

Corporate Governance Report

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Eltel AB is a Swedish public limited liability company. Prior to listing on the NASDAQ Stockholm, corporate governance in the Company was mainly based on Swedish law, the Company's articles of association and internal rules and instructions. As a listed Company on NASDAQ Stockholm, the Company will apply the rules of the Swedish Companies Act (Sw. Aktiebolagslagen (2005:551)), the Swedish Annual Accounts Act (Sw. Årsredovisningslagen (1995:1554)), the Company's articles of association, NASDAQ Stockholm's Rule Book for Issuers and the Swedish Corporate Governance Code as well as other Swedish and foreign laws and regulations, as applicable. The Swedish Corporate Governance Code applies to all Swedish companies with shares listed on a regulated market in Sweden and shall be applied as soon as possible and at the latest at the first Annual General Meeting held following the listing. The Swedish Corporate Governance Code defines a norm for good corporate governance on a higher level of ambition than the Swedish Companies Act's and other regulations' minimum requirements. The Swedish Corporate Governance Code is based on the principle comply or explain. It means that the Company must not at every occasion obey every rule of the Swedish Corporate Governance Code, but may choose other solutions that are deemed to better

correspond to the circumstances in the individual case, provided that the Company openly reports every such non-compliance, describes the alternative solution and states the reasons for this.

Eltel will apply the Swedish Corporate Governance Code fully from the time of the Annual General Meeting 2015. Eltel does not expect to deviate from any of the rules of the Swedish Corporate Governance Code although for internal audit we explain why Eltel has selected to use an alternative method.

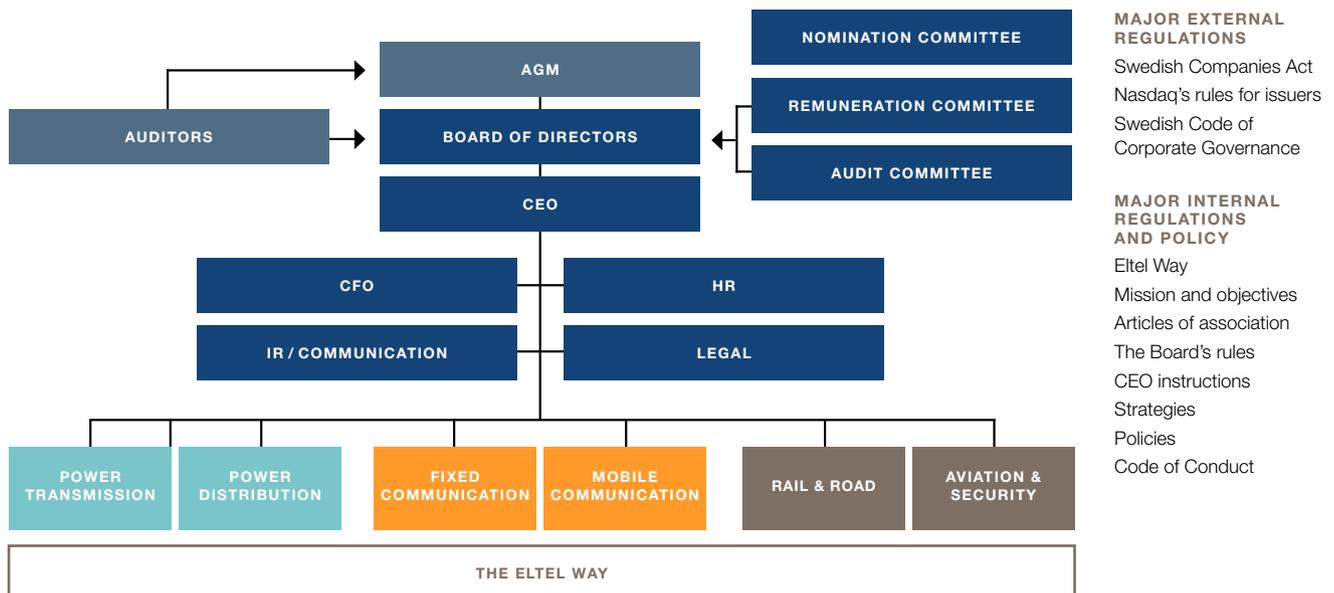
THE ELTEL WAY

Eltel Way is the Company's management system and method of conducting operations which clearly defines roles, areas of responsibility and delegation of powers. Please also refer to the section on page 8.

