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”Contributing to overcoming the disparity in cancer treatment access is one of our most important priorities, both from a business and sustainability perspective.”

**Laurent Leksell**  
Chairman of the Board

# CORPORATE GOVERNANCE REPORT

# Increased clinical importance of radiation therapy

Elekta's disease focus is the care of cancer and neurological diseases and over the years we have grown to become a key industrial partner in radiation therapy to healthcare providers globally. Radiotherapy is the most cost-effective treatment option for cancer and has developed from being a relatively imprecise technology to becoming more surgical and a safer treatment solution. It is also moving from being a therapy into the new field of radiation medicine at large. This has increased the clinical importance of radiation therapy.

Even though a communicable disease, Covid-19, rightfully claimed everyone's attention in 2020, the long-term challenges for global health care systems remains the three big families of non-communicable diseases: diabetes, cancer and cardiovascular disease. Cancer is now the second most common cause of death globally and the leading cause of death in high-income countries. In addition, there is a huge discrepancy in the treatment around the world. While around 80 percent of the global radiotherapy and cancer care capacity is in high income countries, only one fifth of the population is. Contributing to overcoming the disparity in treatment access is one of our most important priorities, both from a business and sustainability perspective. During the year, the Board has strengthened its grip on sustainability issues. Elekta's sustainability agenda is now prepared by two board committees: the Audit Committee for governance, compliance and risk related issues and the Compensation and Sustainability Committee for all remaining sustainability aspects.

We have a strong board at Elekta, with an openness and engagement in the discussions that I appreciate. As we cover all important strategic areas for the company during a fiscal year, all directors have a deep understanding of the company – its markets, organization and technology. This year, aside from technology and innovation, we gave extra focus to the effects of the reorganization and management development and succession matters, as well as to sustainability management.

With the resignation of Dr Richard Hausmann, the Board decided to let Richard leave immediately to make sure that we keep up the momentum during the search for a permanent new CEO. We are convinced that Gustaf Salford and the executive management team has the engagement and leadership qualifications to drive Elekta's performance even in these challenging pandemic times. Elekta's competent team will drive our growth and continue focusing on innovations to improve radiotherapy for the benefit of all cancer patients. On behalf of all members of the Board, I would like to thank Richard Hausmann for his contributions in Elekta during his four years as CEO.

We still do not know the full impact of Covid-19. Short-term economically, it will be a historically severe shock to the world economy, but it is also met by unprecedented stimulatory




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”We need to make sure that Elekta continues to improve its competitiveness and has the financial strength to do so.”

measures. Until we can foresee the full effect of the pandemic, we need to make sure that Elekta continues to improve its competitiveness and has the financial strength to do so. Based on this, the Board of Directors proposes to the AGM a dividend in line with the minimum level of the dividend policy. However, Elekta has a strong financial position, which is why the Board of Directors may call for an Extraordinary General Meeting to propose an additional dividend to bring the total dividend in line with the previous year's level.

Even if the impact of Covid-19 is difficult to predict, for now we do know that the need for cancer care will continue to grow. Elekta makes sustainable and meaningful contributions to further improve the effectiveness and global access to cancer care and Precision Radiation Medicine.

**Laurent Leksell**  
Chairman of the Board

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 2019/20 was prepared by the Company's Board of Directors, in accordance with the annual accounts act and the Swedish corporate governance code, as a separate report from the Board of Directors' report, and it has been reviewed by the Company's external auditor.

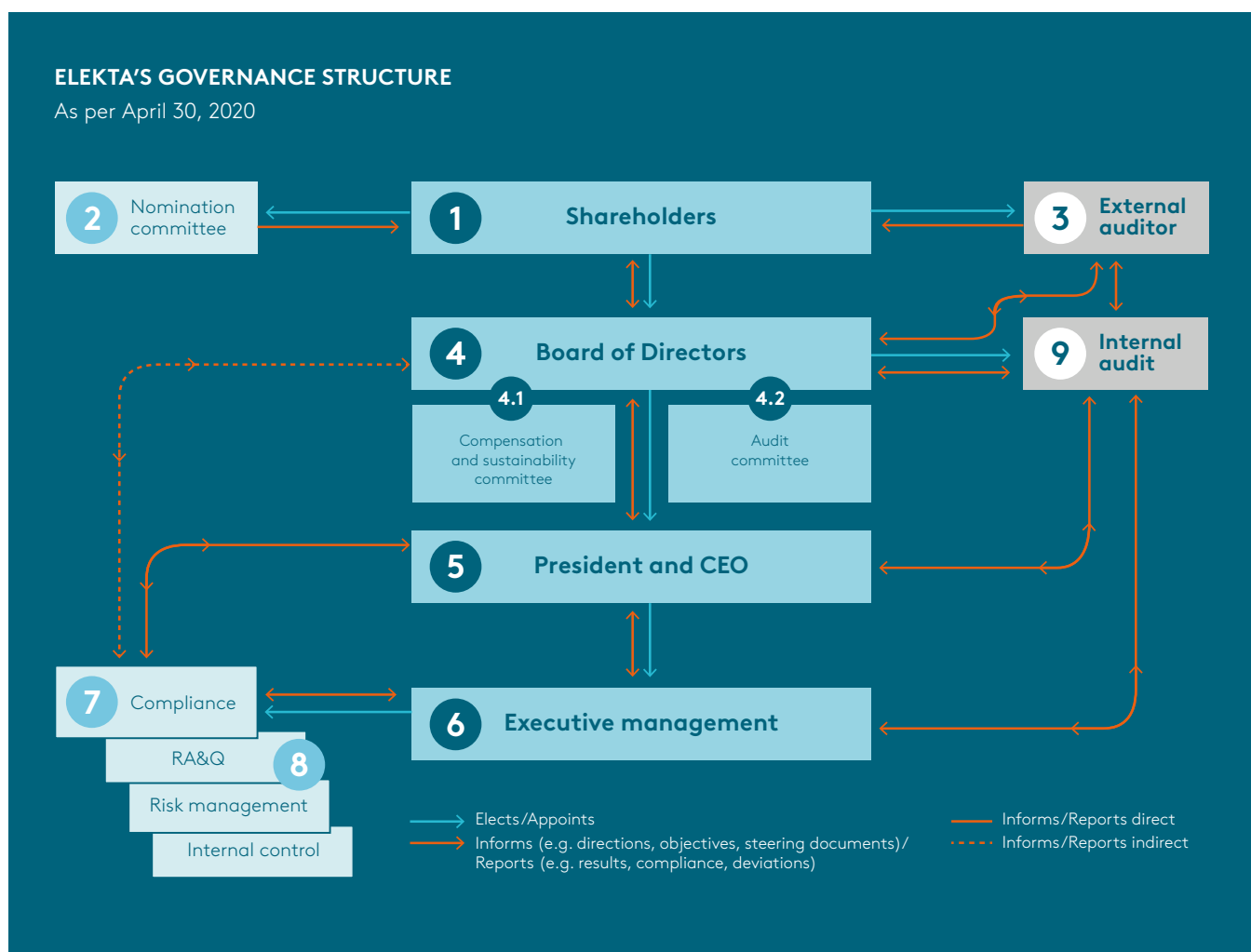
### Elekta's structure for corporate governance

