

Hexagon's corporate governance

Hexagon applies a transparent approach to the dissemination of information to shareholders and capital markets. The company is governed in accordance with Hexagon's Articles of Association, the Swedish Companies Act, the listing agreement and other applicable Swedish and international rules and regulations.

Hexagon complies with the Swedish Code of Corporate Governance (the Code). During 2007, deviations from the Code were as follows:

Rule	Rule from the Code	Comments
2.1.2.	Neither the Chairman of the Board nor any other Member of the Board shall be the chairman of the Nomination Committee.	To facilitate an efficient nomination process, the Chairman of the Board also serves as chairman of the Nomination Committee.
3.8.2.	The Board of Directors must establish an audit committee that must comprise at least three Members of the Board.	In order to ensure active and efficient work by the Board of Directors, Hexagon has decided to have a limited number of Board Members. Accordingly, the Audit Committee has fewer members than the recommended number.

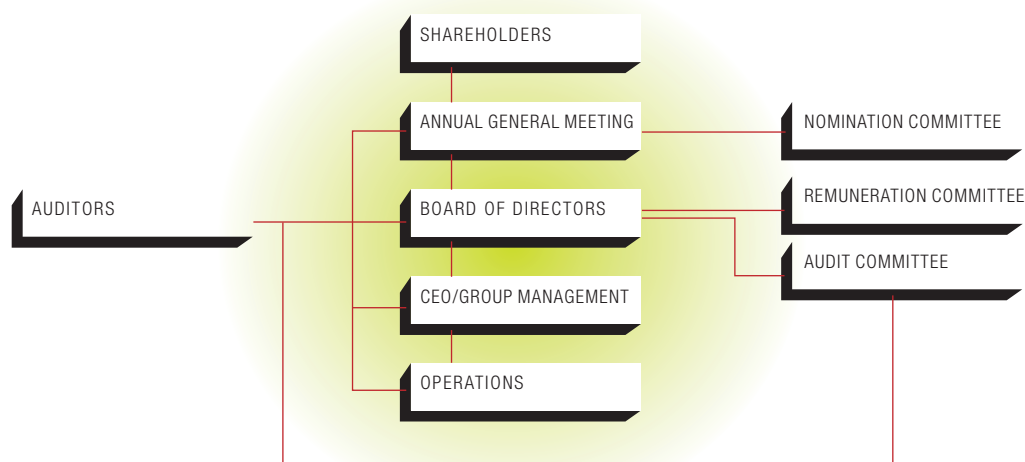
Hexagon's Corporate Governance Report for 2007 and the Board of Directors' report on internal control have not been examined by the company's auditors. These reports are not part of the formal annual report documents. Hexagon's corporate governance process is described schematically below.

Articles of Association

Hexagon's current Articles of Association were adopted on 2 May 2007, and state that the company's operations are to own and manage shares in manufacturing, trading and service companies, and to own and manage real estate and securities, conduct administrative operations for subsidiaries, and to engage in related activities. The Articles of Association also formalize issues such as shareholders' rights, the number of Board Members and auditors, that the Annual General Meeting should be held within six months of the end of the financial year, the structure of the notice convening the Annual General Meeting and the fact that the company's Board has its registered office in Stockholm, Sweden. The current Articles of Association are available on the company's website.

Annual General Meeting

The Annual General Meeting is Hexagon's supreme executive body in which all shareholders may participate. The AGM is the



General Shareholder Meeting at which the Board presents the annual report, the consolidated accounts and the audit report. Hexagon issues the notice convening the AGM no earlier than six weeks and no later than four weeks prior to the meeting. The AGM is usually held in May in Stockholm, Sweden.

The progress of the company and its operations is addressed at the AGM, which resolves on a number of issues of vital importance such as discharging the Board and Chief Executive Officer from personal liability for the financial year, dividends, remuneration for the Board and auditors, appointment of new Members of the Board for the period up to the following AGM and any amendments to the Articles of Association. A resolution concerning the election of auditors is made at the AGM every fourth year. Wherever applicable, such matters as incentive programmes and new issues are also addressed.

