

# A word from the Chairman

## **Corporate governance of the Lindab Group**

Good corporate governance is a prerequisite for long-term sustainable development with good returns. One of Lindab's core values is "neatness and order". This is also firmly rooted within the organisation and supports good corporate governance.

The procedures regarding control, decision-making and various policies are constantly being evaluated and examined in order to strengthen Lindab's corporate governance. These procedures and policies are based on the Swedish Companies Act, and have also been adapted to Lindab's operations and the conditions in the markets where Lindab is active. In 2009, the department for Internal Control has strengthened our work in this aspect.

Lindab strives for transparency in its reporting so that shareholders and other stakeholders can continuously monitor the Group's development.

It is important to have good practices and good corporate governance, especially in difficult external conditions such as the financial crisis which has characterised our world throughout 2009.

Lindab adheres to the Swedish Code of Corporate Governance in every respect.

Grevie, February 2010

Svend Holst-Nielsen  
Chairman of the Board



# Corporate governance report

**Lindab International AB is a Swedish public limited company, which according to the Articles of Association develops, produces and sells products to both the ventilation industry and the construction industry. Lindab is quoted on the Nasdaq OMX Nordic Exchange, Stockholm.**

Lindab abides by the Swedish Code of Corporate Governance. The corporate governance report, including the remuneration of senior executives and the report on internal control, is reviewed by the company's auditor.

Lindab attaches great importance to corporate governance and this is supported by Lindab's core value, Neatness and Order. The corporate governance of Lindab is based formally on the Articles of Association, the Companies Act, the adopted rules of procedure, the regulations of the Stockholm Stock Exchange, the Swedish Code of Corporate Governance and other applicable Swedish and foreign laws and regulations. Lindab's corporate governance is clarified on page 56.

## Deviations

There are no deviations from the company code.

## Share capital and shareholders

Lindab's share capital amounted to SEK 78,707,820 at the end of the year. All shares have a face value of SEK 1, which means that there is only one class of share, numbering 78,707,820. Each share entitles the holder to one vote and an equal right to a share in the company's assets and results. Following the buy-back in 2008, Lindab holds 3,935,391 treasury shares. The number of outstanding shares therefore amounts to 74,772,429. Lindab has no voting rights for the repurchased shares. There were 7,908 shareholders (7,314) at 31 December 2009. The three largest shareholders, in relation to the number of outstanding shares were Ratos with 23.7 percent (23.7), Livförsäkringsaktiebolaget Skandia with 12.1 percent (12.3) and the Sjätte AP-fonden with 11.1 percent (11.8). More information about Lindab's shareholders and the share development in 2009 can be found on pages 14–15.

## Annual General Meeting

The Annual General Meeting for the financial year 2008 was held on 6 May 2009 in Boarp, in the municipality of Båstad. 129 shareholders participated. The minutes from the 2008 Annual General Meeting are available on the company's website. In addition to ordinary matters, the meeting adopted decisions regarding:

- principles for the appointment of the Nomination Committee, see below
- principles for the remuneration of senior executives
- introduction of the second part of a three-year incentive programme consisting of a maximum of 784,000 share warrants.

The Annual General Meeting for the financial year 2009 will take place on 11 May 2010 at 13.00 (CET) in Boarp, Båstad. In accordance with

the Articles of Association, notice to attend the Annual General Meeting will be published in Post och Inrikes Tidningar and Dagens Industri. Shareholders wishing to attend the meeting must be entered into the company's share register five days before the meeting, i.e. 5 May 2010, and must notify the company as specified in the notice to attend the 2009 Annual General Meeting. Shareholders who wish to have a matter discussed at the Annual General Meeting must, as specified on the company's website, submit these to the Chairman no later than 26 March 2010.