An overview of Elekta's<sup>1)</sup> structure for corporate governance is set out in the illustration below. The different corporate bodies that are included in the structure are described in more detail in this report in the order specified below.

Elekta has implemented and complied with the Swedish corporate governance code (the Code)<sup>2)</sup> with one exception during the fiscal year of 2019/20. Elekta's nomination committee resolved to appoint the chairman of the Board of Directors,

Laurent Leksell, as chairman of the nomination committee. This was motivated by the fact that Laurent Leksell, in his capacity as the major shareholder, is well suited to effectively lead the work of the nomination committee in order to achieve the best result 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.



## 1 Shareholders

### Shares and votes

Elekta AB's B share is since 1994 listed on NASDAQ Stockholm. On April 30, 2020, the total number of registered shares in Elekta AB was 383,568,409 divided between 14,980,769 Series A shares and 368,587,640 Series B shares. At the general meetings of shareholders, which are the forum in which shareholders may exercise influence, Series A shares entitle the holder to 10 votes each, while Series B shares carry one vote each.

Laurent Leksell has been the largest shareholder of Elekta AB since the listing on NASDAQ Stockholm and controlled through own and related parties' holdings as per 30 April, 2020, 30.5 percent of the votes.

Read more about the share, the shareholders and Elekta's dividend policy on page 34.

### General meeting of shareholders

The general meeting of shareholders is Elekta AB's highest decision-making body at which the shareholders can exercise their right to make decisions in certain company matters. In addition to the annual general meeting of shareholders (AGM), 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 holding at least 10 percent of the shares.

The AGM is held in Stockholm, Sweden. The date and venue for the meeting will be announced on Elekta's website [www.elekta.com](http://www.elekta.com) not later than in connection with the third interim report for the period May–January. Notification of the AGM 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.

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 acquisition of own shares, are set out on page 34.

### AGM 2019

The AGM 2019 was held in Stockholm, Sweden, on August 22, 2019. The meeting was attended by 529 shareholders, either personally or by proxy, corresponding to approximately 71 percent of the votes in the Company. All members of the Board of Directors were present at the meeting.

Further information regarding the AGM 2019, including the minutes, is available at [www.elekta.com](http://www.elekta.com). No other general meetings of shareholders were held during the 2019/20 fiscal year.

### AGM 2020

The AGM 2020 will be held on August 26, 2020. More information regarding the AGM 2020 is found on the inside of the cover back.

### The following was resolved at the AGM 2019:

- A dividend payment of SEK 1.80 per share to shareholders to be divided into two separate payments of SEK 0.90 each
- Discharge from liability of the members of the Board of Directors as well as the President and CEO for management of the company in the 2018/19 fiscal year
- Adoption of fees to the Board of Directors totaling SEK 5,130,000 (5,165,000), of which SEK 1,280,000 (1,165,000) to the chairman of the Board of Directors and SEK 550,000 (500,000) to each of the other external members of the Board of Directors, as well as remuneration for board committee work of SEK 115,000 (110,000) to the chairman of the compensation and sustainability committee and SEK 80,000 (75,000) to each of the other members of the committee, and SEK 240,000 (225,000) to the chairman of the audit committee and SEK 150,000 (135,000) to each of the other members of the committee
- Re-election of Laurent Leksell, Caroline Leksell Cooke, Johan Malmquist, Tomas Puusepp, Wolfgang Reim, Jan Secher, Birgitta Stymne Göransson and Cecilia Wikström as members of the Board of Directors. Laurent Leksell was re-elected as chairman
- Election of Ernst & Young AB as external auditor, with authorized public accountant Rickard Andersson as the auditor in charge
- Adoption of guidelines for remuneration of senior executives
- Adoption of the share-based long-term incentive program, Performance Share Plan 2019, to be offered to executive management and certain key employees
- Authority for the Board of Directors for acquisition and transfer of own shares

## 2 Nomination committee

### The responsibilities of the nomination committee

The main responsibility of the nomination committee is to prepare proposals for adoption at the AGM with respect to election and remuneration matters, as for instance election of chairman of the general meeting, directors and external auditor as well as remuneration to the directors and the external auditor.