Annual General Meeting 2007

The AGM was held on 2 May 2007 in Stockholm, Sweden, and was attended by a total of 111 shareholders, who jointly represented 65.5 per cent of the total number of shares and 75.3 per cent of the total number of voting rights. Melker Schörling was elected chairman of the AGM. The following main resolutions were passed:

- » The AGM resolved to re-elect Board Members Melker Schörling, Maths O. Sundqvist, Ola Rollén, Marianne Arosenius and Mario Fontana, and to newly elect Ulf Henriksson. Melker Schörling was re-elected Chairman of the Board.
- » Total director fees of 2 425 000 SEK were resolved for the Board, divided as follows: 650 000 SEK for the Chairman of the Board and 350 000 SEK to each of the other Board Members elected by the Annual General Meeting that are not employed by the company. It was resolved that the chairman of the Remuneration Committee would receive 75 000 SEK and that each member of this Committee would receive 50 000 SEK and that the chairman of the Audit Committee would receive 150 000 SEK and that each member of this Committee would receive 100 000 SEK.
- » The AGM adopted the Income Statement and Balance Sheet and the Consolidated Income Statement and Balance Sheet. The AGM also resolved to appropriate earnings in accordance with the adopted Balance Sheet, and discharged the Board Members and CEO from personal liability.

Comments from the Chairman of the Board

My principal role in Hexagon, together with the other Members of the Board and in the best interests of the shareholders, is to work for the Group's long-term development. The function of the Board is, jointly with Group Management, to establish a strategy and a direction, to determine the operating and financial objectives and make



overall decisions concerning how the company's assets are to be used for investments, acquisitions, divestments and dividends.

The year 2007 will be noted in our history as another successful and strategically important year for Hexagon. In the past year, we implemented a large number of strategic

acquisitions of companies in various parts of the world. We continued to develop Hexagon into a leading global measurement technologies group with strong market positions.

As a part of this process, we made the decision to list the polymer operations as a separate group on the Nordic Exchange. We are of the opinion that Polymers has achieved the size and profitability that make the business attractive as an independent, listed company. As a listed company, Polymers can continue to grow through new establishments and acquisitions.

During 2007, Hexagon continued to develop beyond all expectations and in December we established the new financial direction for Hexagon as a dedicated measurement technologies company. In the next three years, the financial target is to double sales through organic growth and a continued high pace of acquisition and to further increase the Group's operating margin. It will continue to be an exciting journey and I look forward to participating in it.

I would like to take this opportunity to thank all Hexagon employees for their excellent work during the past year. Thanks to you, Hexagon is today a successful innovator with world-class products and services.

Stockholm, Sweden, March 2008

MELKER SCHÖRLING
Chairman of the Board

- » The AGM approved the Board's motion to pay a dividend of 5.00 SEK per share. Monday 7 May 2007 was approved as the record date for dividends.
 - » The AGM resolved to re-elect Melker Schörling, Maths O. Sundqvist, Henrik Didner (Didner & Gerge Funds) and Anders Algotsson (AFA Försäkring) and to newly elect Marianne Nilsson (Swedbank Robur) as members of the Nomination Committee ahead of the AGM in 2008, with Melker Schörling appointed chairman of the Nomination Committee.
 - » The AGM resolved on the establishment of guidelines for the remuneration of senior executives, essentially entailing that such remuneration should comprise a basic salary, variable remuneration, other benefits and pension, and that in total this remuneration should be commercially viable and competitive in the market. The variable remuneration should be maximized in relation to the basic salary, connected to the earnings trend that the individual can influence and be based on the outcome in relation to individually established targets.
 - » The AGM resolved to implement a non-cash issue, whereby the company's share capital would be increased by a maximum of 520 000 SEK through the issue of a maximum of 130 000 class B shares. The background to this non-cash issue was that in connection with Hexagon's acquisition of Leica Geosystems in October 2005, there were approximately 90 000 issued and unredeemed options in Leica Geosystems that had been granted to employees of the former Leica Geosystems Group.
 - » The AGM resolved to implement changes in the company's share capital in the Articles of Association and to carry out a split. The AGM also resolved to specify the location of the registered office of the Board.
 - » The AGM resolved to increase the company's share capital through a bonus issue, without issuance of new shares. After registration of the aforementioned non-cash issue, the company's share capital will amount to 353 799 980 SEK, with 176 899 990 SEK to 530 699 970 SEK through transfer of the said amounts from the statutory reserve. The aim of the bonus issue was to create a nominal value for the shares that was equally divisible by three prior to the proposed split.
 - » The AGM resolved to divide the company's shares in such a way that each share would be split into three shares of the same share class.
- » The EGM resolved in accordance with the Board's motion to implement a subscription warrant programme for senior executives and key employees in the Group by means of a directed issue of 2 500 000 subscription warrants. The warrants shall be transferred to approximately 80 senior executives and key employees identified by the Board, at a price of 20 SEK per warrant and the remaining warrants shall be reserved for future recruitment of senior executives and key employees in the Group.

