

# Hexagon’s corporate governance in the 2006 financial year

**Hexagon AB is a public Swedish limited liability company. Responsibility for the governance and control of the Group is divided among shareholders at general meetings, the Board of Directors and the company’s CEO in accordance with the Swedish Companies Act, the current rules and regulations for listed companies, Hexagon’s Articles of Association and other internal control and governance documents.**

For several years Hexagon, has been working actively on corporate governance matters. A system of transparency is applied in respect of information to shareholders and the capital market. Hexagon works continuously in order to refine the company’s decision-making and control systems. Within the framework of this work, the company has established a clearly defined division of responsibility between the Board, management and various control bodies. Hexagon’s corporate governance process is illustrated schematically below. In all essential respects, Hexagon observes the Swedish Corporate Governance Code (the Code). Divergence from the Code is stated in the table on the right.

This Corporate Governance Report has not been examined by Hexagon’s auditors.

## Articles of Association

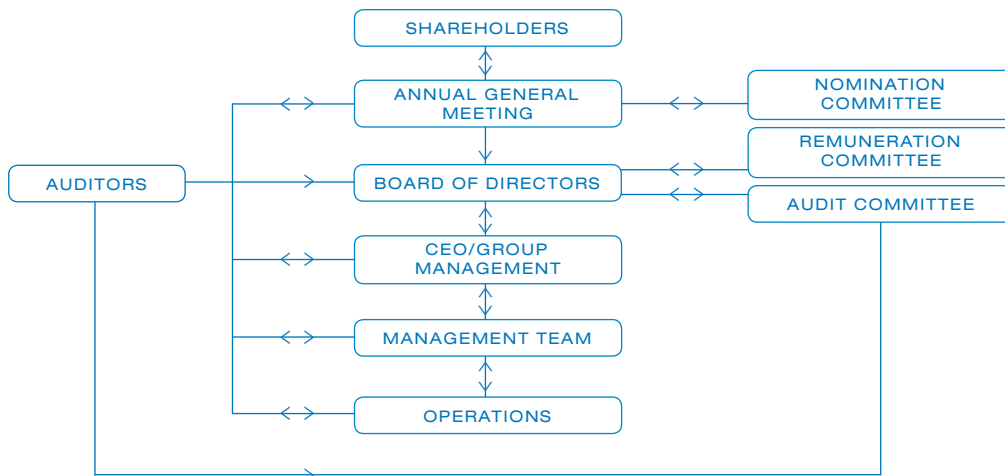
Hexagon’s current Articles of Association were adopted on 4 May 2006, and state that the company’s operations are to own and manage shares in manufacturing, trading and service

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 number of members on the Audit Committee is fewer than the recommended number.

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 the municipality of Stockholm, Sweden. The current Articles of Association are available in Swedish and in English 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 Annual General Meeting is the General Shareholder Meeting at which the Board must present the annual report and the audit report, as well as the consolidated accounts and the audit report.



Hexagon issues the notice convening the Annual General Meeting not earlier than six weeks and no later than four weeks prior to the meeting. The Annual General Meeting is usually held in May in Stockholm.

The progress of the company and its operations is addressed at the Annual General Meeting, which resolves on a number of issues of vital importance such as discharging the Board 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 Annual General Meeting and any amendments to the Articles of Association. A resolution concerning the election of auditors is made at the Annual General Meeting every fourth year.

#### Annual General Meeting 2006

The Annual General Meeting was held on 4 May 2006 in Stockholm and was attended by a total of 70 shareholders, who jointly represented 52 per cent of the total number of shares and 66 per cent of the total number of voting rights. Melker Schörling was elected chairman of the Meeting. The following main resolutions were passed:

- The Meeting resolved to re-elect Board members Melker Schörling, Maths O. Sundqvist, Ola Rollén, Marianne Arosenius and Carl-Henric Svanberg, and to newly elect Mario Fontana. Melker Schörling was elected Chairman of the Board.
- Total director fees of SEK 1,950,000 were resolved for the Board, divided as follows: SEK 600,000 for the Chairman, SEK 450,000 for the Deputy Chairman and SEK 300,000 to each of the other Board members elected by the Annual General Meeting that are not employed by the company.
- The Meeting adopted the Income Statement and Balance Sheet and the Consolidated Income Statement and Balance Sheet, resolved to appropriate earnings in accordance with the adopted Balance Sheet, and discharged the Board members and Chief Executive Officer from personal liability.
- The Meeting approved the Board's motion to pay a dividend of SEK 3.00 per share. Tuesday 9 May 2006 was approved as the record date for dividends.
- The Meeting resolved to re-elect Melker Schörling, Maths O. Sundqvist, Henrik Didner (Didner & Gerge funds) and Anders Algotsson (AFA Försäkring) and to newly elect Magnus Bakke (Swedbank Robur) as members of the Nomination Committee ahead of the Annual General Meeting in 2007, with Melker Schörling appointed chairman of the Nomination Committee.
- The Meeting approved the Board's motion concerning amendments to the Articles of Association as required by the new Swedish Companies Act, which became effective on 1 January 2006.

#### Comments from the Chairman of the Board

As the Chairman of the Hexagon Board, I consider it self-evident that the principal role of the Board is to focus on securing the Group's long-term development and, in so doing, to represent the interests of all of the shareholders. Day-to-day operations are the responsibility of the company's management.

The function of the Board is, jointly with Group Management, to establish a strategy and a direction, determine the operating and financial objectives for the operations and make overall decisions concerning how the company's assets are to be used for investments, acquisitions, divestments and dividends. Another function of the Board is to ensure that the Group has a management with the strength and expertise to develop the company.

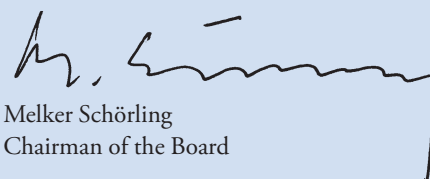
Continuous work is conducted on the Board with the aim of continuing to ensure that Hexagon develops into a leading global technology group with strong market positions in measurement technologies and polymers. Hexagon has a clear-cut business model. We aim to be number one or two in each particular strategic operation.

There were 12 meetings of the Hexagon Board in 2006. During the year, specific attention was devoted to structural and acquisition matters. In accordance with the strategic plan, the divestment of companies in the Hexagon Engineering business area commenced, while a total of five acquisitions were completed in the Hexagon Measurement Technologies business area, mainly in order to enhance our positions geographically and to add new technologies to our product portfolio.

In the future, Hexagon shall continue to be the innovator who offers world-leading products to its customers.

During my years as Chairman of the Hexagon Board, the company's development has exceeded all expectations. Our success is primarily attributable to the competencies of our employees. On behalf of the Board of Directors, I would like to thank Hexagon's employees for their excellent work during 2006. Without you, Hexagon would never have been able to continue its journey of success.

Stockholm, March 2007



Melker Schörling  
Chairman of the Board

- Due to the process of compulsory redemption of the shares outstanding in Leica Geosystems, the Meeting authorized the Board to make decisions concerning an increase in the company's share capital by a maximum of SEK 800,000 through the issue of a maximum of 200,000 Series B shares. Accordingly, payment for the new Hexagon shares would be effected by means of a transfer of the shares outstanding in Leica Geosystems.
- To facilitate redemption of outstanding options from the already existing options programme in the Leica Group, the Meeting resolved to implement a non-cash issue, whereby the company's share capital could be increased by a maximum of SEK 800,000 through the issue of a maximum of 200,000 new Series B shares. Accordingly, payment for the new Hexagon shares would be effected by means of a transfer of the shares in Leica Geosystems that had been issued on the basis of the outstanding options in this company.

The notice and the documents presented at the 2006 Annual General Meeting are available in Swedish and in English on the company's website.

#### Extraordinary General Meeting in 2006

An Extraordinary General Meeting was held on 17 March 2006 in Stockholm and was attended by a total of 41 shareholders, who jointly represented 56 per cent of the total number of shares and 68 per cent of the total number of voting rights. Melker Schörling was elected chairman of the Meeting. The Extraordinary General Meeting voted to approve the Board of Directors' motions of 14 February and 15 March 2006 concerning a rights issue for existing Hexagon shareholders. The rights issue contributed approximately MSEK 2,700 to Hexagon.