## Nomination Committee

At the Annual General Meeting in May 2009, it was decided that the company shall have a Nomination Committee consisting of at least four members, one of whom will be the Chairman of the Board. The Chairman is instructed to appoint a Nomination Committee, in consultation with the largest shareholders, prior to the 2010 Annual General Meeting. The mandate period for the Nomination Committee runs until a new Nomination Committee has been appointed. Unless otherwise agreed upon by the members, the Chairman of the Nomination Committee must be the member representing the shareholder controlling the largest number of votes. Accordingly, the company's major shareholders appointed a Nomination Committee. On 23 October 2009, the company announced the Nomination Committee's appointments. These are:

- Arne Karlsson, representative for Ratos AB (publ), Chairman
- Caroline af Ugglas, representative for Livförsäkringsaktiebolaget Skandia
- Urmas Kruusval, representative for Sjätte AP-fonden
- Svend Holst-Nielsen, Chairman of Lindab International AB.

In accordance with the decision of the Annual General Meeting, the Nomination Committee shall evaluate the work and structure of the Board of Directors and produce proposals for the 2010 Annual General Meeting with regards to:

- election of Chairman for the meeting
- the election of the Board and Chairman of the Board
- election of auditors in consultation with the Audit Committee
- fees for the Board of Directors and auditors.

The Nomination Committee has held three minuted meetings, at which all members have been present.

The company's website states that shareholders wishing to make contact with the Nomination Committee can send:

- an email to [carlgustav.nilsson@lindab.com](mailto:carlgustav.nilsson@lindab.com) (subject "To the Nomination Committee") or,
- a letter addressed to "Lindab's Nomination Committee", Carl-Gustav Nilsson, Lindab International AB, SE-269 82 Båstad, Sweden.

### The Board of Directors

At the Annual General Meeting on 6 May 2009, it was decided that the Board of Directors would consist of eight members without deputies. The company's President is the spokesperson for the Board of Directors. Its composition and the members' different appointments are detailed below and on pages 60–61 of the Annual Report.

### The work of the Board of Directors

The work of the Board of Directors is governed by rules of procedure approved annually. The rules of procedure include the instructions to the Company's President, the duties of the Chairman, the Board's meeting procedures as well as the decision-making procedures together with instructions and policies. All documents have been adapted to Lindab's business and organisation. The company's President, David Brodetsky, as well as the CFO, Nils-Johan Andersson, have been present at Board meetings, as well as the secretary of the Board, Chief Legal Counsel Carl-Gustav Nilsson, who has taken the minutes.

During 2009, the Board of Directors met 14 times including 7 additional meetings. At each meeting, the financial performance was reported and followed up. The Board had one meeting with the auditors without the President and CFO present, at which the financial statements were reviewed. Key issues raised specifically at Board meetings are shown separately.

An evaluation of the work of the Board took place during 2009. The evaluation was conducted externally and was based on the same principles as for the evaluation conducted the previous year, with the addition of the views expressed by the company management in the evaluation. The assessment was that the composition of the Board of Directors is good, it performs its duties very well, and that the dialogue between the Board and the Company's management is good.

### Remuneration of the Board of Directors

At the Annual General Meeting on 6 May 2009, the total fees of SEK 2,960,000 were established, comprising Board fees of SEK 2,800,000, fees to the Audit Committee of SEK 90,000 and fees to the Remuneration Committee of SEK 70,000, see below.

### Key issues at each Board meeting:

- 10 February – Year end and Annual Reports, proposals for the AGM, budget matters, acquisition issues.
- 11 February – Year end and Annual Reports, auditors present.
- 23 March – Performance monitoring, cost-reduction programme and financing issues.
- 22 April – AGM matters.
- 6 May – Interim report, cost-reduction programme.
- 6 May – Post-electoral Board meeting.
- 3 June – Cost-reduction programme, financing matters.
- 25 June – Sales and performance development, cost-reduction programme, financing matters.
- 16 July – Interim report, projection.
- 3 September – Visit to subsidiaries, performance monitoring, financing matters, acquisitions.
- 24 September – Sales and performance development, financing matters, strategic matters.
- 13 October – Financing matters.
- 27 October – Performance monitoring, projection, acquisitions.
- 17 December – Performance monitoring, budget, strategic matters, acquisitions.