SHAREHOLDERS

The ownership structure of Eltel on 31 December 2014 was 3i-controlled entities owning 59.5%, BNP Paribas owning 29.5% and current and former management owning 11% of common shares. The amount of both common shares 621,320,720 and preference shares 242,315,070 was unchanged from year-end 2013.

ELTEL GOVERNANCE MODEL



On 6 February 2015 Eitel's common share was listed on Nasdaq Stockholm under the trading symbol "ELTEL". The offering including the over-allotment option was increased in full and comprised a total of 42,165,277 shares, of which 19,485,294 were newly issued shares and 22,679,983 existing shares. The subscription price in the offering was SEK 68 per share. The total value of the offering was approximately SEK 1.3 billion and Eitel received about EUR 127.3 million in equity after issue costs.

THE ANNUAL GENERAL MEETING

Under the Swedish Companies Act, the general meeting is the Company's highest decision-making body. The general meeting may resolve upon every issue for the Company, which is not specifically reserved for another company body's exclusive competence. At the Annual General Meeting, which shall be held within six months from the end of the financial year, shareholders exercise their voting rights on issues, such as the adoption of income statements and balance sheets, appropriation of Company profits or losses, resolutions to release the members of the Board of Directors and the Managing Director from liability for the financial year, the appointment of members of the Board of Directors and auditor and remuneration for the Board of Directors and the auditor.

Besides the Annual General Meeting, extraordinary general meetings may be convened. In accordance with the articles of association, all general meetings shall be convened through announcements in the Swedish Official Gazette (Sw. Post- och Inrikes Tidningar) and by posting the notice to the meeting on the Company's website. An announcement shall be placed in Svenska Dagbladet with information that the meeting has been convened.

The Chairman of the Board of Directors, as many other board members as possible and the Managing Director shall be present at extraordinary general meetings of the Company. At Annual General Meetings, in addition to the aforementioned, at least one member of the Nomination Committee and, to the extent possible, all members of the Board of Directors, shall participate.

GENERAL MEETINGS 2014

The Annual General Meeting held on 30 June 2014 re-elected Gérard Mohr, Matti Kyytsönen, Jean Bergeret, Tomas Ekman and Fredrik Karlsson members of the Board. Gérard Mohr was re-elected as Chairman of the Board. Thomas Hofmeister was re-elected deputy member of the Board. Axel Hjärne is President and CEO of the Eitel Group.

An Extraordinary General Meeting of Eitel AB elected Ulf Lundahl and Susanne Lithander members of the Board in October 2014. Tomas Ekman resigned from the Board of Directors in November 2014. The Board of Directors hereinafter consists of Gérard Mohr, Jean Bergeret, Matti Kyytsönen, Ulf Lundahl, Fredrik Karlsson and Susanne Lithander as members of the Board and Thomas Hofmeister as deputy member of the Board.

In October 2014 Extraordinary General Meeting of Eitel AB resolved to that a Nomination Committee shall be established. The meeting resolved that remuneration (including remuneration for committee work) shall be payable with SEK 3,000,000 in total, of which SEK 750,000 shall be payable to the Chairman and SEK 300,000 to each of the Directors of the board who are elected by the general meeting. Further, the meeting resolved that SEK 75,000 shall be payable to the members of the Audit Committee and that SEK 75,000 shall be payable to the members of the Remuneration Committee. The remuneration (including remuneration for committee work) in accordance with the above shall be payable as from 4 September 2014 to Ulf Lundahl and Susanne Lithander and as from 21 October to the other Directors of the board.

In December 2014 Extraordinary General Meeting of Eitel AB resolved to reclassify 20 common shares, with share number 531 382 137 – 531 382 143 and with share number 901 067 958 – 901 067 970, of class B, to 20 common shares of class A. There will be 68,345,300 common shares of class A, 552,975,420 common shares of class B, 71,482,946 preference shares of class C1 and 170,832,124 preference shares of class C2 in the company after the reclassification.