Nomination Committee

At the AGM, a nomination committee is elected with the task of presenting proposals at the following AGM concerning the election of Chairman and other Members of the Board, the election of chairman of the AGM, director fees divided among the Chairman and other Members of the Board and any related issues. The Nomination Committee also presents proposals regarding the election and fees to be paid to the auditors. In order to facilitate an efficient nomination process, the Nomination Committee includes Board Members who also represent the principal shareholders.

The members of the Nomination Committee ahead of the 2008 AGM, presented on the company's website, are as follows:

- » Melker Schörling (Chairman)
- » Maths O. Sundqvist
- » Henrik Didner, Didner & Gerge Funds
- » Anders Algotsson, AFA Försäkring
- » Marianne Nilsson, Swedbank Robur

In the event that a replacement is required for a member who leaves the Nomination Committee before its work has been completed, the Nomination Committee is entitled to replace such a member with another representative elected from among the major shareholders in terms of voting rights. During the year, the Nomination Committee held one minuted meeting at which the chairman made a presentation of the evaluation process. The Committee discussed desirable changes and decided on proposals to submit to the 2008 AGM concerning the election of chairman of the AGM, the election of Chairman and other Members of the Board, directors fees, remuneration for committee work and the election of auditors.

Shareholders wishing to submit proposals have been able to do so by contacting the Nomination Committee by post. No remuneration was paid to the members of the Nomination Committee for their work.

Board of Directors

The Articles of Association stipulate that Hexagon's Board must comprise a minimum of three and maximum of nine regular members. These members are elected annually at the AGM for the period until the following AGM has been held. At the 2007 AGM, six members were elected, including the CEO. The Board

The notice and the documents presented at the 2007 AGM are available in Swedish and in English on the company's website.

Extraordinary General Meeting in 2007

An Extraordinary General Meeting was held on 14 December 2007 in Stockholm, Sweden, and was attended by a total of 48 shareholders, who jointly represented 54.7 per cent of the total number of shares and 67.7 per cent of the total number of voting rights. Melker Schörling was elected chairman of the EGM. The EGM made the following principal resolution:

Number of meetings and attendance 2007

Name	Function	Elected	Audit Committee	Remuneration Committee	Board Meetings	Independence	Shares ¹
Melker Schörling	Chairman	1999	–	1	14	In relation to the company and management	A: 11 812 500 ² B: 50 415 654 ²
Marianne Arosenius ³	Member	2004	1	–	6	In relation to the company, management and the company's major shareholders	B: 2 886
Mario Fontana	Member	2006	3	–	11	In relation to the company, management and the company's major shareholders	B: 60 195
Ulf Henriksson ⁴	Member	2007	–	–	10	In relation to the company, management and the company's major shareholders	–
Ola Rollén	Member President and CEO	2000	–	–	14	In relation to the company's major shareholders	B: 2 731 152
Maths O. Sundqvist	Member	1991	–	1	12	Not independent ⁵	B: 39 000 000

¹ At 31 December 2007. ² Shares owned through Melker Schörling AB. ³ Resigned from the Board at her own request in August 2007. ⁴ Elected in May 2007.