### Appointment of nomination committee

The 2019 AGM resolved that the nomination committee for the 2020 AGM would be appointed through a procedure whereby the chairman of the Board of Directors 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. The assessment of which shareholders that are the largest shall be based on Euroclear Sweden's shareholder statistics as of the last banking day in 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, unless the nomination committee unanimously decides otherwise, be the member of the nomination committee appointed by the largest shareholder in terms of voting rights. No remuneration would be paid to the members of the nomination committee.

The composition of the nomination committee for the 2020 AGM is set out below. The assignment for the nomination committee is valid until the end of the next AGM or, where applicable, until a new nomination committee has been appointed.

### The nomination committee for the 2020 AGM

- Laurent Leksell (chairman) – represents his own and related parties' holdings and is also the chairman of the Board of Directors
- Per Colleen – The Fourth Swedish National Pension Fund
- Tomas Flodén – AMF and AMF Funds
- Filippa Gerstädt – Nordea Funds
- Caroline Sjösten – Swedbank Robur Funds

### Preparation for the 2020 AGM

The nomination committee held three meetings prior to the 2020 AGM. An evaluation of the Board of Directors' work, competences, composition and independence of its members is performed annually and initiated by the chairman of the Board of Directors, partly to assess the preceding year, partly to identify areas for development for the Board of Directors. During the 2019/20 fiscal year a digital evaluation was performed with support from an external company. The conclusion is presented to the nomination committee by the chairman of the board. In addition, individual interviews have been held with the majority of the directors. The nomination committee has, through the audit committee's chairman, obtained the audit committee's recommendation as regards election of auditor.

When preparing its proposal for board composition, the nomination committee has applied the Code, section 4.1, as diversity policy. The nomination committee's proposals for the 2020 AGM are presented in the notice convening the 2020 AGM. A reasoned statement explaining the nomination committee's proposal for the Board of Directors' composition is posted on Elekta's website in connection with the issuance of the notice of the 2020 AGM.

## 3 External auditor

### External auditor and auditor in charge

The external auditor of Elekta AB is appointed by the AGM for a period lasting until the end of the next AGM. The AGM 2019 elected Ernst & Young AB (EY) as external auditor with Rickard Andersson as auditor in charge.

Rickard Andersson was born in 1973 and is an authorized public accountant. During the year, he was also the elected auditor in charge of, inter alia, Alimak, Hexagon, Munters, Pricer and SSAB. He has no assignments in any other company that affect his independence as the auditor in charge of Elekta AB.

EY has performed the audit of Elekta for the 2019/20 fiscal year, in accordance with a risk-based external audit plan, resulting in the unqualified auditor's report and statement, which are available on page 137.

### Services and fees

According to the audit committee's guidelines, 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, 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 EY during the 2019/20 fiscal year adhered to the guidelines established and comprised mainly of tax consultancy and other audit-related services.

The fees to the external auditor for the 2019/20 fiscal year are reported in Note 9.

## 4 Board of Directors

### Responsibilities of the Board of Directors

The work of the Board of Directors is regulated by the Swedish Companies Act, the Company's articles of association, the Code and the working instructions for the Company's 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 of ensuring the long-term ability to create value
- Ensuring an effective system for follow-up and control on the Company's operations and risks that the Company and its operations are exposed to
- 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

### Appointment of the Board of Directors

The Board of Directors of Elekta AB is elected by the AGM for a period lasting until the end of the next AGM.

According to the articles of association of Elekta AB, the board is to have between three and ten members with no 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 eight members which are presented on page 76. There are neither deputy board members nor employee representatives on the board. The general counsel serves as secretary for the board.

According to the Code, the majority of the directors appointed by the general meeting of shareholders shall be independent of the Company and the executive management. In addition, at least two of the directors, who are independent of the Company and the executive management, shall also be independent of major shareholders. The composition of the board meets the independence requirements as five of the eight members of the board have been deemed independent in relation to the Company, the executive management and major shareholders. These five members are: Johan Malmquist, Wolfgang Reim, Jan Secher, Birgitta Stymne Göransson and Cecilia Wikström.

The independence of each board member is shown on page 76. Remuneration to the Board of Directors is set out in Note 7 and on page 76.

**The work of the Board of Directors**

The working instructions for the Board of Directors establish that the board is to:

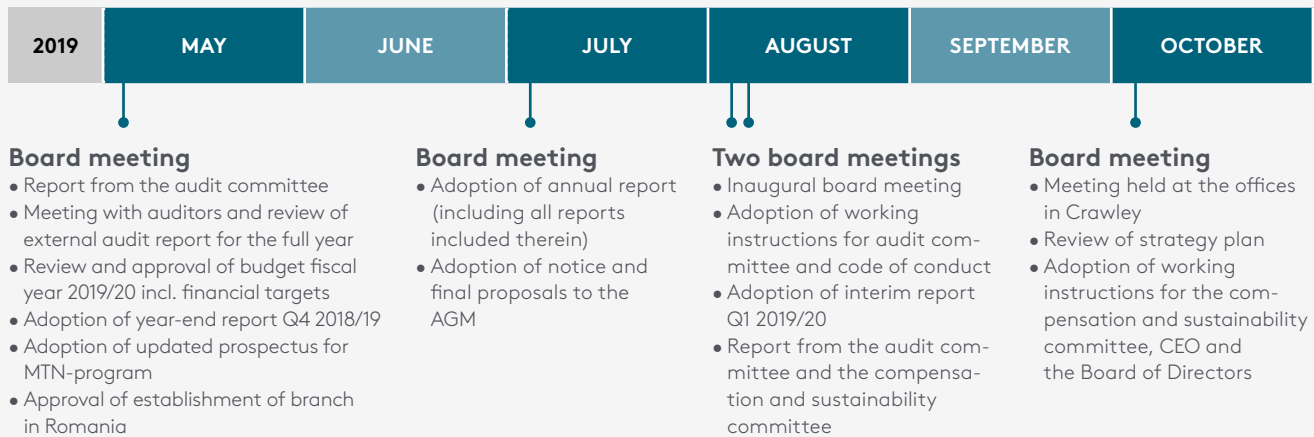
- Hold at least seven ordinary meetings per year
- Adopt finance and foreign exchange policies
- Adopt a code of conduct
- Approve a long-term plan and budget, including an investment budget