The notice and the documents presented at the Extraordinary General Meeting on 17 March 2006 are available in Swedish and in English on the company's website.

#### Nomination Committee

At the Annual General Meeting, a nomination committee is elected with the task of presenting proposals at the following Annual General Meeting concerning the election of Chairman and other Members of the Board, the election of chairman of the Annual General Meeting, director fees divided among the Chairman and other Members of the Board and any relating issues. The Nomination Committee does not present proposals regarding the election and fees to be paid to the auditors, because these matters are included among the duties of the Audit Committee.

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 2007 Annual General Meeting, who are presented on the company's website, are as follows:

- Melker Schörling (Chairman)
- Maths O. Sundqvist
- Henrik Didner, Didner & Gerge funds
- Anders Algotsson, AFA Försäkring
- Magnus Bakke, 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 meeting at which minutes were taken. At these meetings, the chairman made a presentation of the evaluation process, whereupon the Committee discussed desirable changes and made decisions regarding motions to be presented to the 2007 Annual General Meeting concerning the election of chairman of the Meeting, the election of Chairman and other Members of the Board, directors fees and remuneration for committee work.

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 Annual General Meeting for the period until the following Annual General Meeting has been held.

Board 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 the Deputy Chairman of Hexagon. The other Board Members also

## NUMBER OF MEETINGS AND ATTENDANCE 2006

NAME	FUNCTION	ELECTED	AUDIT COMMITTEE	REMUNERATION COMMITTEE	BOARD MEETINGS	INDEPENDENCE	SHARES <sup>5</sup>
Melker Schörling <sup>1</sup>	Chairman	1999	-	1	12	In relation to the company and company management	A: 3,937,500 B: 16,805,218
Marianne Arosenius	Member	2004	2	-	12	In relation to the company, company management and the company's major shareholders	B: 962
Mario Fontana <sup>2</sup>	Member	2006	2	-	6	In relation to the company, company management and the company's major shareholders	B: 20,065
Maths O. Sundqvist <sup>3</sup>	Deputy Chairman	1991	1	1	12	Not independent	B: 12,543,415
Carl-Henric Svanberg <sup>4</sup>	Member	1999	-	-	4	In relation to the company, company management and the company's major shareholders	0
Ola Rollén	President and CEO	2000	-	-	12	In relation to the company's major shareholders	B: 902,884

<sup>1</sup> Shares owned through Melker Schörling AB. <sup>2</sup> Elected in May 2006. <sup>3</sup> Member of the Board for more than 12 years. <sup>4</sup> Has declined re-election at the 2007 AGM. <sup>5</sup> At 31 December 2006.

have direct or indirect shareholdings in the company, which ensures considerable personal commitment to Hexagon's development.

All of the Board Members are presented in greater detail on page 40 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 Chief Executive Officer, 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 Annual General Meeting. 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.

Hexagon's guidelines for Board activities are also applied by the Boards of Hexagon's business areas.

#### Board activities in 2006

In 2006, the Board held 12 meetings at which minutes were taken, 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 2005.

The major matters addressed by the Board during 2006 included the following:

14 February 2006	Financial statements for 2005, proposed dividend
15 March 2006	Decision and terms and conditions concerning new issue
7 April 2006	Decision concerning acquisition of Scanlaser AB and Scanlaser AS
18 April 2006	Proposal concerning amendment of Articles of Association, non cash issue
20 April 2006	Decision concerning final allocation of shares from the new issue
4 May 2006	Interim accounts, first quarter, decision concerning new credit facility
4 May 2006	Statutory Board meeting
21 June 2006	Decision concerning acquisition of Mikrofyn A/S
10 August 2006	Decision concerning new issue due to compulsory redemption of remaining shares in Leica Geosystems Holding AG
10 August 2006	Interim report, second quarter
25 October 2006	Interim report, third quarter
18 December 2006	Budget 2007 and strategic discussion

### Director fees

Pursuant to a resolution by the Annual General Meeting, the Chairman of the Board and other Board members received remuneration totalling SEK 1,950,000 for 2006. The Chairman received SEK 600,000, the Deputy Chairman received SEK 450,000 and the other Board members each received SEK 300,000, apart from Hexagon's CEO Ola Rollén, who does not receive any director fees. No specific remuneration is payable to Board members for committee activities.