In January 2015 Extraordinary General Meeting of Eitel AB resolved to change corporate category from private limited liability company to public limited liability company. Following the meeting's decision to change corporate category, the meeting resolved to adopt new articles of association, comprising a change to the objects of the company, adoption of a central security depositary clause and an alteration of the limits for the number of shares and the share capital. The meeting resolved to make a reverse share split entailing that 20 existing shares are consolidated in to 1 share. This entails that there will be 3,417,265 common shares of class A, 27,648,771 common shares of class B, 3,547,147 preference shares of class C1 and 8,541,606 preference shares of class C2 in the company after the reverse share split. There will be a total of 43,181,789 shares in the company after the reverse share split. It was noted that BNP Paribas S.A. and 3i Europartners Vb LP, in connection with the resolution, have transferred 7 shares of share class A and 13 of share class A, respectively, to minority shareholders of Eitel AB, in order to ensure that each minority shareholders of Eitel AB holds a number of shares divisible by 20 prior to the reversed split of shares. The meeting resolved upon reclassification of the company's shares of class A, class B, class C1 and class C2, in accordance with the proposal for new articles of association. There will not be different share classes in the company after the reclassification.

ANNUAL GENERAL MEETING 2015 AND ANNUAL REPORT

Eitel's Annual General Meeting will be held at the Eitel headquarters, Adolfsbergsvägen 13, Bromma, Stockholm on 19 May 2015 at 15:00 p.m. (CET).

The annual report will be made available on our website, www.eltelgroup.com and at the Eitel headquarters, Adolfsbergsvägen 13, Bromma, Stockholm, Sweden in April.

RIGHT TO ATTEND GENERAL MEETINGS

All shareholders who are registered directly in the share register kept by Euroclear, five weekdays prior to the general meeting and who notify the Company of their intention to attend the general meeting at the latest by the date specified in the notice convening the meeting shall be entitled to attend the general meeting and vote according to the number of shares they hold. Shareholders may attend general meetings in person or through a proxy, and may also be accompanied by two assistants.

SHAREHOLDER INITIATIVES

Shareholders who wish a matter to be discussed at the general meeting must submit a written request in that regard to the Board of Directors. Requests must normally be received by the Board of Directors at least seven weeks prior to the general meeting.

NOMINATION COMMITTEE

The extraordinary general meeting held on 21 October, 2014 resolved to establish a Nomination Committee and to adopt rules of procedures for the Nomination Committee. According to the rules of procedures for the Nomination Committee, the main rule is that the committee shall consist of four members, representing each of the four largest shareholders. The rules of procedures for the Nomination Committee comply with the Swedish Corporate Governance Code with respect to the appointment of committee members.

Based on the 13 February, 2015 known ownership in Eitel, a committee is appointed before the 2015 Annual General Meeting ("AGM").

The Nomination Committee consists of:

- Mattias Eklund, appointed by 3i (20.0% of votes)
- Joakim Rubin, appointed by Zeres Capital (10.5% of votes)
- Per Colleen, appointed by AP4 (8.5% of votes)
- Thomas Hofmeister, appointed by BNP Paribas (7.6% of votes)

Nomination Committee represents about 46,6% of the votes in the Company. Shareholders in Eitel are invited to submit proposals to the Nomination Committee.

The members of the Nomination Committee shall, in connection with their assignment, accomplish their duties in accordance with the Swedish Corporate Governance Code. The Nomination Committee's main duties are to propose candidates for the post of Chairman and other members of the Board of Directors, as well as fees and other remuneration to each member of the Board of Directors. The Nomination Committee is also to make proposals on the election and remuneration of the statutory auditor.

THE BOARD OF DIRECTORS

The Board of Directors is the highest decision-making body after the general meeting and the highest executive body. The Board of Directors' responsibility is regulated in the Swedish Companies Act, the Swedish Annual Accounts Act, the Company's articles of association, directions given by the general meeting and the procedure for the Board of Directors of the Company adopted by the Board of Directors. In addition thereto, the Board of Directors shall comply with the Swedish Corporate Governance Code and NASDAQ Stockholm's Rule Book for Issuers, as well as other Swedish and foreign laws and regulations, as applicable.

