committee has further resolved to co-opt Caroline Leksell Cooke without voting rights to the Nomination Committee. The assignment for the Nomination Committee is valid until the end of the next Annual General Meeting of Shareholders, or, where applicable, until a new Nomination Committee has been appointed.

Preparation for the 2016 Annual General Meeting of Shareholders

The Nomination Committee is to present proposals for resolutions by the 2016 Annual General Meeting of Shareholders in relation to the following:

- Chairman of the Annual General Meeting of Shareholders
- Chairman of the Board of Directors and other members of the Board of Directors
- Fees to the Board of Directors broken down into amounts for the Chairman of the Board of Directors, other members of the Board of Directors and members of the Board of Directors' committees
- External auditor and fees to the auditor
- Where deemed necessary, proposal to amend the procedure for the Nomination Committee

The Nomination Committee held four meetings prior to the 2016 Annual General Meeting of Shareholders. For the composition of the Board of Directors, the Nomination Committee paid particular attention to the Company's strategy, operations, stage of development and other conditions. The composition also meets the requirements stipulated in item 4.1 of the Swedish Corporate Governance Code regarding diversity and a breadth of qualifications, experience and background among Board members. The Nomination Committee does not believe that the composition of the Board of Directors fully meets the requirement of striving for gender balance on the Board. Of the nine Board members, three are women and six men, meaning that the percentage of women is 33 percent (25). The Nomination Committee believes that it is important to continue to strive for gender balance on the Board. The Board comprises members who are considered to contribute experience from and expertise in both general and the medical devices industry, accounting and finance and key international markets for Elekta. Several of the members have their main experience from a non-Nordic perspective.

Annually the Board of Directors' initiates an evaluation of the Board of Directors' work, expertise, composition and independence of its members were evaluated, partly to assess the preceding year, but also to identify areas for development for the Board of Directors. The evaluation is performed with support from an evaluation form and by discussions as well as by individual interviews performed by the Chairman of the Board with the Board Members. The conclusion is presented the nomination committee by the chairman of the board.

The Nomination Committee's complete proposals for the 2016 Annual General Meeting of Shareholders and reasoned statement will be published in the notice convening the 2016 Annual General Meeting of Shareholders, which will be available at www.elekta.com

3 EXTERNAL AUDITOR

Appointment of the external auditor

The external auditor of Elekta AB is appointed by the Annual General Meeting of Shareholders for a period until the end of the next Annual General Meeting of Shareholders.

External auditor and Auditor in Charge

The 2015 Annual General Meeting of Shareholders re-elected PwC as external auditor with Johan Engstam as Auditor in Charge. PwC has been the external auditor of Elekta AB since the 2012 Annual General Meeting of Shareholders.

Johan Engstam was born in 1966 and is an Authorized Public Accountant. During the year, he was also the Auditor in Charge of MedCap AB. He has no assignments in any other company that affect his independence as the Auditor in Charge of Elekta AB.

Responsibility

The audit engagement includes the audit of the annual accounts and consolidated accounts of Elekta AB, the proposed appropriations of the Company's profit or loss and the administration of the Board of Directors and the President and CEO of Elekta AB. The audit engagement also includes reviewing whether the guidelines for remuneration of senior executives adopted by the Annual General Meeting of Shareholders have been complied with.

Work during the year

PwC has performed the audit of Elekta AB and the Group for the fiscal year 2015/16, based on a risk-based External Audit plan, resulting in unqualified Auditor's report and statement, which are available on page 95 and at www.elekta.com.

In 2015, the Audit Committee established guidelines regarding the type of services in addition to audit services, known as permissible non-audit services, that Elekta may procure from the external auditor in order to assure that the impartiality and independence of the external auditor is not put at risk. Permissible non-audit services may not exceed 70 percent of the cost for audit services measured over a three-year period. The Audit Committee may decide to make exceptions under certain circumstances.

Non-audit services procured from the external auditor during the fiscal year 2015/16 adhered to the guidelines established and comprised tax consultancy and other services such as consultancy work related to internal control and acquisitions.

The fees to the external auditor for the fiscal year 2015/16 are reported in Note 8.

4 BOARD OF DIRECTORS

Appointment of the Board of Directors

The Board of Directors of Elekta AB (“the Board”) is appointed by the Annual General Meeting of Shareholders for a period until the end of the next Annual General Meeting of Shareholders. According to the Articles of Association of Elekta AB, the Board is to have between three and ten members with not more than five deputy members. There are no other rules in the Articles of Association concerning the appointment or removal of members of the Board.

Composition and independence of the Board of Directors

The Board of Directors comprises nine members. The members of the Board are Laurent Leksell, who is also the Chairman of the Board, Luciano Cattani, Siaou-Sze Lien, Tomas Puusepp, Wolfgang Reim, Jan Secher, Birgitta Stymne Göransson, Johan Malmquist and Annika Espander Jansson. There are neither deputy Board members nor employee representatives on the Board.

The General Counsel serves as secretary for the Board.

The composition of the Board meets applicable independence requirements as seven of the nine members of the Board have been deemed independent in relation to the Company, the Executive Management and major shareholders. These seven members are: Luciano Cattani, Siaou-Sze Lien, Wolfgang Reim, Jan Secher, Birgitta Stymne Göransson, Johan Malmquist and Annika Espander Jansson.

Attendance at Board meetings is shown in the table on pages 46–47.

Responsibility

The Board’s work is regulated by the Swedish Companies Act, the Articles of Association, the Code and the Working Instructions for the Board of Directors.

The Board is responsible for the organization of Elekta AB and the management of the Company’s operations in the interest of the Company and all shareholders. This includes appointing a President and CEO who is responsible for managing the day-to-day operations in accordance with instructions from the Board. The responsibilities for the Board also include:

- Establishing overall goals and strategy
- Defining guidelines to govern ethical conduct with the purpose to ensure long term ability of value creation
- Ensuring an effective system for follow-up and control of the company operations and risks that the company and its operation challenge

- Ensuring a satisfactory process for monitoring compliance with laws and regulations and other regulatory compliance requirements applicable for the company as well as compliance with internal company regulations
- Ensuring that external information and communications are characterized by openness, and that they are accurate, reliable and relevant

The Working Instructions for the Board of Directors establish that the Board is to:

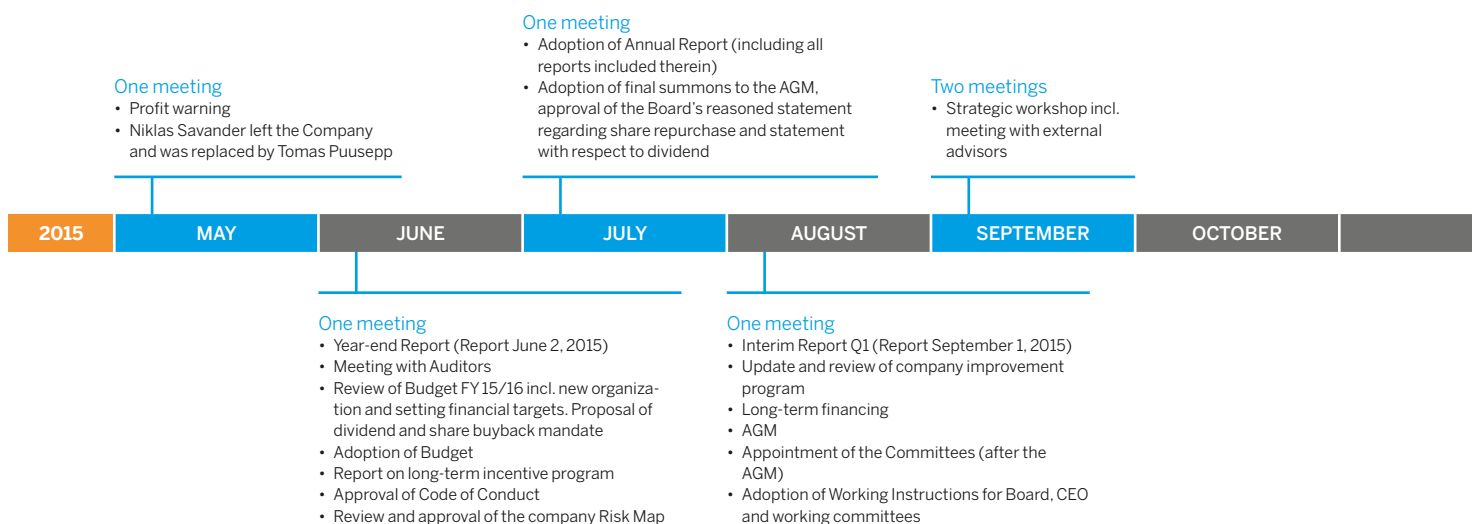
- Hold at least seven ordinary meetings per year
- Adopt finance and foreign exchange policies
- Adopt a Code of Conduct
- Approve a long-term plan and budget, including an investment budget
- Approve investments and similar decisions where the amount of the transaction exceeds SEK 5 M if such a transaction falls outside the approved investment budget
- Decide on acquisition or sale of real property or shares, or acquisition or sale of the assets of, or a major part of the assets of, another company
- Decide on the establishment and liquidation of subsidiaries
- Adopt guidelines for remuneration of senior executives to be approved by the Annual General Meeting of Shareholders
- Decide on terms of employment for the President and CEO according to guidelines for remuneration of senior executives approved by the Annual General Meeting of Shareholders
- Adopt the annual report, year-end report and interim reports

Within the Board, there is no special distribution of responsibilities among the members of the Board in addition to the duties that the Board has delegated to the Executive Compensation and Capability Committee and to the Audit Committee respectively.

Risk management

Risk management, internal governance and internal control are key components of Elekta’s strategy and management processes. Elekta’s Board of Directors assumes the overall responsibility for establishing an efficient risk management, internal governance and internal control system. The responsibility for maintaining the system is delegated to the President and CEO, who is assisted by the Executive Management and specifically established committees, functions and employees. Functions that are responsible for risk manage-

THE WORK OF THE BOARD OF DIRECTORS INCLUDING SOME IMPORTANT AGENDA ITEMS IN 2015/16



ment, internal governance and internal control are continuously reporting status directly to the Board of Directors' and/or the Audit Committee.

Elekta's risk work focuses on assessing and managing strategic risks, operating risks, legal and regulatory risks, market and external risks and financial risks. A risk assessment is performed once a year in order to identify the risks related to the achievement of established objectives, compliance with laws and regulations, and financial reporting. The risks are documented in the Group's Risk Map, which was discussed by the Board during the year. The Board of Directors also manage subjects for decision that include risk management in for example Elekta's strategy and management processes and business decisions.

Work during the year

During the fiscal year 2015/16, the Board held twelve minuted meetings. Attendance at Board meetings is shown in the table on pages 46–47. These meetings are normally held at the Elekta's head office in Stockholm. Representatives from the Executive Management and other senior managers regularly attend Board meetings to report on matters within their respective area of responsibility. For ordinary Board meetings, an agenda with decision supporting material is available ahead of the meetings. The work of the Board including important agenda items in 2015/16 is shown in the table below.

4.1 EXECUTIVE COMPENSATION AND CAPABILITY COMMITTEE

Appointment of the Executive Compensation and Capability Committee

The Board shall appoint an Executive Compensation and Capability Committee ("ECCC"), which shall consist of at least two members of the Board, of whom at least one shall be independent of the Company and its Executive Management.

Composition

The Executive Compensation and Capability Committee consists of five members appointed by the Board at the first Board meeting following the election of the Board by the Annual General Meeting of Shareholders for a term of one year. The members of the Committee are Laurent Leksell, who is also the Chairman of the Committee, Luciano Cattani, Siaou-Sze Lien, Tomas Puusepp and Johan Malmquist. Attendance at Committee meetings and independence are shown in the table on pages 46-47. The President and CEO

also attends the Committee's meetings and the Group VP Human Resources serves as secretary for the Committee.

Responsibility

The objective of the Executive Compensation and Capability Committee is to ensure a fair and equitable remuneration scope and structure for managers at Elekta. Such remuneration should be designed to contribute to generating maximum value for shareholders and customers, while maintaining the Group's market competitiveness. It should further be designed to ensure the Group's ability to attract, motivate and retain managers who are key to achieving the business objectives of the Group. This applies to remuneration structures for senior executives in the Executive Management and for other remuneration structures targeting all Elekta managers. The objective of the Committee is also to ensure succession planning and reviews of management succession plans for senior management levels and other Group-critical positions, and to ensure gender and diversity analysis and actions. Furthermore, the objective of the Committee is to ensure senior management competencies and capabilities including organization development programs. The Committee works in accordance with Directive for the Executive Compensation and Capability Committee adopted by the Board. The Committee keeps the Board regularly informed and refers matters to the Board for decision as necessary.

