

Evaluation of Elekta AB's Executive Remuneration 2018/19 pursuant to 9.1 and 10.3 of the Swedish Code of Corporate Governance

Executive Remuneration

It is of fundamental importance to Elekta and its shareholders that the guidelines for remuneration and other terms of employment for the executives of the Group attract, motivate and retain competent employees and managers, both in the short and long-term. To achieve this goal, it is important to ensure fairness and internal equity, while maintaining market competitiveness in terms of the structure, scope and level of executive compensation within Elekta. Employment conditions for executive management should comprise a balanced mix of fixed salary, a variable salary component, annual incentive, long-term incentives, pension and other benefits, as well as notice and severance payments, where applicable.

Total target cash compensation, i.e. fixed plus variable salary components, should be competitive in the geographic market where the executive is resident. The level of total target compensation should be reviewed annually to ensure that the company is competitive for similar positions in the market to be able to recruit and retain business critical competencies where needed. Market medians are established with the assistance of external compensation benchmarking. Since compensation should be performance-driven, the target annual variable salary component should account for a relatively high portion of the total target compensation.

The complete guidelines are described in the 2018/19 annual report.

Executive Compensation & Capability Committee

The Executive Compensation & Capability Committee, which during the 2018/19 fiscal year consisted of the Chairman of the Board Laurent Leksell, who was also the Chairman of the Executive Compensation & Capability Committee, and Board members Annika Espander Jansson, Wolfgang Reim and Cecilia Wikström, convened on four occasions formally during the 2018/19 fiscal year. During the year, the Executive Compensation & Capability Committee has dealt with a broad range of compensation-related issues, from fixed and variable salary levels to short- and long-term incentives, as well as pensions and other obligations related to executive management. The Executive Compensation & Capability Committee has also completed its annual merit increase process for executive management and in connection with that, benchmarked the remuneration to the President & CEO and the broader Executive Management team against relevant market compensation data.

The Executive Compensation & Capability Committee has continued its involvement in the development of the enterprise-wide system that effectively links individual and business performance to Elekta's various reward systems, as well as a revision of the Group's short-term incentive plan structure and policy.

During the year, the Executive Compensation & Capability Committee provided the Board with recommendations regarding principles for formulating the Group's remuneration system. This includes both evaluations and decisions on formulations of the Group's variable and performance-based remuneration system as well as structure and scope of the Group's long-term incentive and share-based program.

Evaluation & Conclusion

In accordance with the requirements in the Code, the Executive Compensation & Capability Committee has evaluated how current approved guidelines for executive remuneration have been applied to members of executive management during the 2018/19 fiscal year. This evaluation has also included an assessment of the alignment between actual executive remuneration through both current and completed variable compensation programs and the guidelines themselves and whether programs for variable salary, as well as compensation structures and compensation levels, in the company have been appropriately designed.

The Executive Compensation & Capability Committee has come to the conclusion that all of the aforementioned areas have been in line with the guidelines for executive remuneration that were approved by the 2018 Annual General Meeting, and that the company's program for variable salary has had an appropriate design. The committee also concludes that the compensation structures and compensation levels have been appropriate.

Finally, the committee notes that the company's auditor has issued an opinion that the company's Board and the President & CEO, for the financial year 1 May 2018 – 30 April 2019, have complied with the guidelines for remuneration to senior executives adopted by the Annual General Meetings held on 30 August 2018 and 23 August 2017 respectively.

Information regarding previously approved compensation not yet due for payment

Approved compensation to Executive Management that has not been paid before the Annual General Meeting 2019 is covered by the general guidelines and principles for remuneration of Executive Management.

Stockholm in July 2019

Elekta AB (publ)

Executive Compensation & Capability Committee