- Approve investments and similar decisions where the amount of the transaction exceeds SEK 5 million 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 AGM
- Decide on terms of employment for the President and CEO according to guidelines for remuneration of senior executives approved by the AGM
- 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 compensation and sustainability committee and to the audit committee, respectively.

During the fiscal year 2019/20, the board held thirteen minuted meetings. These meetings are normally held at Elekta’s head office in Stockholm, but are at times held at other locations where Elekta has offices or other facilities. 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 board members’ attendance at board meetings is shown on page 76.

**THE WORK OF THE BOARD OF DIRECTORS INCLUDING SOME IMPORTANT AGENDA ITEMS IN 2019/20**



**EXAMPLE OF THE BOARD’S FOCUS AREAS**

**1 COVID-19**  
 During the spring there were several extra board meetings due to the pandemic’s impact on Elekta and its markets. Focus was on how to secure Elekta’s resilience and agility in these challenging times. The Board of Directors was committed to secure the safety of Elekta’s employees and support the continuity of our customers’ care of their patients. The strengthening of the financial position and increase of available liquidity was also high on the agenda.

**2 MERGERS & ACQUISITIONS**  
 In addition to Elekta’s own R&D pipeline, the Board of Directors is regularly reviewing potential merger & acquisitions. During the year, the Board of Directors focused on specialized software companies to gain complementary technologies adding value to our software and solutions portfolio.

## BOARD COMMITTEES

To improve the efficiency of the board work, the Board of Directors has appointed a compensation and sustainability committee and an audit committee. The committees work in accordance with directives adopted by the Board of Directors and prepare recommendations and proposals for the board.

### 4.1 Compensation and sustainability committee

#### The committee and its responsibilities

The compensation and sustainability committee shall prepare the Board of Director's motions on issues relating to remuneration principles, remuneration and other terms and conditions of employment for the executive management. In relation to sustainability, the committee shall, inter alia, monitor the measures to strengthen corporate culture with respect to corporate social responsibility in the light of the Company's code of conduct as well as advise the President and CEO on proposals for targets and vision for sustainability.

#### Composition

The compensation and sustainability committee consists of four members appointed by the board, at the first board meeting following the election of the board by the AGM, for a term of one year. In addition to the committee members, the President and CEO, the Executive Vice President Human Resources as well as Chief Compliance and Integrity Officer

and Global Sustainability Manager attend the committee's meetings. The Vice President of Compensation & Benefits serves as secretary for the committee.

#### The compensation and sustainability committee

- Laurent Leksell (chairman)
- Caroline Leksell Cooke
- Wolfgang Reim
- Cecilia Wikström

#### Work during the year

During the fiscal year 2019/20, the compensation and sustainability committee held four minuted meetings. At these meetings, the committee has, inter alia, reviewed the remuneration of the executive management, prepared a proposal for a new long-term incentive program for 2020/21 for executive management and other key individuals as well as prepared the board's recommendations regarding guidelines for remuneration of senior executives for the next AGM. In addition, the work has included conducting a succession planning and reviewing management succession plans for senior management levels and other Group-critical positions. The committee has further, in line with instructions from the Board of Directors, worked with the Company's sustainability matters, with a special focus on human rights, corporate philanthropy and environment.

The members' attendance at committee meetings and independence are shown on page 76.



## 3 R&D FOCUS

Elekta's R&D and innovation road map is of highest priority and is reviewed and monitored closely by the Board of Directors. During the year, the R&D portfolio grew considerably with a considerable emphasis on our software and informatics portfolio including AI and machine learning solutions.

## 4 STRENGTHENED ORGANIZATION AND PROGRAMS

Elekta has reorganized and implemented a new matrix structure along business and geographic areas. This has increased clarity within the organization, division of roles and responsibilities, as well as strengthened customer focus. The Board of Directors has also spent considerable time with Elekta's leadership development and succession planning as well as Elekta's sustainability program.

## 4.2 Audit committee

### The audit committee and its responsibilities

The board shall appoint an audit committee with the responsibility to monitor the Company's financial reporting and provide recommendations and proposals to ensure the reliability of the reporting. The committee shall, with regard to the financial reporting, monitor the effectiveness of the company's internal control, internal auditor and risk management.

Included in the responsibilities of the committee is also to be continuously informed about the audit of the annual report and consolidated financial statements. In addition, the committee shall inform the Board of Directors about the result of the audit and how the audit contributed to the reliability of the reporting as well as the role of the committee during the audit. The audit committee also examines and monitors the impartiality and independence of the auditor. Furthermore, the committee provides proposals to the Company's nomination committee concerning the appointment of auditor for the following mandate period.

### Composition

The members of the audit committee cannot be employed by the Company and at least one shall have accounting or audit competency. Elekta's audit committee has four members who were appointed by the board at the first board meeting following the election of the board by the AGM, for a term of one year.

In addition to the committee members, the President and CEO, the CFO and the Chief Audit Executive also attend the committee's meetings as well as the external auditor, if needed. The associate general counsel serves as secretary for the committee.