⁵ Member of the Board for more than 12 years.

Members possess excellent financial know-how and broad international experience of the engineering technology business.

Chairman of the Board Melker Schörling is the principal owner of Melker Schörling AB, which controls slightly more than 45 per cent of the voting rights in Hexagon. The company's second largest owner, Maths O. Sundqvist, who controls slightly more than 10 per cent of the voting rights in Hexagon through companies, is also Member of the Board. The other Board Members, with the exception of one Member, also have direct or indirect shareholdings in the company, which ensures considerable personal commitment to Hexagon's development.

All Board Members are presented in greater detail on page 48 and can be reached at the address of Hexagon's Head Office.

Responsibilities of the Board of Directors

The Board is responsible for determining the overall objectives for the company's operations, developing and monitoring the company's overall strategy, decisions concerning major company acquisitions, divestments and investments, and ongoing monitoring of operations during the year. The Board is also responsible for ongoing evaluation of the company's management, the presence of effective systems for monitoring and internal control of the company's operations and financial position, the Group's organizational structure and administration pursuant to the Swedish Companies Act.

Procedural rules and instructions have been formulated for the Board and the CEO, which govern those issues requiring Board approval, and for the financial information and other reporting to be submitted to the Board. These issues are addressed and resolved on an annual basis.

The Chairman of the Board is appointed by the AGM. The Chairman directs the Board's activities to ensure that they are conducted pursuant to the Swedish Companies Act, the prevailing regulations for listed companies and the Board's internal control instruments.

Board activities in 2007

In 2007, the Board held 14 minuted meetings, including the statutory Board meeting. At all scheduled Board meetings, the CEO and representatives of company management present to the Board information concerning the Group's financial position and important events affecting the company's operations.

The company's auditors attended the first Board meeting of the year and reported their observations from their examination of the Group's internal controls and financial statements for 2006. The major matters addressed by the Board during 2007 included the following:

12 February	Financial statements for 2006
19 April	Decisions concerning acquisition of Jigsaw, ER Mapper and JMTC
2 May	Interim report, first quarter
2 May	Statutory Board meeting
11 May	Decision concerning acquisition of IONIC
22 May	Decisions concerning allotment of shares, non-cash issue
8 June	Decision concerning listing of Polymers and acquisition of Gold Key
9 August	Interim report, second quarter, decision concerning acquisition of CogniTens
24 September	Decisions concerning acquisition of Rost, Geopro and Junglas
1 October	Decision concerning acquisition of NovAtel Inc.
25 October	Interim report, third quarter, decision concerning acquisition of Elcome Technologies
13 November	Decision concerning Extraordinary General Meeting and proposal concerning warrants programme
29 November	Adoption of proposal concerning warrants programme
20 December	Budget 2008 and strategic discussion

Director fees

Pursuant to a resolution by the AGM, the Chairman of the Board and other Board Members received remuneration totaling 2 425 000 SEK for 2007. The Chairman received 650 000 SEK and the other Board Members each received 350 000 SEK, apart from the CEO, who does not receive any director fees.

The chairman of the Remuneration Committee received 75 000 SEK and each member of this Committee received 50 000 SEK. The chairman of the Audit Committee received 150 000 SEK and each member of this Committee received 100 000 SEK.

Evaluation of Board activities

The Board continuously evaluates its work and the forms for conducting its activities. This evaluation considers factors such as how the Board's work can be improved, whether the character of meetings stimulates open discussion, and whether each Board Member participates actively and contributes to discussions. Since the Board comprises a small number of members, this evaluation is effected through ongoing discussions between the members. The evaluation is coordinated by the Chairman of the Board, who also continuously evaluates each individual member's input and skills. The Board is also evaluated within the framework of the Nomination Committee's activities.