Name	Gérard Mohr	Jean Bergeret	Fredrik Karlsson	Matti Kyytsönen	Ulf Lundahl	Tomas Ekman ¹⁾	Susanne Lithander	Thomas Hofmeister
Position	Chairman	Member	Member	Member	Member	Member	Member	Deputy member
Year of birth	1955	1953	1967	1949	1952	1967	1961	1971
Election year	2011	2010	2013	2007	2014	2012	2014	2010
Shareholding	0	0	0	25,000	0	0	0	0
Remuneration	100,711	7,257	8,842	48,008	8,093	20,329	10,116	–
Board meetings	13/13	12/13	12/13	13/13	7/7	10/10	4/7	11/13
Committee Meetings	3/3	3/3	8/8	–	1/1	–	1/1	5/5
Independence from main owners	Yes	No	No	Yes	Yes	Yes	Yes	No
Independence of the Company	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Other boardships	JST Group, Levantina y asociados de minerales, S.A.U., Bee NV, M Prime Roup, Cogefri NV	Levantina y asociados de minerales, S.A.U., Pantex S.p.A and Svenson, S.L.	Lidingö 1 AB, Inspecta Group, FrippCo AB, Scandlines AS, The InfraNet Company AB, Stationsvägen 13 i Åre Fastighets AB	Silverback Consulting OY, KP Tekno OY, Lindström Invest OY, Esperi Care Oy, Port of Helsinki Oy	Fidelio Capital AB, Fidelio Industries AB, Attendo AB, Attendo Utveckling AB, Attendo Intressenter AB, Holmen Aktiebolag, Ramirent OY, Indutrade Aktiebolag		Acando AB, Billerud-Korsnäs Sweden AB, Susanne Lithander Consulting AB, BillerudKorsnäs Skog & Industri Aktiebolag	

1) Tomas Ekman resigned as Director of the Board at his own request in November 2014.

MEMBERS OF THE BOARD OF DIRECTORS

Pursuant to the Swedish Companies Act, the Board of Directors is responsible for the Company's organisation and the administration of the Company's affairs. Furthermore, the Board of Directors shall continuously assess the Company's and the Group's financial situation, as well as to see to it that the Company's organisation is formed in a way that the accounting, management of funds and the Company's financial conditions otherwise are controlled in a secure manner.

The assignments of the Board of Directors include, inter alia, to set objectives and strategies, see to it that there are effective systems for follow-up and control of the Company's operations, and see to it that there exists a satisfactory control of the Company's compliance with laws and other regulations applicable to the Company's operations. The assignments of the Board of Directors also include to see to it that required ethical guidelines are set for the Company's behaviour and to see to it that the Company's disclosure of information is characterised by transparency and is correct, relevant and reliable. In addition, the assignments of the Board of Directors include appointing, evaluating and if necessary removing the Managing Director.

Members of the Board of Directors (except for employee representatives) are appointed annually by the Annual General Meeting for the period until the end of the next Annual General Meeting. According to the Company's articles of association, the members of the Board of Directors to be elected by the general meeting shall consist of a minimum of three members and a maximum of ten members with no more than three deputies. At the date of this report, the Company's Board of Directors consists of 6 ordinary members with one deputy and no employee representatives. The members of the Board of Directors are presented in greater detail, including their relevant education and experience, in the section "Board of Directors, senior management and auditors".

The Board of Directors of Eitel follows a written procedure, which has been adopted by the Board of Directors and which is reviewed annually. Among other things, the procedure for the Board of Directors regulates the Board of Directors' role and responsibility, the Board of Directors' way of working and the division of work within the Board of Directors. The Board of Directors also adopts an instruction for the Managing Director of Eitel, as well as an instruction for financial reporting.

BOARD AGENDA DURING 2014

During 2014 the work of the Board of Directors has to a large extent been focused upon preparing the company for the listing on the Stock exchange. The Board has had 13 ordinary Board meetings, and also a number of extraordinary meetings in relation to the IPO. The plan for 2015, however is to have six ordinary meetings. These meetings are according to a yearly plan where quarterly reports are decided upon in February, May, August and November. In June there will be a strategy meeting and in December the budget will be decided upon.

During September 2014 two new independent Board Directors were elected; Susanne Lithander and Ulf Lundahl. In November Tomas Ekman, former employee of 3i, resigned and earlier, in January 2014 the former 3i Director Erkki Nikoskelainen resigned.

The Chairman Gérard Mohr and the Director Matti Kyytsönen are also to be regarded independent from the owners and the Company.