#### The audit committee

- Birgitta Stymne Göransson (chairman)
- Johan Malmquist
- Caroline Leksell Cooke
- Jan Secher

### Work during the year

During the fiscal year 2019/20, the audit committee held five minuted meetings. During such meetings, the committee has reviewed the year-end report and annual report for the fiscal year 2018/19 as well as interim reports for 2019/20. Further, part of the work has been to monitor the performance of the global internal control framework, approve the internal audit plan as well as review and follow-up of internal audit reports. Another task, amongst others, that has been dealt with is to review the external audit plan and external audit reports. At every meeting, in-depth reviews are carried out on the financial management of selected business areas.

The members' participation at committee meetings is shown on page 76.

## 5 President and CEO

### 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. These include 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.

### Appointment of the President and CEO

The board appoints Elekta AB's President and CEO.

Gustaf Salford is as of June 2, 2020, acting President and CEO of Elekta AB. He replaced Richard Hausmann, who had been President and CEO of Elekta AB since 2016, including the fiscal year 2019/20. More information about Gustaf Salford is provided in the presentation of the current executive management on page 78.

Remuneration to the President and CEO is described in Note 7. The guidelines, proposed by the Board of Directors for approval by the 2020 AGM, for remuneration to executive management are described on page 90.

## 6 Executive management

### Appointment and responsibility

The President and CEO appoints the members of the executive management following approval by the Board of Directors. The President and CEO is responsible for and leads the work and meetings of the executive management. The executive management supports the President and CEO in its work and makes joint decisions following consultation with various parts of the Group.

### Composition

A presentation of Elekta's current executive management is provided on page 78. As of April 30, 2020, Elekta's executive management comprised the President and CEO, the Chief Financial Officer, the Chief Operating Officer, four solutions presidents, three region presidents as well as the heads of Marketing and Sales, Global Services, HR, Legal and Compliance.

Remuneration to the executive management is described in Note 7. The guidelines, proposed by the Board of Directors for approval by the 2020 AGM, for remuneration to executive management are described on page 78.

### Work during the year

The executive management meets on a regular basis either by telephone or in person in conjunction with visits to the Group's various offices and facilities.

The most important agenda items at the meetings during the fiscal year 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.

## 7 Compliance

### Responsibility

The compliance function's responsibilities are to review and evaluate compliance issues within the organization to ensure 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, export control and





competition law. The compliance function also monitors the implementation of a program to ensure compliant personal data processing within the Group. In addition, Compliance is responsible for the overall strategy and coordination of the areas of sustainability.

Elekta's Chief Compliance and Integrity Officer presents on a quarterly basis the progress of the risk-based compliance program at each meeting of the audit committee and reports on any incidents and the status of on-going investigations. A written compliance report is submitted at every meeting.

The function is headed by the Elekta Group's Chief Compliance and Integrity Officer who reports to the President and CEO.

### **Work during the year**

One of the focus areas has during the year been to keep doing assessments of the risk for corruption in high risk markets. Elekta's program to prevent corruption has been strengthened as a result of such risk assessment and the control measures that have been identified will be introduced for all markets with such risks. The compliance function has further during the year introduced a training program called "Compliance Days". The purpose of the program is to train every employee of the Group on high risk areas during a two-days workshop with interactive sessions.

The work relating to implement a program and procedures for processing of personal data has been continued according to plan. Roles and responsibilities for such processing within Elekta have been further clarified.

Information about the work relating to monitoring the goals within business ethics is provided on page 44.

## **8 Regulatory affairs and quality**

### **Responsibility**

The regulatory affairs and quality function's responsibilities include supporting management to comply with regulatory requirements for products, quality systems and market entry. Interaction with, and to provide transparency to, external regulatory bodies is another key responsibility. The function is furthermore responsible for the quality system's infrastructure and compliance, product clearances and approvals as well as post market vigilance and recall reporting.

The heads of the function, Senior Vice President Regulatory Affairs & Quality and Vice President Regulatory Affairs & Quality, both report to the General Counsel and Executive Vice President.

### **Work during the year**

The most important tasks during the fiscal year have, amongst others, encompassed to ensure product approval for regulatory market entry as well as to manage inspections from different authorities and organizations to ensure continued certification. In addition, the work of the function has included to manage the implementation of the new Medical Device Regulation in Europe (MDR).

**9 Internal audit**

**Responsibility**

Internal audit is an independent function that conducts independent and objective assurance, review and consulting activities. The scope of the internal audit function encompasses the examination and evaluation of the adequacy and effectiveness of Elekta’s governance, process steering, 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. The work also encompasses consulting activities and advisory support in the same areas. The internal audit function works in accordance with the guidelines for the internal audit function adopted by the board.

The internal audit function is appointed by, and reports to, the audit committee and the Board of Directors. The Chief Audit Executive, who functionally reports to the audit committee and administratively to the Chief Financial Officer, supervises the internal audit function.

**Work during the year**

The work of the internal audit function has included, based on an established and by the audit committee approved internal audit plan, audits of subsidiaries as well as quality reviews of processes encompassed by the global internal control program. Furthermore, statistical follow-up reporting of the internal control program to executive management, the audit committee and the Board of Directors has been carried out as well as consulting in connection with the update of the internal control program. The internal audit function has during the year coordinated the external audit as well as managed the audit committee meetings.

**Elekta’s process for internal control**

Risk management, 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 control of risk management, governance and internal control. The responsibility for maintaining the control systems is delegated to the president and CEO, who is assisted by the executive management, other operational managers and coworkers. Functions responsible for risk management, governance and internal control continuously report the current status directly to the Board of Directors and/or the audit committee.