Board committees

Remuneration Committee

On behalf of the Board, the task of the Remuneration Committee is to consider issues regarding the remuneration of the CEO and the executives that report directly to the CEO, and other similar issues assigned by the Board for consideration. The Remuneration Committee obtains supporting data and views from, among others, other Board Members, the CEO and the CFO. The Committee also obtains comparable supporting data from external consultants.

During the year, the Remuneration Committee comprised Melker Schörling (Chairman) and Maths O. Sundqvist.

During 2007, the Remuneration Committee held one minuted meeting:

10 January	Terms of employment for the CEO and Group Management
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Audit Committee

On behalf of the Board, the purpose of the Audit Committee is to consider issues relating to the procurement and remuneration of auditors, to consider plans for auditing work and the reports made by the auditors, to quality assure the company's financial reporting and other information, and to meet the company's auditors on an ongoing basis to keep itself informed of the orientation and scope of the audit. The Audit Committee's tasks also include monitoring the activities of the external auditors and the company's internal control systems, monitoring the current risk situation and the company's financial information, and monitoring other issues the Board assigns the Committee to consider.

The Audit Committee continuously obtains information and supporting data from the Board Members, CEO, CFO and the company's external auditors. The Committee also familiarizes itself with all reports from the external auditors and follows up these reports internally and with the auditors.

During the year, the Audit Committee comprised Marianne Arosenius (Chairman) and Mario Fontana. In August, after Marianne Arosenius had resigned from the Board at her own request and thus also from the Audit Committee, Mario Fontana was appointed chairman. The Committee's member is independent of the company, its management and the company's major shareholders.

During 2007, the Audit Committee held four minuted meetings:

5 February	Annual accounts 2006
20 September	Focus of the audit in 2007
23 October	Auditors' fees in 2007 and procurement of audit for 2008–2011
19 December	Preparation of annual accounts

Auditors

The AGM appoints auditors every fourth year. On behalf of the shareholders, the auditors' task is to examine the company's Annual Report and accounting records and the administration of the Board of Directors and the CEO.

At the AGM on 5 May 2004, the accounting firm Ernst & Young AB, Sweden, was appointed for the period up to the AGM in 2008. Ernst & Young AB possesses the requisite expertise and is a member of FAR. Authorized Public Accountant Hamish Mabon (born in 1965) serves as auditor in charge. Hamish Mabon has participated in the assignment of auditing Hexagon since 2001. In addition to Hexagon, he conducts auditing assignments for such companies as If Skadeförsäkring, Relacom and Delaval International. Hamish Mabon has no active assignments in companies that are closely related to Hexagon's major shareholders or CEO.

During 2007, in addition to the audit, the auditors had other assignments in the form of work connected to acquisitions and divestments of operations.

The company's auditors attended the first Board meeting of the year, at which they reported observations from their examination of the Group's internal controls and the annual financial statements. Moreover, the auditors met the Board's Audit Committee on four occasions during the year.

The address of Hexagon's auditors is Ernst & Young AB, P. O. Box 7850, SE-103 99, Stockholm, Sweden. A complete statement of remuneration to the auditors over the past two years is published in Note 13 on page 79.

Group Management

The CEO is responsible for leading and controlling Hexagon's operations in accordance with the strategy determined by the Board. The CEO has appointed a Group Management compris-

ing the CEO, the CFO and the Vice President of Strategy. Group Management is responsible for overall business development, and apportioning financial resources between the business areas, as well as matters involving financing and capital structure. Where necessary, specialist know-how from leading experts is also commissioned.

Members of Hexagon's Group Management are presented in greater detail on page 49, and can be reached via the address of Hexagon's Head Office.

In addition to members of Group Management, Hexagon's management comprises key personnel each with responsibility for one of the Group's product segments and geographical regions. Regular management team meetings constitute the Group's forum for implementing Group Management's overall controls down to a particular business operation and geographical region, and in turn, down to individual company level.