AUDIT COMMITTEE

The Board of Directors has internally appointed an Audit Committee. According to the Swedish Corporate Governance Code, the Audit Committee is to comprise three members of whom the majority is to be independent in relation to the Company and its management, and at least one of the members that are independent in relation to the Company and its management must also be independent in relation to the Company's major shareholders. Eitel's Audit Committee is to comprise no less than three members of the Board of Directors chosen by the Annual General Meeting. At least one member must be independent and have accounting or auditing proficiency. The current Audit Committee consists of three members: Susanne Lithander (Chairman), Fredrik Karlsson and Ulf Lundahl. Fredrik Karlsson is considered independent of the Company and its senior management but not of its major shareholders. Susanne Lithander and Ulf Lundahl are considered independent of the Company, its senior management and its major shareholders.

The Audit Committee shall, without any impact otherwise on the tasks and responsibilities of the Board of Directors:

- monitor the Company's financial reporting;
- in respect of the financial reporting, monitor the effectiveness of the Company's internal control, internal audit, and risk management;
- keep itself informed regarding the audit of the annual report and group accounts;
- review and monitor the impartiality and independence of the auditor, giving particular attention to if the auditor provides the Company with services other than auditing services; and assist in preparation of proposals to the general meeting's resolution regarding election of auditor.

As part of the tasks above, the Audit Committee Chairman shall support the Senior Management in questions regarding financial reporting and information disclosure and have an ongoing contact with the auditor in these matters.

In addition, the Audit Committee Chairman will support the Managing Director, the Chief Financial Officer and the IR Manager in matters relating to information disclosures, financial reporting and media contacts, especially in the event of crisis situations, and sign off on matters relating to information disclosures. The Audit Committee had five meetings in 2014.

REMUNERATION COMMITTEE

The Board of Directors has internally appointed a Remuneration Committee. According to the Swedish Corporate Governance Code, the members of the Remuneration Committee shall be independent in relation to the Company and its senior management. Eltel's Remuneration Committee shall consist of at least two members of the Board of Directors chosen by the annual meeting. The present Remuneration Committee consists of Jean Bergeret (Chairman), Gérard Mohr and Fredrik Karlsson. The present members of the Remuneration Committee are considered independent in relation to the Company and its senior management. The remunerations committee's main tasks are to:

- prepare the Board of Directors' decisions on issues concerning principles for remuneration, remunerations and other terms of employment for the senior management;
- monitor and evaluate, both ongoing and terminated during the year, programmes for variable remuneration for the senior management; and
- follow and evaluate the application of the guidelines for remunerations to senior management that the Annual General Meeting is legally obliged to decide on, as well as the current remuneration structures and levels in the Company.

The Remuneration Committee had three meetings in 2014.

EVALUATION OF THE BOARD'S PERFORMANCE

The Board of Directors should annually evaluate its work according to a structured process to get a view of the performance of the work in the Board, areas of improvements and areas for development. This assessment should also be a basis for the nomination committee's work until the coming AGM. From 2015 the evaluation will be made through a written survey to all member of the Board that will be presented by the Chairman to the entire Board.

MANAGING DIRECTOR AND OTHER SENIOR MANAGEMENT

The Managing Director reports to the Board of Directors. The Managing Director's responsibility is governed by the Swedish Companies Act, the Swedish Annual Accounts Act, the Company's articles of association, directions given by the general meeting, the instruction for the Managing Director of Eltel and other directions and guiding principles established by the Board of Directors. In addition thereto, the Managing Director shall comply with the Swedish Corporate Governance Code and NASDAQ Stockholm's Rule Book for Issuers, as well as other Swedish and foreign laws and regulations, as applicable.

According to the Swedish Companies Act, the Managing Director shall attend to the day-to-day management pursuant to the Board of Directors' guidelines and instructions. In addition, the Managing Director shall take any measures necessary in order for the Company's accounts to be maintained pursuant to law and that the management of funds is conducted in a sound manner. The division of work between the Board of Directors and the Managing Director is described in the instruction for the Managing Director of the Company.

The Managing Director shall administrate the operative management and execute the resolutions passed by the Board of Directors. The Managing Director shall control and supervise that the matters to be dealt with by the Board of Directors according to applicable legislation, the articles of association or internal instructions are presented to the Board of Directors, and shall continuously keep the Chairman of the Board of Directors informed about the performance of the Company's operations, its earnings and financial position, as well as any other event, circumstances or condition that cannot be assumed to be irrelevant to the Board of Directors or to the shareholders.