Elekta’s personnel will represent the first level of control environment in their day to day work and in their management teams. To facilitate the work there are policies, guidelines and boundaries set by the executive management on behalf of the Board of Directors. Boundaries should ensure that no individual employee accepts a disproportionate portion of risk or to little risk which may result in missed opportunities and ultimately Elekta not achieving the strategic goals. All employees have the obligation to obtain an appropriate level of understanding within their roles and responsibilities and carry out their responsibilities correctly and completely.

Employees are the owners of all risks related to their business operations and are expected to manage these by maintaining good internal control and follow risk and control procedures. Every employee is expected to comply with internal policies, procedures and applicable laws and regulations.

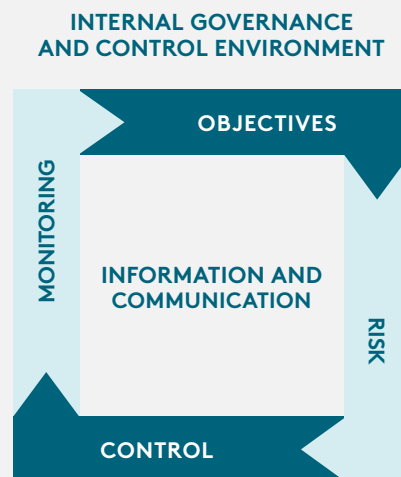
The next stage of control environment lays within the support functions such as finance, IT, HR, compliance, regulatory affairs and quality and legal that supports and monitors the first level of controls.

The final stage of control environment is the internal audit function that provides independent and objective audits, assurance and advisory support to the management on governance, preparation of decisions, risk management and internal control.

The process for risk management and internal control applies for the entire Group, including business lines, regions, functions, management, coworkers, processes and technology. The Elekta risk work is focused on identifying and managing strategic risks, operational risks, legal and regulatory risks, external risks and market- and financial risks. Risk assessments are being completed and updated continuously in order to identify risks that can impact the achievement of strategy goals, legal compliance and regulations and financial reporting.

The Board of Directors also continuously manage decisions that include risk management, for example, within the Elekta strategy and management processes and business management. Find out more about risk management in the board’s report on risk management and internal control over financial reporting on page 73. A description of how other risks are being managed can be found in the risks and risk management section on page 30.

**RISK MANAGEMENT AND INTERNAL CONTROL**



# 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 has been prepared in accordance with laws and regulations and applicable accounting standards, namely the International Financial Reporting Standards (IFRS), and other requirements on listed companies, such as the NASDAQ Stockholm Rule Book for Issuers. Elekta's work on risk management and internal control over financial reporting is based on the 2013 updated internal control – integrated framework (the "framework"), established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The COSO framework is based on 17 fundamental principles linked to five components: control environment, risk assessment, control activities, monitoring, and information and communication.

## Objective

The Elekta Group is governed and controlled based on the distribution of rights and responsibilities, including decision-making, among different corporate bodies according to laws and regulations as well as 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.

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.

## 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 group-wide steering documents and in the Elekta business management system.

Risk assessment is carried out continuously throughout the year in order to identify risks that can affect the possibility to reach targets set in relation to the strategy, the business, reporting and compliance.

## 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 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 entity level controls that are regulated through Elekta's steering documents at Group-wide level, the business management system and internal control frameworks of standard controls that include general IT controls and uniform process controls for all Elekta companies and locally defined controls where necessary. The controls included in the internal control framework are documented in RACMs as standard models for all entities and then specifically for each individual entity. All controls in the internal control framework are based on risk assessments of financial flows that impact the financial reporting in general and more specifically for the individual entities.

### Monitoring

Monitoring of internal control over financial reporting is carried out 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 as well as information and communication.

Ongoing evaluations are routine operations, built into processes. 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 monitoring of the following:

- Business and financial performance
- Order bookings and revenue recognition
- Compliance reports from the compliance function
- Internal audit reports from the QA and RA functions related to, for example, the quality system and regulatory compliance
- Internal audit planning
- Internal audit reports from the internal audit function
- External audit reports from the external auditor

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
- Internal control compliance confirmation questionnaire, a tool for local management to report on the status of effective design and operating effectiveness of the globally defined minimum internal control requirements over financial reporting documented in RACMs
- Internal audit according to the internal audit plan

Instructions and budget approvals of internal control for financial reporting are conducted by the audit committee on behalf of the Board of Directors and require supporting documentation in the form of presentation of status, progress and solutions, as well as supporting appendices such as internal audit reports and internal control reports. Status, progress and solutions for internal control over financial reporting are 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 briefs the board of directors at the next board meeting and provides 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 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 prospects
- Presentations and telephone conferences for financial analysts, investors and media representatives on a regular basis
- Capital market days arranged to inform the capital market about strategic changes or in depth information when needed

See information, including reports, press releases and presentations, on the Elekta website: [www.elekta.com](http://www.elekta.com). Elekta observes a silent period prior to each interim and year-end report.



## Activities in the fiscal year 2019/20

During the fiscal year 2019/20, the performed activities have primarily focused on review of timeliness and quality of internal control performance, improvement of management reporting regarding adherence to the internal control framework as well as ongoing internal control improvements. In addition, the implementation of the internal control framework in some small sized group companies has continued as planned and the implementation in the companies that have been included in the Group has been initiated and is currently being implemented. Annual update of the internal control framework has been performed according to plan as well as annual sign-off by management. Information relating to the results of the independent reviews were addressed at the meetings of the audit committee and subsequently followed up by the board.

## Activities in the fiscal year 2020/21

During the fiscal year 2020/21, focus will continue to be on reviews of timeliness and quality of internal control performance and also increase efficiency and centralization of control performance. Furthermore, on-going implementation of internal control framework in new entities will be continued and any new entities will be included continuously. Also, additional risk-based reviews on the quality of financial reporting, underlying processes and control points in smaller and/or new entities will be performed.