### The Board's fees

Name	Function	Board fees	Committee fees	Total
Svend Holst-Nielsen	Chairman	650,000	50,000	700,000
Pontus Andersson	Member	25,000	-	25,000
Erik Eberhardson	Member	300,000	-	300,000
Per Frankling	Member	300,000	50,000	350,000
Ulf Gundemark	Member	300,000	20,000	320,000
Anders C. Karlsson	Member	300,000	20,000	320,000
Stig Karlsson	Member	300,000	20,000	320,000
Hans-Olov Olsson	Member	300,000	-	300,000
Markku Rantala	Member	25,000	-	25,000
Annette Sadolin	Member	300,000	-	300,000
<b>Total</b>		<b>2,800,000</b>	<b>160,000</b>	<b>2,960,000</b>

### The Board of Directors

Name	Number of meetings present			Elected		
	The Board 14 meetings	Remuneration Committee 5 meetings	Audit Committee 4 meetings	Year	Company	Ownership
Svend Holst-Nielsen, Chair.	14	5	4	1995	Independent	Independent
Pontus Andersson <sup>3)</sup>	14			1995		
Erik Eberhardson <sup>1)</sup>	9			2009	Independent	Independent
Per Frankling <sup>1)</sup>	9	5	4	2009	Independent	Dependent
Ulf Gundemark <sup>1)</sup>	8	5		2009	Independent	Independent
Anders C. Karlsson	12		3	2001	Independent	Dependent
Stig Karlsson	14		4	2004	Independent	Dependent
Hans-Olov Olsson	12			2001	Independent	Independent
Markku Rantala <sup>3)</sup>	14			1998		
Annette Sadolin	14			2006	Independent	Dependent
Kjell Åkesson <sup>2)</sup>	4			2003	Dependent	

1) Elected on 6 May 2009, mandate period extending over nine meetings.

2) Resigned on 6 May 2009, mandate period extending over five meetings.

3) Employee representative.

### Remuneration Committee

The Remuneration Committee consists of the Chairman of the Board, Svend Holst-Nielsen, as Chairman, and the Board members Per Frankling and Ulf Gundemark. The Committee shall assist the Board of Directors to prepare proposals for principles of remuneration of the executive management, to be approved by the Annual General Meeting. The Committee is also responsible for preparing questions regarding remuneration of the executive management, to be decided by the Board of Directors. The Remuneration Committee was appointed at the Board meeting held on 6 May 2009 and has held five minuted meetings. During 2009, the Remuneration Committee has dealt with issues relating to the remuneration of senior executives regarding the results for 2008, targets for variable remuneration in 2009, and the incentive programme.

### Audit Committee

The Audit Committee consists of Per Frankling (Chairman), Svend Holst-Nielsen, Stig Karlsson and Anders C. Karlsson. The Audit Committee will ensure the quality of the financial statements, maintain ongoing contact with the auditors, evaluate the auditing work, assisting the Nomination Committee in its preparations for the election of auditors, ensure that the company has a proper system for internal control, and manage other related issues. The Audit Committee has held four minuted meetings. At three meetings, the auditors have been present as well as the CFO, the manager for internal control, and the Chief Legal Counsel. The President participated on one occasion. The audit was planned and carried out at these meetings and the quality of financial statements was guaranteed. Furthermore, the Audit Committee has undertaken the procurement of audit services for 2010–2013 to be proposed to the 2010 Annual General Meeting.

### Auditors

At the 2008 Annual General Meeting, Ernst & Young were elected, together with the authorised public accountant Ingvar Ganestam, to be the company's auditors for a term that will expire at the Annual General Meeting in 2010. Ingvar Ganestam is also commissioned by other listed companies, but this does not encroach on the time necessary to carry out his work for Lindab. The auditor is not performing any services that could bring his independence into question. Nor have the services performed by the auditor for Lindab over and above the auditing services altered this opinion.

### Auditors' fees

For 2009, the auditors' fees for the parent Company amounted to SEK 1.0 m and SEK 8.6 m for the Group. In addition to that, their fees for other assignments in the Group amounted to SEK 4.3 m. Assignments have included advice on tax matters, investigation and analysis in connection with acquisitions, divestments and investigations into certain accounting matters.