The Managing Director shall ensure that the Company has issued policies and/or instructions in all main areas of the Company's operations, such as accounting, health and safety and compliance, and that the policies and instructions are communicated and applied within the organisation. The Managing Director shall also ensure that the Company has a current authorisation manual that is properly observed and that the Company's accounting is performed in a way that is compliant with applicable laws.

Axel Hjärne has been Managing Director and CEO since 2009 and an employee of Eltel since 2005. Prior to that he has worked for Bravida, ABB and Euroc in several senior management positions. Axel Hjärne has a Master of Science degree from Linköping University and his shareholding in Eltel was 594,510 number of shares at IPO on February 6, 2015. For a summary of the CEO's other assignments please refer to page 78.

The Group management of Eltel consists of 11 people, the CEO, the Group CFO, the Group Legal Counsel, the Group HR Director, the Group Communication Director and the six Business Unit Presidents. The Group management meets 10 times per year to deal with operational and strategic matters. Group management also delivers the annual business plan and budget to the Board of Directors in November each year as well as the two forecast updates performed in May and August. From 2015 an additional forecast will be performed in March.

Group management has two permanent steering committees, one for Investor Relations and one for IT.

Regarding principles for remuneration to management please see page 25.

AUDITORS

The shareholders at the Annual General Meeting elect external independent auditors for a 3 year period. The auditors report to the shareholders at the company's general meetings. The auditors monitor and review how the Company is managed by its Boards of Directors and the CEO, and the quality of the Company's financial statements. The 2014 AGM elected auditing firm Öhrlings PricewaterhouseCoopers AB as Auditor to Eltel with a one year mandate, with Niklas Renström as lead auditor.

THE BOARDS REPORT ON INTERNAL CONTROL FOR THE 2014 FINANCIAL YEAR

The following report has been prepared in accordance with the Swedish Code of Corporate Governance and current instructions to the Code and constitutes the Board's report on internal control for financial reporting. The purpose of internal control for financial reporting is to provide suitable safeguards as to the reliability of external financial reports in the form of interim reports, year-end reports and annual reports and to ensure that external financial reports are prepared in compliance with all laws, applicable accounting standards and other requirements on listed companies.

PRIORITY AREAS IN 2014

Etel introduced an updated and extended framework for internal controls during 2013 covering the key processes of book closing, project accounting, payroll, and sourcing. The controls framework was rolled out fully during 2014 and has been assessed by the external auditors in separate audits during 2012, 2013 and 2014. In 2012 the internal controls were assessed to be informal, i.e. designed, in place but not documented. During 2013 and 2014 the assessments has been that the controls are standardised, i.e. designed, in place and adequately documented. The ambition for Etel is to take the internal controls to monitored where the controls are standardised and periodically tested and effectively reported to management.

To achieve this Etel has during 2014 developed an extension of the 2013 internal controls framework to cover also the processes for delegation of authority and sales and tendering. During 2015 the new framework will also be used in mandatory annual self assessments where each entity in Etel will perform a written self assessment on the compliance of each of the defined key internal controls. This assessment will then be used both in the entities to perform improvement of the internal controls and also reported to management and Audit Committee as a basis for further needs of improvements of the overall internal controls framework.

CONTROL ENVIRONMENT

With a view to creating and maintaining a functioning control environment, the Board has established a number of fundamental documents and the Group has developed a number of group-wide policies, including the Policy over policies. The purpose of this policy is to set out rules on the policy and instruction creation process, to explain what policies and instructions are good for and to assign responsibilities for these documents.

Each Etel policy has an owner who makes sure that the policy is up to date and informed to its target group. All Etel policies are approved by the Board of Directors. They are published on Etel intranet pages in local languages for all Etel employees and trained to the target groups. The Group management follows up by its internal control reporting that all Etel companies comply with the policies.

Corporate governance and implementation of policies and instructions follow a top-down logic where directions at higher levels are always implemented at lower levels. Hence, Etel's governing documents structure can be illustrated as a pyramid where key control documents such as Boards rules of procedure and instructions for the CEO and committees forms the base for corporate governance procedures in the company.

Fundamental Etel policy documents cover areas such as authorisation, compliance, internal control and risk management, accounting and controlling. Moreover, the internal control system also rests on a management system based on the Company's organisation and method of conducting operations - The Etel Way - with clearly defined roles, areas of responsibility and delegation of powers. The Etel Way policy and associated instructions therefore come out strongly in how corporate governance is implemented and exercised the company.