Work during the year

During the fiscal year 2015/16, the Executive Compensation and Capability Committee held twelve minuted meetings. Attendance at Committee meetings is shown in the table on pages 46-47. The most important agenda items at the meetings were:

- Recruitment of a new CEO of Elekta AB
- Remuneration review including variable remuneration of the Executive Management
- Compensation analysis for the Executive Management
- Evaluation and update of Elekta's Performance Share Plan for the Executive Management
- Preparations for a new long-term incentive program for 2015/16 for key individuals not included in the Executive Management
- Follow-up of compliance with the guidelines for remuneration of senior executives approved by the Annual General Meeting of Shareholders

One meeting

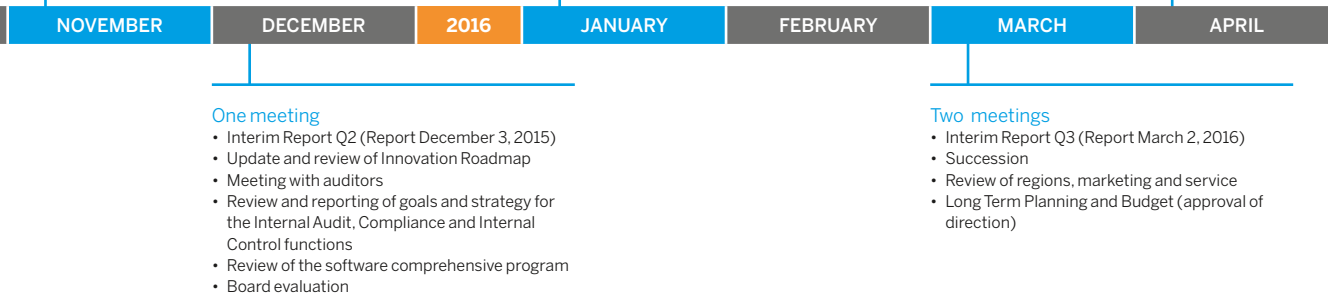
- Transformation program and progress report
- Organization and succession

One meeting

- General updates on financials and ongoing efficiency and improvement programs

One meeting

- Updates and review of company improvement program



Board of Directors



1.

1. LAURENT LEKSELL

First elected: 1972

■ *Board chairman*

■ *Chairman of the Executive Compensation and Capability Committee*

Attendance: ■ 12/12 ■ 11/12

Total fees: ■ 1,075,000 ■ 90,000

Year of birth: 1952

Education:

MBA and PhD from Stockholm School of Economics

Independence:

Not independent in relation to the Company and the Executive Management and, being the Company's largest shareholder, not independent in relation to major shareholders

Other Board assignments:

Board chairman: Leksell Social Ventures

Board member: International Chamber of Commerce (ICC) and Stockholm School of Economics

Holdings in Elekta AB

(own and closely related parties):

14,250,000 A-shares, 9,306,624 B-shares, 3,562,500 A-convertibles and 2,032,371 B-convertibles

Principal work experience and other information:

Founder of Elekta and Executive Director from 2005 to 2013. Former President and CEO of Elekta during the years from 1972 to 2005. Among others, Assistant Professor and Faculty member of Stockholm School of Economics, IFL and Insead Fontainebleau, and Visiting Scholar at Harvard Business School

2. LUCIANO CATTANI¹⁾

First elected: 2008

■ *Member of the Board*

■ *Member of the Executive Compensation and Capability Committee*

Attendance: ■ 11/12 ■ 10/12

Total fees: ■ 460,000 ■ 50,000

Year of birth: 1945

Education:

Master of Science in Economics from the University of Rome

Independence:

Independent of the Company and the Executive Management and independent of major shareholders

¹⁾ Luciano Cattani has during part of the fiscal year acted as interim Managing Director for the Italian business. This assignment has not affected Luciano Cattani's independence status as the nature of the assignment was temporary and only during a limited period of the fiscal year.

²⁾ Annika Espander Jansson was elected at the Annual General Meeting 2015, and has thus attended board meetings from that date and onwards. Annika Espander Jansson was furthermore elected as member of the Audit Committee at the end of the fiscal year.



2.

Other Board assignments: –

Holdings in Elekta AB

(own and closely related parties):

20,000 B-shares and 10,000 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. Since 2012, CEO of Eucomed (European MedTech Industry Trade Association)

3. ANNIKA ESPANDER JANSSON²⁾

First elected: 2015

■ *Member of the Board*

■ *Member of the Audit Committee*

Attendance: ■ 8/12 ■ 1/4

Total fees: ■ 460,000 ■ –

Year of birth: 1964

Education:

Bachelor of Science in Chemistry from Uppsala University/University of Michigan, and MBA in International Business Management from Uppsala University, Sweden

Independence:

Independent of the Company and the Executive Management and independent of major shareholders

Other Board assignments:

Board member: Lifco AB, Esperio AB, Asperia AB, and Sjöbergstiftelsen

Holdings in Elekta AB

(own and closely related parties):

8,000 B-shares

Principal work experience and other information:

25 years' experience as an advisor and investor, as well as from executive positions within the financial markets, among others from Handelsbanken, Enskilda Securities, and Catella. Operational experience from the pharmaceutical industry (Pharmacia) and currently partner at Captor Investment Management AB



3.



4.

4. SIAOU-SZE LIEN

First elected: 2011

■ *Member of the Board*

■ *Member of the Executive Compensation and Capability Committee*

Attendance: ■ 12/12 ■ 12/12

Total fees: ■ 460,000 ■ 50,000

Year of birth: 1950

Education:

Bachelor of Science in Physics from Nanyang University and a Master of Science in Computer Science from Imperial College in London

Independence:

Independent of the Company and the Executive Management and independent of major shareholders

Other Board assignments:

Nanyang Technological University (NTU), NTU's Confucius Institute, Japfa Ltd and Singapore Corporation of Rehabilitative Enterprises (SCORE)

Holdings in Elekta AB

(own and closely related parties):

10,000 B-shares

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

5. JOHAN MALMQUIST³⁾

First elected: 2015

■ *Member of the Board*

■ *Member of the Executive Compensation and Capability Committee*

Attendance: ■ 8/12 ■ 9/12

Total fees: ■ 460,000 ■ 50,000

Year of birth: 1961

Education:

Bachelor Degree Stockholm School of Economics

Independence:

Independent of the Company and the Executive Management and independent of major shareholders

Other Board assignments:

Board chairman: Tingstad AB

Board member: Mölnlycke Health Care AB,



Dunkerstiftelserna, Chalmers University of Technology Foundation, SCA AB, Trelleborg AB, and Getinge

Holdings in Elekta AB (own and closely related parties):
20,000 B-shares

Principal work experience and other information:

Extensive experience from the medical technology industry, among others as president and CEO for Getinge AB between 1997 and 2015. Before that, various positions within the Getinge group and Electrolux group

6. TOMAS PUUSEPP⁴⁾

First elected: 2013

■ *Executive Director of the Board*

Attendance: ■ 12/12

Total fees: ■ –

Year of birth: 1955

Education:

Electrical Engineer, studies in Physics at the Royal Institute of Technology in Stockholm and at the University of Stockholm and Management (IEP) at IMD in Lausanne

Independence:

Not independent in relation to the Company and the Executive Management but is independent in relation to major shareholders

Other Board assignments:

Board Chairman: Global Medical Investments GMI AB

Board member: The Swedish American Chamber of Commerce in New York and Permobil AB.