### Rules of procedure

At the Annual General Meeting on 6 May 2009, the Board of Directors adopted rules of procedure for determining the distribution of duties between the Board of Directors and its committees, the Chairman's role, decision-making procedures and issues regarding finan-

cial reporting and internal control. The rules of procedure include the President's instructions for the clarification of the President's duties and responsibilities.

The Board of Directors has also established guidelines for the company's and Group's governance. These guidelines are explained below:

### Code of Ethics

For Lindab and all its employees, it is important that laws, regulations and general ethical values are respected and followed. Lindab has insured itself of this through Lindab's Code of Ethics, implemented at the start of 2007, which is continuously followed up.

### Finance Policy

This governs how the Lindab Group manages financing issues, fixed interest periods, liquidity and currency exposure, see note 3.

### Information Policy

The policy ensures that coherent and correct information about Lindab and its business, including financial targets, is received externally, and that Lindab fulfils the requirements of the Stock Exchange regarding information to the stock market.

### Insider Policy

This contains rules in order to prevent improper trading in shares or other financial instruments in Lindab by individuals who possess information that is not known by the market.

### IT Policy

Lindab's IT Policy contains comprehensive rules for the Group's IT use and management. The goal is to ensure access to the IT structure that has been built to enable the business to be run effectively. It contains rules about how the data centres will be organised, including the management of critical IT equipment, access to support, backup procedures, and system administration.

### Competition Law Policy

It is important that the Group and its employees observe competition legislation. The adopted Competition Law Policy, which was implemented partly through the training of approximately 450 senior executives and Group employees, protects against breaches of competition law.

### Environmental Policy

An international Environmental Policy was adopted in 2007. Lindab's work with environmental matters is reported on pages 42–45.

### Executive management

Lindab's operations are divided into Business Areas. During 2009, the business consisted of two business areas and from 1 January 2010 the business is divided into three business areas. The Group management consists of the President, the Group's business area managers, the CFO and the directors for HR, Legal & IPR. This group structure ensures that the decision-making paths are short.

# Overview of Governance in the Group

## Shareholders

Shareholders' right to decide about Lindab matters is exercised at the Annual General Meeting or, where appropriate, at the Extraordinary General Meeting, which is Lindab's highest decision-making body. The Annual General Meeting is usually held in May in Båstad. The meeting decides upon matters referred to in the Companies Act or the Company Code.

## Nomination Committee

The Nomination Committee submits proposals regarding various issues to the Annual General Meeting. See page 53.

## Audit Committee

The main task of the Audit Committee is to ensure compliance with the established principles for the financial statements and internal control. See page 55.

## Remun. Committee

Remuneration Committee assists the Board of Directors on remuneration issues. See page 55.

## The Board of Directors

### Composition of the Board of Directors

The Board of Directors consists of eight members. The employees have appointed two members and two deputies to the Board of Directors. The President is the spokesperson for the Board of Directors. The Group's CFO participates in Board meetings, as does the Group's Chief Legal Counsel who is secretary to the Board of Directors. The Board of Directors has established two committees, the Audit Committee and the Remuneration Committee.