The CEO bears primary responsibility for implementing the Board's instructions regarding the control environment in day-to-day work. He reports regularly to the Board as part of established procedures. Furthermore, there are operational business reviews cascading from teams to CEO every month.

RISK ASSESSMENT/MANAGEMENT

The Group conducts regular risk assessment to identify material risks in the financial statements. In terms of the financial statements, the main risk is considered to be material misstatements, e.g. regarding book keeping and the valuation of assets, liabilities, income and expense or other discrepancies.

Fraud and losses through embezzlement are a further risk. Risk management is an integral part of each process and different methods are used for evaluating and limiting risks and to ensure that the risks to which Etel is exposed are managed according to established rules, instructions and follow-up procedures. The purpose is to minimise any risks and promote accurate accounting, reporting and information disclosure.

In the monthly business reviews that are performed throughout each level of the organisation a report of the most important operational risks in terms of monetary risk are reported and assessed in the business reviews as for the need for mitigating actions and/or financial provisioning.

On a quarterly basis the most significant operational risks (risks that can affect the performance the next 12 months) and strategic risks (risks that can affect the performance the next 36 months or more) are collected, assessed and reported to Group management from each Business Unit. Group management then assesses the need for mitigating actions and also twice per year reports to the Board of Directors the most significant strategic risks and related mitigating actions.

CONTROL ACTIVITIES

Control activities are in place to manage the risks that the Board and Company management considers to be material to the business, internal control and financial statements.

The rules of procedure for the Board and Board Committees as well as the instructions for the CEO are intended to establish a clear division of roles and responsibilities that will facilitate the efficient management of risks identified in operations.

The control structure comprises clear roles within the organisation that enable the efficient distribution of responsibility for specific control activities aimed at detecting and preventing the risk of reporting errors in time. Such control activities include a clear decision-making hierarchy and procedure for major decisions such as larger tenders, acquisitions, other types of major investment, divestments, agreements and analysis as defined in the policy for Delegation of Authority for the Group.

An important duty of Eltel's staff is to implement, enhance and enforce the Group's control procedures and conduct internal control geared to business-critical matters. Those responsible for the process at different levels are responsible for implementing the necessary controls in the financial statements. The annual accounts and reporting processes include controls pertaining to valuation, accounting principles and estimates. Special internal controls procedures for critical process tasks are also defined and tested both as self-assessments by each entity and by the external auditors as part of the annual audit programme.

The continual analysis performed of the financial statements is, together with the analysis performed at Group level, of great importance to ensuring that the financial statements do not contain any material misstatements.

The Group's CFO plays an important role in the internal control process, bearing responsibility for the financial statements from each unit being accurate, complete and timely.

INFORMATION AND COMMUNICATION

Eltel has a Head of Communication and a Head of Investor Relations. Eltel also works with external communication sup-

port when needed, which aims to promote completeness and accuracy in financial statements released to the stock market. Through regular updates and bulletins, the employees concerned are informed of changes to accounting principles and reporting requirements, or other information. The organisation has access to policies and guidelines.

The Board receives monthly financial reports. External information and communication is notably governed by the Communication Policy, which describes Eltel's general information disclosure principles in order to be compliant with the strict requirements on accurate and simultaneous reporting for the financial markets.

FOLLOW-UP

Eltel's compliance with adopted policies and guidelines is monitored by the Board and Group Management team. At each Board meeting the Company's financial position is addressed. The Board's Remuneration and Audit Committees play important roles in terms of, for example, remuneration, financial statements and internal control.

Before publication of interim reports and the Annual Report, the Audit Committee and the Board review the financial statements.

Eltel's management conducts a monthly follow-up of earnings, analysing deviations from budget, forecasts and the previous year. The duties of the external auditor include performing an annual review of the internal controls of Group subsidiaries.

The Board meets with the auditors once a year to go through the internal controls and, in specific cases, to instruct the auditors to perform separate reviews of specific areas. The auditors also attend all the meetings of the Audit Committee. Considering the monitoring performed by the Finance organisation, the external auditors, the Audit Committee and the extended internal controls self assessment from 2015 the Board has decided that a special internal audit or review function is not necessary at present.