In financial terms, Hexagon's business operations and subsidiaries are controlled on the basis of the parameter that they can influence themselves, namely the return on capital employed. This requires that they focus on maximizing operating earnings, and minimizing their working capital. Hexagon's organizational structure is distinctly characterized by decentralization. Individual managers assume overall responsibility for their business, and pursue clearly stated objectives.

Remuneration

Hexagon's guidelines concerning the remuneration of executives essentially entail that the remuneration comprise basic salary,

variable remuneration, other benefits and pension, which when considered on the whole are regarded as competitive in the market. The variable remuneration shall be maximized in relation to the basic salary, be connected to the Group's earnings trend in terms of what the particular individual can affect and be based on individually established goals.

The executive must normally provide six-months notice of termination of employment. If the company terminates the executive's employment, the period of notice and severance pay should not exceed a total of 24 months. Pension benefits shall be based on either defined-benefit or defined-contribution plans, or a combination of such plans, with individually set retirement ages, although never lower than 60 years.

In order to create the conditions for recruiting and retaining valuable skills within the company, an option programme has been formulated that provide the option holder with the right to participate in the potential future value growth in company's share. This programme also aims to enhance interest in the company's progress and stimulate continued loyalty to the company.

In connection with the acquisition of Leica Geosystems, the Leica Geosystems Group already had existing option programmes targeted at the company's senior executives. The design of the programme that is still outstanding is described in the section on the Hexagon share, on page 35.

An EGM held during the year resolved to implement a subscription warrant programme for senior executives and key employees in the Group by means of a directed issue of 2 500 000 subscription warrants. These warrants shall be transferred to

Hexagon's Group Management

	Employed	Class B shares
Ola Rollén, President and Chief Executive Office	2000	2 731 152
Håkan Halén, Chief Financial Officer	2001	1 275 441
Gert Viebke, Vice President of Strategy	2000	1 277 667

Remuneration, SEK 000s

	Year	Basic Salary	Variable Pay	Other Benefits	Pension	Other Remuneration	Total
Chief Executive Office	2006	8 311	4 000	–	1 247	–	13 558
	2007	9 111	4 000	–	1 370	–	14 481
Other Senior Executives	2006	10 132	4 091	511	2 550	–	17 284
	2007	6 747	3 677	78	1 515	–	12 017

approximately 80 senior executives and key employees identified by the Board, at a price of 20 SEK per warrant and the remaining warrants shall be reserved for future recruitment of senior executives and key employees in the Group.

Information to the capital market

Hexagon provides the market with ongoing information on the company's progress and financial position. Hexagon aims to utilize openness, objectivity and a high level of service in its financial reporting, in order to enhance the market's trust in the company and increase the interest of current and potential investors in the Hexagon share. During 2007, Hexagon regularly met investors and capital market players, in Scandinavia and internationally, with the aim of explaining and clarifying the value of the Group's operations.

The company's information policy was adopted by the Board on 2 May 2007 and is updated annually. The policy satisfies the communication standards set by the stock market, and is designed in accordance with the Nordic Exchange's recommendations that complement the listing agreement. The information policy addresses such matters as who may represent the company as a spokesperson, who is to decide on matters that constitute share price sensitive information, how share price sensitive information should be dealt with, and the information content and methods used for communication with the financial market.

Hexagon regularly publishes financial information in Swedish and English in the form of Interim Reports, the Annual Report and press releases on news and share price sensitive events, arranges presentations and telephone conferences for financial analysts, investors and the media when interim/year-end reports are published and/or publishes other significant information disclosures.

Published information on the Group's progress, other information intended for the stock market and other important data is available on the company's website.