### 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.

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 2006, the Remuneration Committee held one minuted meeting:

10 January 2006	Proposals concerning 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 related reporting, 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. The Committee's members are independent of the company, its management and the company's major shareholders.

During the year, the Audit Committee held three minuted meetings.

10 February 2006	Closing accounts, audit
19 October 2006	Focus of the audit in 2006
29 November 2006	Auditors' fees in 2006

### Auditors

The Annual General Meeting 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 Annual General Meeting on 5 May 2004, the accounting firm Ernst & Young AB, Sweden, was appointed for the period up to 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 2006, the auditors worked on assignments other than the audit, which were connected to the rights issue implemented during the spring of 2006. Essentially, the

auditors assisted in the examination of the issue prospectus. 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 two 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.

### 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 comprising 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 in segments such as human resources and legal services is also commissioned.

Group Management and the company's business area presidents jointly constitute the company's management team. Regular management team meetings constitute the Group's

forum for implementing Group Management's overall controls down to business area level, and in turn, down to individual company level. Members of Hexagon's management team are presented in greater detail on page 41, and can be reached via the address to Hexagon's Head Office.

In financial terms, Hexagon's business areas 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 of senior executives

As a matter of principle, Hexagon pays competitive, market salaries to its senior executives. The right person can be decisive to the company's success, and any performance-related portion of salary should be linked to the earnings performance that each person can influence.

In order to create the conditions for recruiting and retaining valuable skills within the company, various option programmes have been formulated that provide the option-holder with the right to participate in the potential future value growth in company's share. These programs are also

MANAGEMENT	FUNCTION	EMPLOYED	CLASS B SHARES
Ola Rollén	Chief Executive Officer and business area president, Hexagon Measurement Technologies	2000	902,884
Håkan Halén	Chief Financial Officer	2001	425,147
Gert Viebke	Vice President Strategy	2000	425,889
Lars Olofsson	Business area president, Hexagon Polymers	1998	1,262
Hans Carlsson*	Business area president, Hexagon Engineering	2000	0

\* In connection with the divestment of Johnson Metall on 31 January 2007, Hans Carlsson resigned from his assignment for Hexagon in order to work for the sold company.

REMUNERATION, SEK 000s	YEAR	BASIC SALARY	VARIABLE PAY	OTHER BENEFITS	PENSION	OTHER REMUNERATION	TOTAL
CEO	2004	5,494	-	-	824	-	6,318
	2005	6,411	-	-	962	-	7,373
	2006	8,311	4,000	-	1,247	-	13,558
Other senior executives	2004	9,704	1,630	279	2,443	38	14,094
	2005	9,877	140	424	2,355	28	12,824
	2006	10,132	4,091	511	3,797	-	17,284



intended 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 Group already had existing option programmes targeted at the company's senior executives. The design of the two programs that are still outstanding is described in the section on the Hexagon share, on page 28.

Motions concerning guidelines for the remuneration of senior executives will be presented to the 2007 Annual General Meeting for resolution.

### 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 2006, 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 corporate communication policy was adopted by the Board on 4 May 2006 and is updated annually. The policy satisfies the communication standards set by the stock market, and is designed in accordance with the Stockholm Stock Exchange's recommendations that complement the listing agreement. The communication policy addresses such matters as who may represent the company as a spokesperson, who is to decide on matters that constitute price-sensitive information, how 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 price-sensitive events, arranges presentations and telephone conferences for financial analysts, investors and the media on the same day as interim/year-end reports are published and/or publishes other significant information.

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 control pertaining to financial reporting for the 2006 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 attestation 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 management 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, meaning 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 communications 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.