Holdings in Elekta AB (own and closely related parties):
652,000 B-shares

Principal work experience and other information:

Various positions at the Research Institute for Nuclear Physics, Scanditronix and Ericsson before being employed by Elekta in 1988. Since then, he has held various management positions within the Company, including head of Elekta's neurosurgery operations, President of Elekta's subsidiary in North America, global head of Elekta's sales, marketing and service operations, and President and CEO of Elekta during fiscal years 2005/06 to 2013/14, and during 2015/16

7. WOLFGANG REIM

First elected: 2011

■ *Member of the Board*

■ *Member of the Audit Committee*

Attendance: ■ 11/12 ■ 2/5

Total fees: ■ 460,000 ■ 110,000

Year of birth: 1956

Education:

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

Independence:

Independent of the Company and the Executive Management and independent of the major shareholders

Other Board assignments:

Board chairman: Ondal Medical Systems GmbH and DORC B.V.

Board member: GN Store Nord A/S, Klingel GmbH from and Medlumics S.L.

Holdings in Elekta AB (own and closely related parties):
17,500 B-shares

Principal work experience and other information:

Independent consultant focusing on the medical technology industry. Until the end of 2006, CEO of Drager Medical AG. At Siemens from 1986 until 2000, as President of the Special X Ray Products Division and CEO of the Ultrasound Division among other positions

8. JAN SECHER

First elected: 2010

■ *Member of the Board*

■ *Member of the Audit Committee*

Attendance: ■ 10/12 ■ 4/5

Total fees: ■ 460,000 ■ 110,000

Year of birth: 1957

Education:

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

Independence:

Independent of the Company and the Executive Management and independent of the major shareholders

Other Board assignments:

Board chairman: Peak Management AG

Board Member: The European Chemical Industry Council from October 2014

Holdings in Elekta AB (own and closely related parties):
18,800 B-shares and 2,340 B-convertibles

Principal work experience and other information:

President and CEO of Perstorp AB from September 2013. Previously 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

9. BIRGITTA STYMNE GÖRANSSON

First elected: 2005

■ *Member of the Board*

■ *Chairman of the Audit Committee*

Attendance: ■ 12/12 ■ 5/5

Total fees: ■ 460,000 ■ 200,000

Year of birth: 1957

Education:

MBA from Harvard Business School and Master of Science in Chemical Engineering and Biotechnology from the Royal Institute of Technology in Stockholm

Independence:

Independent of the Company and the Executive Management and independent of the major shareholders

Other Board assignments:

Board chairman: Medivir AB (until May 2016), HL Display and Fryshuset Foundation

Board member: Pandora AS, Rhenman & Partners Asset Management AB, Midsona AB, Bioinvent International AB, and Sophiahemmet, and as per May 2016, board member of Capio AB

Holdings in Elekta AB (own and closely related parties):
6,100 B-shares and 1,900 B-convertibles

Principal work experience and other information:

President and CEO of Memira Group 2010 to 2013. CEO of Semantix Group 2005 to 2009, and COO/CFO of Telefos 2001 to 2005. Before that, various managerial positions, including Ähléns AB, Gambro and McKinsey & Co.

³⁾ Johan Malmquist was elected at the Annual General Meeting 2015, and has thus attended board meetings from that date and onwards.

⁴⁾ Tomas Puusepp was Elekta's President and CEO from May 13, 2015 until June 9, 2016. For information about Tomas Puusepp's remuneration, see Note 5.

- Succession planning and reviews of management succession plans for senior management levels and other Group-critical positions
- Preparation of the Board's recommendations regarding guidelines for remuneration of senior executives for the next Annual General Meeting of Shareholders

4.2 AUDIT COMMITTEE

Appointment of the Audit Committee

The Board shall appoint an Audit Committee, which shall consist of at least three members of the Board with at least one qualifying as a financial expert. The majority of the Committee members are to be independent of the Company and its Executive Management. At least one member of the Committee who is independent of the Company and its Executive Management shall also be independent of the Company's major shareholders.

Composition

The Audit Committee consists of four members, of which three were appointed by the Board at the first Board meeting following the election of the Board by the Annual General Meeting of Shareholders for a term of one year. The fourth member was appointed at the end of the fiscal year. The members of the Committee are Birgitta Stymne Göransson, who is also the Chairman of the Committee, Jan Secher, Wolfgang Reim and Annika Espander Jansson. Attendance at Committee meetings and independence are shown in the table on pages 46–47.

The President and CEO, the CFO and the Chief Audit Executive also attend the Committee's meetings as well as the external auditor as applicable. The General Counsel serves as secretary for the Committee.

Responsibility

The objective of the Audit Committee is to monitor the Group's financial reporting and the effectiveness of the Group's internal control, internal audit and risk management. The objective is also to keep itself informed about the external audit of the annual report and consolidated report of Elekta AB as well as to review and monitor the impartiality and independence of the external auditor, and pay particular attention if the external auditor provides the Group with services other than audit services. Furthermore, the objective is to assist the Nomination Committee in preparing the proposal to the Annual General Meeting of Shareholders regarding election of external auditor. The Committee works in accordance with Working Instructions for the Audit Committee adopted by the Board. The Committee keeps the Board regularly informed and prepares matters to the Board for decision.

Work during the year

During the fiscal year 2015/16, the Audit Committee held four minuted meetings. Attendance at Committee meetings is shown in the table on pages 46–47. The most important agenda items at the meetings were:

- Review of interim reports, year-end report and annual report 2015/16
- Review of Group Risk Map
- Review of accounting principles
- Balance sheet review and cash flow analyses
- Monitoring of the Global Internal Control project
- Review of the Finance organization
- Review of Charter for the Internal Audit function
- Approval of Internal Audit plan
- Review of Internal Audit Reports
- Review of Compliance Reports
- Review of External Audit plan
- Review of External Audit reports
- Evaluation of the external audit

5 PRESIDENT AND CEO

Appointment of the President and CEO

The Board appoints Elekta AB's President and CEO.

Tomas Puusepp was appointed President and CEO of Elekta AB on May 13, 2015. Tomas Puusepp also served as President and CEO of Elekta AB from May 1, 2005 until April 30, 2014. More information about Tomas Puusepp is provided in the presentation of the Board of Directors on page 46–47. Tomas Puusepp was succeeded by Richard Hausmann on June 10, 2016. Remuneration of the President and CEO is described in Note 5.

Responsibility

The President and CEO is responsible for the day-to-day management of the Company in accordance with applicable laws and regulations as well as Internal Steering Documents including the Working Instructions for the Chief Executive Officer adopted by the Board and other instructions from the Board. The President and CEO also represents the Group in various contexts, leads the work of the Executive Management and makes decisions in consultation with the members of the Executive Management.

6 EXECUTIVE MANAGEMENT

Appointment of the Executive Management

The President and CEO appoints the members of the Executive Management applying the Grandparent principle.