### The Chairman's responsibilities

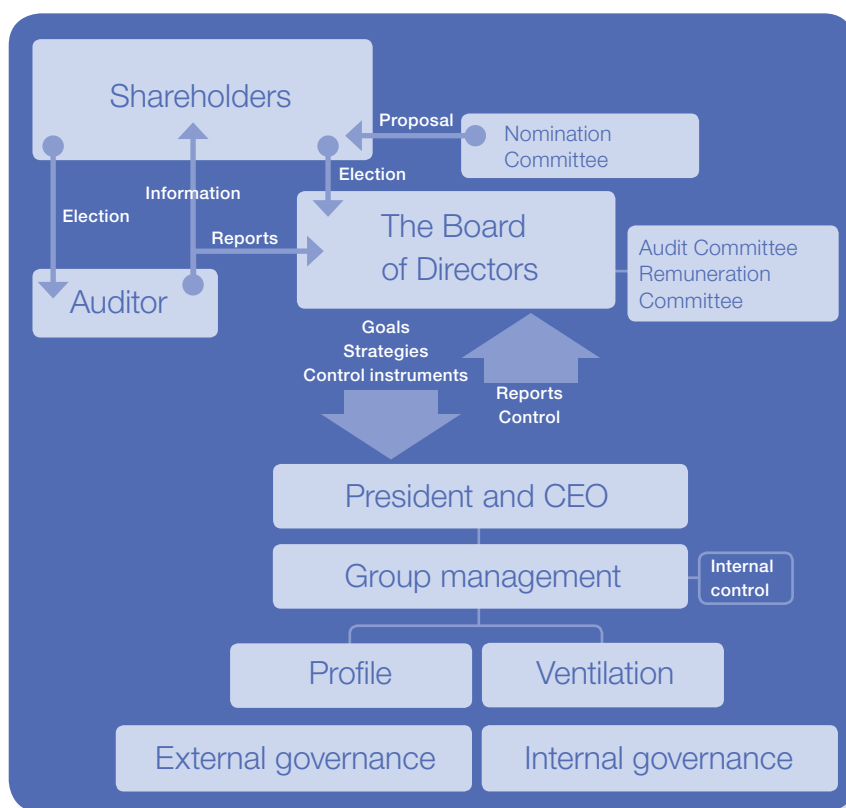
The Chairman leads the Board's work and follows its activities in dialogue with the President and is responsible for other Board members receiving the information and documentation necessary for high quality discussions and decisions. The Chairman represents the company in matters regarding ownership.

### The work and responsibilities of the Board of Directors

The Board of Directors ensures that the Group's organisation, management and guidelines for the management of the Group's concerns are appropriate and that the internal control is satisfactory. In addition, the Board of Directors' responsibilities include the establishment of policies and objectives, establishing internal control instruments, deciding upon key well-defined matters, issuing the financial statements, as well as evaluating the operational management and ensuring succession planning. The Board of Directors' responsibilities include supervision of the President through continuous monitoring of operations.

### The Board of Directors' responsibility for the financial statements

The Board of Directors ensures the quality of the internal financial statements through directing the President, and by directing the financial statements to the Board of Directors. Furthermore, the Board of Directors ensures the quality of the external financial statements through the detailed discussion of interim reports, Annual Reports and year-end report at Board meetings and during reviews with the auditor.



## Auditor

Lindab's elected auditor reviews the company's Annual Report and accounts, as well as the management of the Board of Directors and the President. The auditor works according to an audit plan and reports his findings to the Executive Management and the Audit Committee throughout the year and once annually to the Board of Directors. The auditor also participates at the Annual General Meeting to deliver the auditor's report describing the review process and the observations made.

## External governance

The external corporate governance consists of Swedish and foreign company law, Stock Exchange rules, the company code and other legislation which compellingly or dispositively governs Lindab's activities and corporate governance.

## Internal governance

The internal corporate governance comprises the adopted rules of procedure together with instructions and policies based on Lindab's core values. See page 55.

## The President and Group management

The President leads the operations according to the framework established by the Board of Directors, including the instruction of the President. In consultation with the Chairman of the Board, the President provides the information and documentation necessary for the Board of Directors in order to be able to make informed decisions. The President presents issues and justifies proposal for decisions, and reports to the Board of Directors regarding Lindab's performance. The President leads the Group management work and makes decisions in consultation with the other members of the management team.

## Internal control and risk management

The internal control function for Lindab is reported directly to the CFO and Lindab's Audit Committee. The basis for the internal control of the financial statements comprises the overall control environment that has been established by the Board of Directors and the management. See page 58.



# Remuneration to senior executives

## Remuneration principles

At the 2009 Annual General Meeting, guidelines for the remuneration of senior executives were established. The guidelines are based on remuneration that is based on the market and the environment in which the executives operate. The remuneration should be competitive, facilitating recruitment and motivating employees to remain with the company.