The Board of Directors' report on internal controls pertaining to financial reporting for the 2007 financial year

The Code stipulates that the Board of Directors must submit a report on the way the company's internal control, insofar as it pertains to financial reporting, is organized and how well it worked during the year. The Code states that the report must be examined by the company's auditor. However, the company's Board has decided to comply with the statement issued by the Council of Swedish Corporate Governance on 5 September 2006. This statement stipulates that for 2006 and until further notice it is sufficient, when writing the corporate governance report, for the Board to limit the report on internal control to a description of how internal control, insofar as it pertains to financial reporting, is organized. Accordingly, the report needs not include any statement on how well the internal control process worked during the year. Nor does the report have to be examined by the company's auditor. Internal control pertaining to financial reporting is a process that involves the Board, company management and other personnel. The process has been designed so that it provides reasonable assurance of the reliability of the external reporting. According to generally accepted frameworks that have been established for this purpose, internal control is usually described from five different perspectives. These five perspectives serve as subheadings below. This section, like other parts of the corporate governance report, has not been examined by the company's auditor. The report does not constitute a part of the formal annual report.

Control environment

Hexagon's organization is designed to facilitate rapid decision-making. Accordingly, operational decisions are taken at the business area or subsidiary level, while decisions concerning strategies, acquisitions and company-wide financial matters are taken by the company's Board and Group Management. The organization is characterized by well-defined allocation of responsibility and well-functioning and well-established governance and control systems, which apply to all Hexagon units.

The basis for the internal controls pertaining to financial reporting comprises an overall control environment in which the organization, decision-making routes, authorities and responsibilities have been documented and communicated in control documents, such as in Hexagon's finance policy and reporting instructions and in accordance with the authorization arrangements established by the CEO.

Hexagon's financial-control functions are integrated by means of a Group-wide reporting system. The Group's financial control unit engages in close and well-functioning cooperation with the subsidiaries' controllers in terms of the financial statements and the reporting process. The Board's monitoring of the company's assessment of its internal control includes contacts with the company's auditor. Hexagon has no internal audit function, since the functions described above satisfy this need. All of Hexagon's subsidiaries report complete financial statements on a monthly basis. This reporting provides the basis for the Group's consolidated financial reporting. Each legal entity has a controller responsible for the business area's financial control and for ensuring that the financial reports are correct, complete and delivered in time for consolidated financial reporting.

Risk assessment

The significant risks affecting the internal control of financial reporting are identified and managed at Group, business area, subsidiary and unit level. Within the Board, the Audit Committee is responsible for ensuring that significant financial risks and the risk of error in financial reporting are identified and managed in a manner that ensures correct financial reporting. Special priority has been assigned to identifying processes that, relatively speaking, give rise to a higher risk of significant error due to the complexity of the process or of the contexts in which major values are involved.

Control activities

The risks identified with respect to the financial reporting process are managed via the company's control activities, which are designed to prevent, uncover and correct errors and non-conformities. Their manage-

ment is conducted by means of manual controls in the form of, for example, reconciliations and audits, automatic controls using IT systems and general controls conducted in the underlying IT environment. Detailed analyses of financial results and follow-ups in relation to budget and forecasts supplement the business-specific controls and provide general confirmation of the quality of the financial reporting.

Information and communication

To ensure the completeness and correctness of financial reporting, the Group has formulated information and communication guidelines designed to ensure that relevant and significant information is exchanged within the business, within the particular unit and to and from management and the Board. Guidelines, handbooks and job descriptions pertaining to the financial process are communicated between management and personnel and are accessible electronically and/or in a printed format. Via the Audit Committee, the Board receives regular feedback in respect of the internal control process. To ensure that the external communication of information is correct and complete, Hexagon complies with a Board-approved information policy that stipulates what may be communicated, by whom and in what manner.

Follow-up

The efficiency of the process for risk assessment and the implementation of control activities are followed up continuously. The follow-up pertains to both formal and informal procedures used by the officers responsible at each level. The procedures incorporate the follow-up of financial results in relation to budget and plans, analyses and key figures. The Board obtains ongoing reports on the Group's financial position and performance. At each Board meeting, the company's financial position is addressed and, on a monthly basis, management analyzes the company's financial reporting at a detailed level.

The Audit Committee follows up the financial reporting at its meetings and receives reports from the auditors describing their observations.