Composition

During the fiscal year 2015/16, Elekta's Executive Management comprised the President and CEO, the Chief Commercial Officer (COO), the Chief Financial Officer (CFO), the Chief Operating Officer, the Executive Vice President Region North America, the Executive Vice President Comprehensive Oncology Solutions, the Executive Vice President Research and Innovation, the Executive Vice President Marketing and Strategy, the Executive Vice President Legal and Compliance, and the Executive Vice President Human Resources.

A presentation of the Executive Management is provided on page 49. Remuneration of the Executive Management is described in Note 5.

Responsibility

The President and CEO is responsible for and leads the work and meetings of the Executive Management. The Executive Management makes joint decisions following consultation with various parts of the Group. The Executive Vice Presidents of the regions and Business Areas have the same responsibilities and decision-making authorities at the meetings.

Work during the year

The Executive Management meetings are normally held each month by telephone or in conjunction with visits to the Group's various offices and facilities.

During the fiscal year 2015/16, twelve minuted meetings with the Executive Management were held. The most important agenda items at the meetings were strategic and operational issues such as product development, acquisitions/divestments, investments, market development, organization, long-term plans and budget, and monthly and quarterly business and financial reviews.

6 Executive Management			
Innovation	Operations	Commercial	Functions

Executive Management



RICHARD HAUSMANN¹⁾

Year of birth: 1960
Role: President and CEO
Employed since: 2016
Holdings³⁾: 14,500 B-shares
Education: Doctorate in Physics from Regensburg University, Germany



IAN ALEXANDER

Year of birth: 1958
Role: Chief Commercial Officer (CCO)
Employed since: 2008–2011 and since 2012
Holdings³⁾: 1,332 B-shares



HÅKAN BERGSTRÖM

Year of birth: 1956
Role: Chief Financial Officer (CFO)
Employed since: 2001
Holdings³⁾: 140,052 B-shares and 35,013 B-convertibles
Education: Bachelor Degree in Economics from Umeå University



JOHAN SEDIÑH²⁾

Year of birth: 1965
Role: Chief Operating Officer (COO)
Employed since: 1993
Holdings³⁾: 79,462 B-shares and 20,203 B-convertibles
Education: MSc in Industrial Engineering and Management from Linköping University



BILL YAEGER

Year of birth: 1961
Role: EVP Region Americas
Employed since: 2000–2008 and since 2011
Holdings³⁾: 12,200 B-shares
Education: BSc in Electrical Engineering from University of Connecticut, MSc in Computer Engineering, and MBA from Syracuse University



TODD POWELL

Year of birth: 1965
Role: EVP Global Engineering
Employed since: 2005 (IMPAC 1992)
Holdings³⁾: –
Education: BSc Hons in High Energy Physics, Mathematics from California State University. Emphasis in Finance, Mergers and Acquisitions, and Strategies for Stable Innovation from Stanford Graduate School of Business



JOHN LAPRÉ

Year of birth: 1964
Role: Chief Technology Officer (CTO)
Employed since: 2011 (Nucletron 2009)
Holdings³⁾: 5,250 B-shares
Education: MSc in Human Nutrition and Physiology, and PhD in Toxicology from Wageningen University



MAURITS WOLLESWINKEL

Year of birth: 1971
Role: EVP Marketing and Strategy
Employed since: 2011
Holdings³⁾: 5,000 B-shares
Education: MSc in Mechanical Engineering from Delft University of Technology, and MSc in General Management from Nyenrode University



JONAS BOLANDER

Year of birth: 1966
Role: EVP Legal and Compliance
Employed since: 2001
Holdings³⁾: 200 B-shares
Education: Master of Laws from Stockholm University

¹⁾ On April 13, 2016 Elekta announced that the Board of Directors had appointed Richard Hausmann as new President and CEO effective June 10, 2016. Richard Hausmann succeeded Tomas Puusepp, for more information about Tomas Puusepp see pages 46–47.

²⁾ Johan Sediñh, Elekta's Chief Operating Officer, will temporarily lead Human Resources in addition to his other responsibilities, as Valerie Binner, Executive Vice President Human Resources, left the company as per June 10, 2016.

³⁾ Own and closely related parties.

7 COMPLIANCE

Establishment and responsibilities of the Compliance function

The Compliance function is headed by a Global Compliance Officer.

Responsibility

The Compliance function's responsibilities is to review and evaluate compliance issues within the organization and ensuring that management and employees of the Group are in compliance with the rules and ethical regulations in the most significant risk areas such as anti-corruption and interactions with healthcare professionals, export control and competition law. The Global Compliance Officer reports functionally to the General Counsel but functions as an independent and objective body ensuring compliance concerns are being appropriately resolved and reported to the Audit Committee of the Board of Directors.

Work during the year

Focus areas during the year included the following:

- Strengthening the compliance program to prevent corruption and issues clarifying regulations for the interaction between Elekta and healthcare professionals and their employees.
- Continuously updating the Compliance function by recruiting Compliance Officers in Asia and Europe.
- Initiating Group-wide employee training in Elekta's Code of Conduct and ethical blindness in collaboration with Professor Guido Palazzo, IMD.
- Establishing an automated Compliance Desktop process for ensuring efficiency and risk-based due diligence of parties including business partners.
- Establishing a well-defined strategy for the work and organization of the Compliance Function for the year ahead.
- Assisting management and the local organization with ongoing investigations of Elekta's Italian operations regarding alleged violations connected with public procurement.
- Internal investigations including the preparation of proposed measures in consultation with management and the Board of Directors.

Reporting to the Board

Since the Audit Committee monitors regulatory compliance in the Group on behalf of the Board of Directors, it is necessary to have regular information about how the Company manages and prevents compliance risks. It is important that the Board is well informed of both the preventive measures and any weaknesses in order to ask the right questions and remain a critical reviewer of the operations.

Elekta's Global Compliance Officer presents the progress of the risk-based compliance program at each scheduled Committee meeting, and reports on any incidents and the status of ongoing investigations. In addition, the entire Board of Directors meets with the Global Compliance Officer at least once a year. A written compliance report is submitted at every information meeting.

In addition to continuous reporting, the Audit Committee evaluated and approved the strategic plan for the continued work and organization of the Compliance function during the year. The strategic plan was produced based on risk analyzes, which also included the geographic risk via a calculated Elekta Risk Score.

8 QUALITY AND REGULATORY AFFAIRS (Q&RA)

Appointment

The Quality and Regulatory Affairs (Q&RA) function is headed by a Global Vice President Quality & Regulatory Affairs, Global Q&RA.

Responsibility

The Q&RA function's responsibilities include supporting management in its efforts to comply with regulatory requirements for products, quality systems and market entry. The function interacts and provides transparency to management and external regulatory bodies. The function is responsible for the quality system infrastructure and compliance, product clearances and approvals, and post market vigilance and recall reporting. The function is also responsible for and conducts internal audits of the quality system and regulatory compliance. The Global Vice President Quality & Regulatory Affairs reports to the CEO.