Laurent Leksell

Caroline Leksell  
Cooke

Johan Malmquist



Tomas Puusepp

<b>First elected:</b>	1972	2017	2015	2013
	<ul style="list-style-type: none"> <li>■ Board chairman</li> <li>■ Chairman of the compensation and sustainability committee</li> </ul>	<ul style="list-style-type: none"> <li>■ Member of the board</li> <li>■ Member of the audit committee</li> <li>■ Member of the compensation and sustainability committee<sup>1)</sup></li> </ul>	<ul style="list-style-type: none"> <li>■ Member of the board</li> <li>■ Member of the audit committee</li> </ul>	<ul style="list-style-type: none"> <li>■ Member of the board</li> </ul>
<b>Attendance:</b>	■ 13/13 ■ 4/4	■ 13/13 ■ 5/5 ■ 2/4	■ 13/13 ■ 5/5	■ 13/13
<b>Total fees (SEK):</b>	■ 1,280,000 ■ 115,000	■ 550,000 ■ 150,000 ■ 80,000	■ 550,000 ■ 150,000	■ 550,000
<b>Year of birth:</b>	1952	1981	1961	1955
<b>Education:</b>	MBA and PhD from Stockholm School of Economics, Sweden	BSc Degree Stockholm University, studied marketing at Wharton School at the University of Pennsylvania and at Columbia Business School	BSc Degree Stockholm School of Economics, Sweden	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
<b>Independence:</b>	Independent of the Company and the executive management, not independent of the major shareholders	Independent of the Company and the executive management, not independent of the major shareholders	Independent of the Company and the executive management and independent of the major shareholders	Not independent of the Company and the executive management, independent of the major shareholders
<b>Other board assignments:</b>	Board chairman: Leksell Social Ventures and Stockholm School of Economics Board member: International Chamber of Commerce (ICC)	Board chairman: Bonit Invest S.A./N.V Board member: Leksell Social Ventures' investment committee	Board chairman: Getinge AB and Arjo AB Board member: Mölnlycke Health Care AB, Dunker-stiftelserna, Chalmers University of Technology Foundation, Trelleborg AB and Stena Adactum AB	Board member: The Swedish American Chamber of Commerce in New York, Permobil AB and Sectra AB (publ).
<b>Holdings in Elekta AB:</b> (own and closely related parties as per April 30, 2020)	14,980 769 A-shares 8,056,624 B-shares	182,308 B-shares	20,000 B-shares	600,000 B-shares
<b>Principal work experience and other information:</b>	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	Extensive experience in the areas of digital strategy, communication and technology and is currently responsible for major international business in the role as industry manager at Google	Extensive experience from the medical technology industry, among others as president and CEO for Getinge AB from 1997 to 2015. Before that various positions within the Getinge group and Electrolux Group	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

<sup>1)</sup> Elected as new member of the compensation and sustainability committee in connection with the AGM 2019 and has thereafter participated in 2 out of 2 committee meetings.



**Wolfgang Reim**

2011

- Member of the board
- Member of the compensation and sustainability committee

■ 12/13 ■ 4/4

■ 550,000 ■ 80,000

1956

Master of Sciences and Doctor of Physics from the Federal Institute of Technology ETH in Zurich

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

Board chairman: Ondal Medical Systems GmBH  
Board member: GN Store, Nord A/S, LAP GmBH and Audeering GmbH

17,500 B-shares

CEO of Amann Girschbach AG since 2020. Independent consultant focusing on the medical technology industry and interim CEO at DORC BV in 2016 and Ondal Medical Systems in 2013. Before that, CEO of Dräger Medical AG from 2000 to 2006. At Siemens from 1986 until 2000, as CEO of the Ultrasound Division (1998–2000) and President of the Special Products Division (1995–1998)



**Jan Secher**

2010

- Member of the board
- Member of the audit committee

■ 12/13 ■ 4/5

■ 550,000 ■ 150,000

1957

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

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

Board chairman: Peak Management AG  
Board Member: IKEM (Innovation and Chemical Industries in Sweden) from May 2016 and The European Chemical Industry Council from October 2014

28,800 B-shares

President and CEO of Perstorp Holding AB from September 2013. Previously President and CEO of Ferrostal 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**

2005

- Member of the board
- Chairman of the audit committee

■ 13/13 ■ 5/5

■ 550,000 ■ 240,000

1957

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

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

Board chairman: MAG, Interactive AB and BCB Medical OY  
Board member: Pandora AS, Enea AB and Leo Pharma

6,100 B-shares

President and CEO of Memira Group 2010 to 2013. CEO of Semantix Group 2005 to 2009, and COO/CFO of Telefios 2001 to 2005. Before that various management positions, including McKinsey, Gambro and Ähléns



**Cecilia Wikström**

2018

- Member of the board
- Member of the compensation and sustainability committee

■ 13/13 ■ 4/4

■ 550,000 ■ 80,000

1965

Bachelor in theology from Uppsala University

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

Board chairman: EIPA (the European Institute of Public Administration in Maastricht  
Board member: Beijer Alma AB (publ) and Örebro University

1,100 B-shares

Senior Advisor Prime Weber Shandwick. Member of the European Parliament from 2009 to 2019 and M.P in the Swedish Parliament from 2002 to 2009, Priest within the Swedish Church during the last 26 years, among others as Cathedral Chaplain and University Chaplain, Senior Consultant at Michaël Berglund Chefsrekrytering, Author of leadership books, of which one became the Best Leadership Book of the year 2004

**Gustaf Salford****Year of birth:** 1977

Acting President and CEO

**Employed since:** 2009**Holdings<sup>1)</sup>:** 2,100 B-shares**Education:** MSc in Business Administration, Stockholm School of Economics**Johan Adebäck****Year of birth:** 1964