Work during the year

- Ensuring product approval for regulatory market entry
- Implementation of Internal Audit plan
- Managing inspections from different authorities and organizations, all with positive outcomes
- Interacting with authorities in different regulatory forums and represented different industry associations in discussions with authorities worldwide

9 INTERNAL AUDIT

Appointment

The Internal Audit function, is headed by a Chief Audit Executive. A new Chief Audit Executive of the Company took office on February 1, 2016.

Responsibility

The Internal Audit function is an independent and objective assurance and consulting activity. The Chief Audit Executive reports functionally to the Audit Committee, and administratively to the Chief Financial Officer (CFO). The scope of the Internal Audit function encompasses the examination and evaluation of the adequacy and effectiveness of Elekta's governance, risk management and internal control processes as well as the quality of performance in carrying out assigned responsibilities to achieve the Group's objectives as part of the assurance activity. It also encompasses consulting activities and advisory support in relation to Elekta's governance, risk management, and internal control processes.

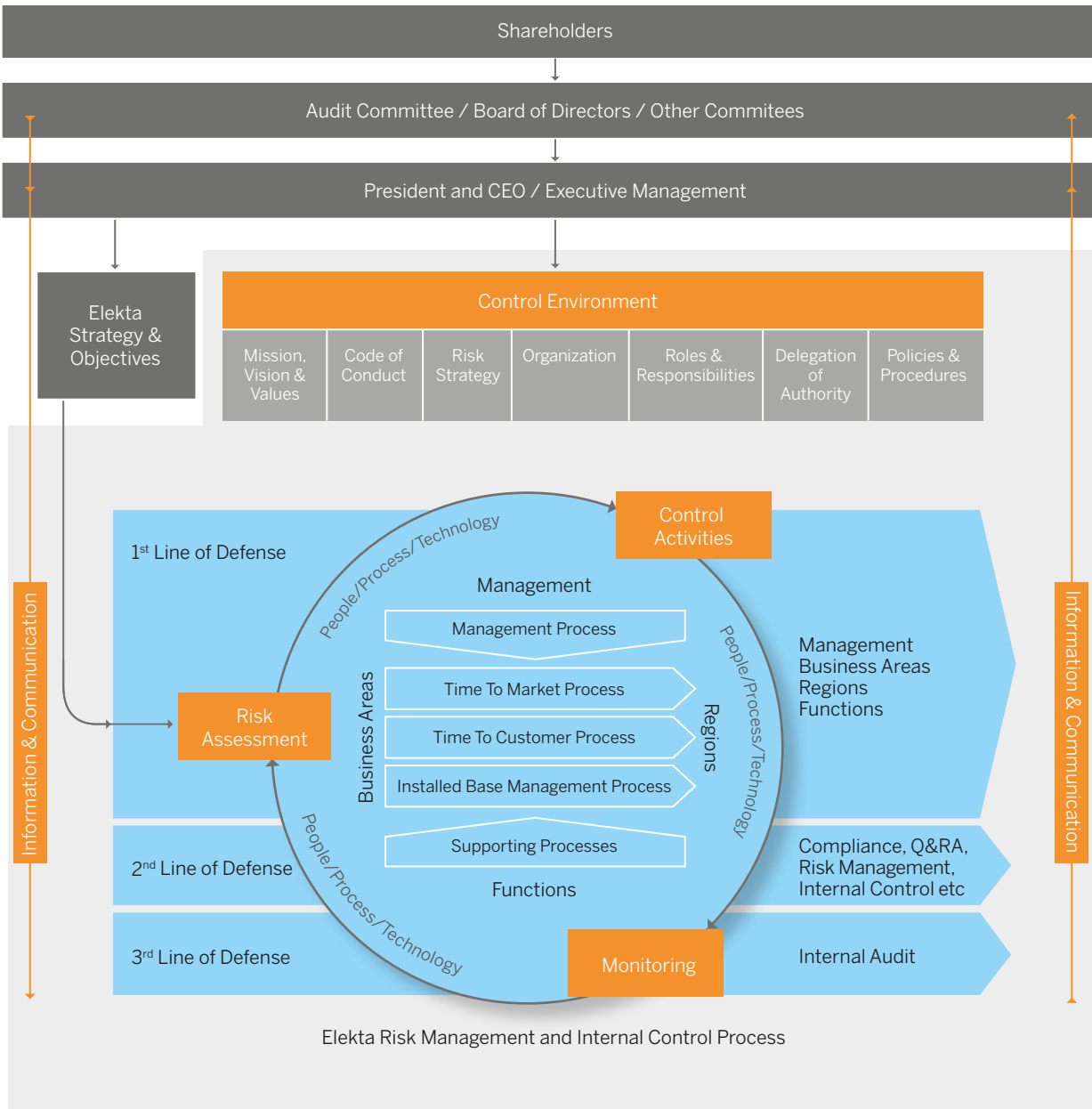
The Internal Audit function works in accordance with the Charter for the Internal Audit function adopted by the Board.

Work during the year

- Preparation and review of Group Risk Map
- Establishment of an Internal Audit plan
- Internal Audit of Risk and Control matrices for processes encompassed by the Global Internal Control project, Control Self-Assessment and other risk areas
- Special investigations
- Advisory support to the Internal Control function
- Member of Program Management Office for the Global Internal Control project
- External Audit co-ordination
- Audit Committee meeting planning
- Internal Audit Reports to the Executive Management, the Audit Committee and the Board of Directors

ELEKTA GOVERNANCE FRAMEWORK

As at April 30, 2016



ELEKTA GOVERNANCE FRAMEWORK

Elekta Governance Framework – overall aims and responsibilities

Elekta Strategy & Objectives

A brief description of how the Elekta Group is governed and controlled is provided below, based on the distribution of rights and responsibilities, including decision-making, among different corporate bodies according to laws and regulations and Internal Steering Documents. A structure is provided through which Elekta's objectives and the means of attaining these objectives and monitoring performance are set. The objectives reflect choices made on how the Group seeks to create, preserve and realize value for its stakeholders. Governance is twofold; it concerns both effectiveness and accountability. Effectiveness is measured by performance and accountability includes all issues surrounding disclosure and transparency.

Elekta Risk Management and Internal Control Process

Objective setting is a prerequisite necessary to internal control and a key part of the Elekta Strategy and Management processes. Therefore, Elekta's corporate governance encompasses both the Strategy and Management processes, outlining the establishment of both long-term objectives and strategies with at least a three-year perspective and short-term objectives and plans with a one-year perspective, and the Risk Management and Internal Control process.