Acting Chief Financial Officer (CFO)

**Employed since:** 2004**Holdings<sup>1)</sup>:** 4,000 B-shares**Education:** BSc in Business Administration and Economics, Stockholm University**Paul Bergström****Year of birth:** 1974

EVP Global Services

**Employed since:** 2017**Holdings<sup>1)</sup>:** –**Education:** MSc Electrical Engineering, Royal Institute of Technology, Stockholm**Jonas Bolander****Year of birth:** 1966

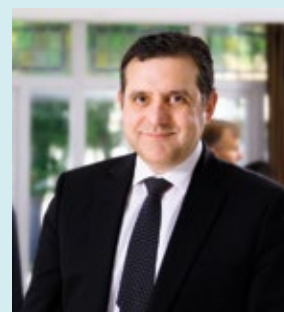
General Counsel and EVP

**Employed since:** 2001**Holdings<sup>1)</sup>:** 200 B-shares**Education:** Master of Laws from Stockholm University**Caroline Mofors****Year of birth:** 1972

SVP Chief Compliance and Integrity Officer

**Employed since:** 2014**Holdings<sup>1)</sup>:** –**Education:** Master of Laws and Master Degree in Litigation, Arbitration and Alternative Dispute Resolution from University of Paris II, Parthéon-Assas**Habib Nehme****Year of birth:** 1964

EVP India, Middle East and Africa

**Employed since:** 2018**Holdings<sup>1)</sup>:** –**Education:** Master in Biomedical Engineering, University of Technology of Compiègne, Electrical Engineering degree, Jesuits Saint Joseph university of Beirut and a Marketing degree, Business School of HEC, Paris**Ioannis Panagiotelis****Year of birth:** 1972

Chief Marketing and Sales Officer (SMSO) and EVP for APAC, Japan and South America

**Employed since:** 2017**Holdings<sup>1)</sup>:** –**Education:** MSc in Medical Physics and a PhD in Biomedical Physics and Bio-engineering from the University of Aberdeen, and MBA from IESE Business School in Barcelona**Verena Schiller****Year of birth:** 1980

President Neuro Solutions

**Employed since:** 2008–2010 and since 2012**Holdings<sup>1)</sup>:** 2,181 B-shares**Education:** Radiation Therapist





### Anming Gong

**Year of birth:** 1964

EVP, Head of Region China

**Employed since:** 2009

**Holdings<sup>1)</sup>:** –

**Education:** MSc Biomedical Engineering, Huazhong University of Science and Technology, Wuhan



### Lionel Hadjadjeba

**Year of birth:** 1958

President MR-linac Solutions

**Employed since:** 2019

**Holdings<sup>1)</sup>:** –

**Education:** Medical Doctor, Internal Medicine and Haemato-Oncology from University of Nancy, MBA HEC, Paris



### John Lapré

**Year of birth:** 1964

President Brachy Solutions

**Employed since:** 2011

**Holdings<sup>1)</sup>:** 5,250 B-shares

**Education:** MSc in Human Nutrition and Physiology and PhD in Toxicology from Wageningen University



### Renato Leite

**Year of birth:** 1972

EVP, Head of Region Europe

**Employed since:** 2018

**Holdings<sup>1)</sup>:** –

**Education:** MSc Biomedical Engineering, COPPE/UFRJ, Rio de Janeiro; BSc Mechanical Engineering, Federal University of Rio de Janeiro; Advanced Business Management, Babson College, Massachusetts



### Karin Svenske Nyberg

**Year of birth:** 1966

EVP Human Resources

**Employed since:** 2017

**Holdings<sup>1)</sup>:** 1,200 B-shares

**Education:** MSc Chemical Engineering, Royal Institute of Technology, Stockholm, and Behavioural Science, Stockholm University



### Maurits Wolleswinkel

**Year of birth:** 1971

President Linac Solutions

**Employed since:** 2011

**Holdings<sup>1)</sup>:** 16,216 B-shares

**Education:** MSc in Mechanical Engineering from Delft University of Technology, and MSc in General Management from Nyenrode University



### Steve Wort

**Year of birth:** 1963

Chief Operating Officer (COO)

**Employed since:** 1991

**Holdings<sup>1)</sup>:** –

**Education:** Senior Executive Programme, London Business School; Post Graduate Diploma in Management Southbank University, London

### Larry Biscotti<sup>2)</sup>

**Year of birth:** 1974

EVP, Region North and Central America

**Employed since:** 2018

**Holdings<sup>1)</sup>:** –

**Education:** Bachelors of Science in Economics, Cornell University. MBA Global Business, Pepperdine University. Advanced Management, PLD, Harvard Business School.

### Andrew Wilson<sup>2)</sup>

**Year of birth:** 1970

President Oncology Informatics Solutions

**Employed since:** 2006

**Holdings<sup>1)</sup>:** –

**Education:** BSc Health Science, University of Sydney

Richard Hausmann was President and CEO of Elekta until his resignation on June 2, 2020.

1) Own and closely related parties on April 30, 2020.

2) Members of Elekta's Executive Management since July 2020.

# Auditor's report on the corporate governance statement

To the general meeting of the shareholders in Elekta AB (publ) corporate identity number 556170-4015.

## Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the year 2019-05-01–2020-04-30 on pages 63–79 and that it has been prepared in accordance with the Annual Accounts Act.

## The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

## Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, July 10, 2020

Ernst & Young AB  
Signature on original auditors' report in Swedish<sup>1)</sup>

**Rickard Andersson**  
Authorized Public Accountant

1) This is a translation of the original auditors' report in Swedish. In the event of any differences between the translation and the original statement in Swedish, the Swedish version shall prevail.