Shareholders, Board of Directors, Audit Committee, other Committees, President and CEO, and Executive Management

The Board, appointed by the Shareholders, and its Committees assume the overall responsibility for establishing effective governance of Elekta including risk management and internal control. The responsibility for designing, implementing and conducting effective governance including risk management and internal control is delegated to the President and CEO, who is assisted by the Executive Management, other operational managers and personnel, the so-called "First Line of Defense". In addition, specifically established functions such as Compliance, Quality and Regulatory Affairs (Q&RA), Risk Management and Internal Control provide guidance and assessments on governance, risk management and internal control related to their areas of expertise, the so-called "Second Line of Defense", which also comprise Board and management oversight at different levels. The Internal Audit function, the so-called "Third Line of Defense", provides independent and objective assurance and advisory support to management on governance, risk management and internal control.

Elekta Risk Management and Internal Control Process

The starting point for Elekta's work on risk management and internal control is the 2013 updated Internal Control – Integrated Framework (Framework), and the Enterprise Risk Management Integrated Framework (ERM Framework), both established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The COSO Framework is based on 17 fundamental principles linked to the five components; Control Environment, Risk Assessment, Control Activities, Monitoring, and Information and Communication.

Elekta has defined risk management and internal control as a process, effected by the Board and its Committees, the President and CEO, the Executive Management and other managers and personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to:

Operations

- Effectiveness and efficiency of operations
- Safeguarding assets against loss

Reporting

- Reliability, timeliness and transparency of internal and external financial and non-financial reporting

Compliance

- Adherence to applicable laws and regulations, and Internal Steering Documents

Risk Management and Internal Control over Financial Reporting is a "subset" of the Risk Management and Internal Control Process. Refer also to "The Board of Directors' Report on Risk Management and Internal Control over Financial Reporting" below.

Business Areas, Regions, Functions, Management, People, Process, Technology

The Risk Management and Internal Control Process is applicable for the entire Elekta operations including Business Areas, Regions, Functions, Management, People, Process and Technology.

Control environment

Elekta's control environment comprises its mission, vision and values, Code of Conduct, risk strategy, organization, roles and responsibilities, delegation of authority, and policies and procedures. Policies and procedures clarify certain important aspects of the control environment such as Board independence from management, a commitment to attract, develop and retain competent individuals as well as performance measures, incentives and rewards to drive accountability for performance. To govern the operations, Elekta has established a Business Management System with Internal Steering Documents. The most important elements of this System are:

- Working Instructions for the Board of Directors, Working Instructions for the Chief Executive Officer, Instructions regarding financial reporting for the Board of Directors, Working Instructions for the Audit Committee, a Directive for the Executive Compensation and Capability Committee and a Charter for the Internal Audit function

- Mission, vision and values
- Code of Conduct
- The organizational structure with defined roles and responsibilities and delegation of authority
- Other policies and procedures such as the Anti-Corruption Policy, Whistle Blowing Procedure, Communication Policy, Quality Policy, Environmental Policy, IT Policies and HR Policies
- Processes and work instructions, for example, the Strategy and Management processes, the main Business processes (Time To Market, Time To Customer and Installed Base Management), as well as Supporting processes

In addition to the Business Management System, Elekta has established a Financial Guide. Refer also to “The Board of Directors’ Report on Risk Management and Internal Control over Financial Reporting” below.

Risk Assessment

All business activities involve risks from external and internal sources. Risk is defined as the possibility that an event will occur and adversely affect the achievement of objectives. Risks that are effectively managed may lead to opportunities and value creation, while risks that are not, could result in damages and losses.

An overall risk assessment is performed once a year in order to identify the risks to the achievement of objectives relating to strategy, operations, reporting and compliance. Risk assessments are performed by evaluating the identified risks from two different perspectives: the degree of impact the risk would have if it occurs, and the probability of the risk occurring. The risks are documented in the Group’s Risk Map, which is updated during the year, as necessary. Risk responses are established to mitigate the risks in alignment with established risk strategies and risk tolerance as applicable and risk owners are appointed to manage the risks. Risk responses may fall within the following categories: accepting the risk, avoiding the risk, reducing the risk, sharing the risk and transferring the risk.

In addition, an overall risk assessment is performed once a year specifically regarding internal control over financial reporting. Refer also to “The Board of Directors’ Report on Risk Management and Internal Control over Financial Reporting” below.

Read more about Elekta’s risks and financial risk management on pages 36–37 and in Note 2.

Control Activities

Control activities are the actions established through Elekta’s policies and procedures that help ensure that management’s directives to mitigate risks to the achievement of objectives are carried out.

Control activities are performed at all levels of the Group, within processes and over the IT environment. Control activities may be preventive or detective and comprise a range of manual and automated activities, such as authorizations and approvals, verifications, reconciliations, and business performance reviews, or a combination of the two.

Monitoring

Monitoring is done through ongoing evaluations, separate evaluations, or some combination of the two to ascertain whether the five components of risk management and internal control are present and functioning. Control Environment, Risk Assessment, Control Activities, Monitoring and Information and Communication.

Monitoring takes place on a real-time basis by operational managers and personnel and periodically by management at different levels of the Group, and the Audit Committee and the Board, and includes for example the following:

- Review of business and financial performance
- Review of Group Risk Map
- Review of order bookings and revenue recognition
- Review of Compliance Reports from the Compliance function
- Review of Internal Audit Reports from the Q&RA function related to, for example, the quality system and regulatory compliance
- Review of Internal Audit Reports from the Internal Audit function
- Review of External Audit Reports from the external auditor

Information and Communication

Information and Communication relate to both internal and external information and communication. The Group obtains or generates and uses relevant and qualitative information from both internal and external sources to support the functioning of risk management and internal control. Internal communication is the means by which information is channeled down the organization on expected standards of conduct and established objectives, strategies and plans, but also channeled up the organization on performance and deviations to support internal decision-making including taking corrective actions. External communication enables inbound communication of relevant external information, but also information to external parties in response to laws and regulations and expectations.

Elekta has several internal communication channels, including an intranet, information letters and regular meetings. The aim is to ensure that essential information is available internally to relevant personnel in order for them to execute their areas of responsibility and make well-founded decisions effectively and efficiently. This includes the Elekta Business Management System with Internal Steering Documents and the Financial Guide. This also includes communication regarding long-term objectives and strategies, and short-term objectives and plans.

In relation to the launch of the revised Code of Conduct in June 2015, a revised whistle blowing procedure and system has been implemented whereby employees can anonymously report misconduct. This involves an interactive voice response phone and online worldwide service available 24/7.

THE BOARD OF DIRECTORS' REPORT ON RISK MANAGEMENT AND INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board of Directors' Report on Risk Management and Internal Control over Financial Reporting has been prepared in accordance with the Annual Accounts Act and the Swedish Corporate Governance Code, and constitutes an integral part of the Corporate Governance Report. The external financial reporting is prepared in accordance with laws and regulations, applicable accounting standards, namely the International Financial Reporting Standards (IFRS), and other requirements on listed companies, such as the NAS-DAQ Stockholm Rule Book for Issuers.

Elektas work on risk management and internal control over financial reporting is based on the 2013 updated Internal Control – Integrated Framework (the "Framework"), and the Enterprise Risk Management Integrated Framework (the "ERM Framework"), both established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The COSO Framework is based on 17 fundamental principles linked to the five components: Control Environment, Risk Assessment, Control Activities, Monitoring, and Information and Communication.

Control Environment

Important elements of the Control Environment applicable for Elekta's financial reporting are the Financial Guide, including the accounting policy, reporting instructions, authorization policy and finance policy. In addition, there are other important elements of the Control Environment for financial reporting such as the Communication Policy and processes and work instructions to be found in the Elekta Business Management System.

Risk Assessment

Risk Assessment includes identifying any risk that the qualitative characteristics of useful financial information according to IFRS may not be fulfilled or the financial reporting assertions may not be supported. Risk assessment criteria include occurrence, completeness, accuracy, cut-off, classification, existence, rights and obligations, and valuation for profit and loss and balance sheet items in the financial reporting as applicable, but also information processing relating to input, processing and recording of data.

A Risk Assessment regarding internal control over financial reporting is performed once a year and covers profit and loss and balance sheet items in the financial reporting and related areas and processes. The work is documented in a Risk Map and included in Risk and Control Matrices (RACMs) per area and process.

Control Activities

Control Activities mitigate the risks identified to achieve set objectives through adherence to risk tolerance levels in terms of globally defined minimum internal control requirements over financial reporting. The control activities are documented in Risk and Control Matrices (RACMs) per area, process and risk.

Control Activities are aimed at preventing errors and irregularities from occurring and/or detecting errors and irregularities that may have occurred.

Control Activities can be manual or automated, such as authorizations and approvals, verifications, reconciliations, and business performance reviews, or a combination of the two.

Control Activities comprise the following areas and processes:

- Entity level controls – over the Control Environment
- General IT controls – over IT system components, processes and data for a given IT environment including logical access, program change management, back-up and recovery
- Process controls – over processes such as Order Recognition, Order to Cash, Revenue Recognition, Purchase to Pay, Inventory, Payroll and Financial Statement Close.

The globally defined minimum internal control requirements over financial reporting comprise of entity level controls that are regulated through Elekta's Business Management System and internal control frameworks of standard controls that include IT general controls and process controls common for all Elekta companies and locally defined controls where necessary. The controls included in the internal control framework are documented in Risk and Control Matrices (RACMs) as standard models for all units and then specifically for each individual unit. All controls in the internal control framework are based on risk assessments of financial processes that impact the financial reporting in general and in detail for individual units.

Monitoring

Monitoring of internal control over financial reporting is done through ongoing evaluations to ascertain whether the components of risk management and internal control are present and functioning.

Ongoing evaluations are routine operations, built into processes performed on a real-time basis.

Special evaluations may be performed through:

- Periodic reviews of whether risk management and internal control are operating as intended by financial managers and general management at local, regional, Business Area and Group level as applicable
- Control Self-Assessment (CSA), a tool for local management to report on the current status of effective design and operating effectiveness of the globally defined minimum internal control requirements over financial reporting documented in Risk and Control Matrices (RACMs)
- Internal Audit according to the Internal Audit plan.

Instructions and budget approvals of internal control for financial reporting is conducted by the Audit Committee on behalf of the Board of Directors and require supporting documentation in form of presentation of status, progress and solutions as well as supporting appendixes such as internal audit reports and internal controls reports. Status, progress and solutions for internal control over financial reporting is discussed at the Audit Committee meeting and instructions are documented and where approvals are required, approvals are performed and documented accordingly. The Audit Committee subsequently updates the Board of Directors at the next following board meeting with supporting documentation for discussion and approval.

Information and Communication

Information and communication regarding risk management and internal control over financial reporting relates to both internal and external information and communication.

Internal information about important Internal Steering Documents for risk management and internal control over financial reporting including Risk Map and Risk and Control Matrices (RACMs), as well as the Communication Policy and processes, work instructions and other relevant information in the Elekta Business Management System, are channeled down the organization and communicated to relevant personnel on the Group's intranet. Internal information regarding the status of the effective design and operating effectiveness of risk management and internal control over financial reporting are channeled up the organization based on the result of the monitoring in order for management at different levels to be able to take corrective actions as necessary. The President and CEO and the Chief Audit Executive in turn inform the Audit Committee and the Board, respectively, of the results of the monitoring in order for them to be able to fulfill their oversight responsibility. This Communication normally takes place at the ordinary Audit Committee meetings and Board meetings, respectively.

Elekta provides the financial markets and other stakeholders with continuous external information and communication regarding the Group's and the Company's financial performance and position in accordance with the Communication Policy. External information and communication regarding financial reporting is provided in the form of:

- interim reports, year-end reports and annual reports,
- press releases on news and events that may significantly affect the Group's valuation and future prospect,
- presentations and telephone conferences for financial analysts, investors and media representatives on the day of publication of interim reports and year-end reports and in conjunction with the release of important news and events,
- capital markets days arranged by the Group at one of its major entities or in conjunction with major scientific conferences,
- information on the Elekta website: www.elekta.com, including reports, press releases and presentations.

Elekta observes a silent period prior to each interim and year-end report.

Activities in the fiscal year 2015/16

During the fiscal year 2015/16, the implementation of the global internal control project, comprising the internal control framework for financial reporting, proceeded according to plan. Accordingly, the internal control framework has been implemented throughout most of the Group, with only parts of region Asia Pacific and some smaller units in the Europe region remaining. A Control Self-Assessment of the implementation as well as a review and verification by the Internal Control function has been performed during the fiscal year. Internal Audits have been conducted at a selection of units where the framework has been implemented. The project is managed by a Program Management Office with representatives from the Internal Audit function and the Internal Control function.

The Board of Directors' has, through the Audit Committee, initiated a project on transparency and upgrade of the Group's risk management during the fiscal year. The project will address the company's definition, documentation, opportunities, and work on managing and actions to mitigate risk in a structured approach. The project also includes a review of the company's steering documents as a basis for the company's control environment as well as a focus on performing a risk based transparent review of the company's processes and controls.

Continuous information on the status and progress of the project and the results of the Internal Audits were addressed at the meetings of the Audit Committee and followed by the Board of Directors.

Activities in the fiscal year 2016/17

During the fiscal year 2016/17, the work on the Global Internal Control project will continue with finalization of implementation including gap remediation for areas and processes for units within the scope. The focus of the project is expected to shift toward ongoing administration and support of the control framework as well as identification and management of improvement measures. The project on transparency and upgrade of the Group's risk management is expected to continue in the coming fiscal year.

The Internal Audit plan will, based on a risk perspective, have its main focus on financial reporting, operating processes, and on specific risk areas such as emerging markets and acquired entities.