The remuneration will consist of fixed salaries, variable salaries, benefits and pensions. The fixed salaries and benefits will be established individually, based on the above and on the specific skills of the post holder. The variable salary will be based on clear goals, be awarded as a percentage of the fixed salary and will thus have a fixed ceiling. The pension will be a defined-contribution plan and shall be based on the same principles as for the fixed and variable remuneration. At the Annual general Meetings in 2008 and 2009, an incentive programme was also introduced.

In special cases, the Board of Directors has the right to waive the guidelines. During 2009, the Board of Directors has not exercised this mandate.

Remuneration and other benefits for the Group management are shown in the table below. In addition, SEK 5.5 m has been recorded relating to payroll overheads including special employer's contributions on pensions.

## Remuneration of the President

David Brodetsky's fixed salary for 2009 totalled SEK 4,700,000 for the full year with a variable salary of up to 75 percent of the fixed salary. The right to pension contributions amounts to 40 percent of the fixed and variable salary, but at least 55 percent of the fixed salary. In addition, David Brodetsky has the right to free accommodation for the duration of his employment, and during a transition period of two years (2009–2010) this right also includes current costs and compensation for the tax effect of the benefit. David Brodetsky's right to pension contributions is hedged in EUR and, as from 1 January 2010, his fixed and variable salary will also be hedged in EUR. In addition, David Brodetsky has the right to a free car and certain other benefits. What David Brodetsky received in 2009 is detailed below. The employment runs with a notice period of one year from the company and six months from David Brodetsky. David Brodetsky is bound by a non-competition clause that is valid for one year from the termination of employment, during which he is entitled to remuneration equivalent to fixed and variable parts, plus the right to pension contributions as described above.

## Variable salary

Variable remuneration is based on the principles described in the section Remuneration principles. For 2009 an additional agreement was made that a certain level of profitability must be achieved. This level has not been achieved however and therefore no variable remuneration has been paid.

## Remuneration to Group management in general

In 2009, the Group management included Nils-Johan Andersson, Peter Andberg, Venant Krier, Carl-Gustav Nilsson and Anders Persson. Hannu Paitula was part of the Group management up to and including 30 June 2009. The remuneration to Group management follows the guidelines adopted by the Annual General Meeting. The employment contracts contain notice periods of up to 24 months and are bound by non-competition clauses.

## Remuneration and other benefits for the Group management 2009

SEK	David Brodetsky	Remuneration of other Group management	Total
Fixed salary incl. holiday pay	4,743,866	12,897,857	17,641,723
Variable salary	-	-	-
Incentive programme	521,715	1,566,104	2,087,819
Pension expenses	2,133,771	4,796,344	6,930,115
Benefits	242,110	840,345	1,082,455
<b>Total</b>	<b>7,641,462</b>	<b>20,100,650</b>	<b>27,742,112</b>

## Incentive programme

At the 2009 Annual General Meeting, the second part of a three-year incentive programme consisting of warrants was adopted. 68 employees were invited to subscribe for a total of 784,000 warrants. The price per warrant was fixed at SEK 6.00 in early November, entitling the holder to subscribe for one share in Lindab International for SEK 89.10 between 1 June 2011 and 31 May 2012. The warrants have been externally valued according to the Black-Scholes option pricing model. The participants' purchase of warrants is subsidised by a cash contribution, which after tax, amounts to half the acquisition cost spread over a period of three years, provided that the participant remains employed within the Group and continues to hold the warrants. The expenses for 2009 amounted to SEK 8.2 m. At full utilisation, these shares represent approximately one percent of the shares in the company. It is the intention of the Board of Directors to propose that a similar programme be adopted at the Annual General Meeting in 2010. Since there are no older incentive programmes and the outcome of the current programmes cannot be identified, an evaluation of the current programmes cannot yet be made.

# The Board of Directors' report on internal control

## **The Board of Directors' Report on Internal Control for the Financial Year 2009**

Lindab's Board of Directors is responsible for internal control in accordance with the Swedish Companies Act and the Swedish Code of Corporate Governance. Lindab's financial statements comply with the laws and regulations applicable to companies listed on the Nasdaq OMX Nordic Exchange in Stockholm and the local rules in each country where business is conducted. The Board of Directors will issue a report on how the internal control over financial reporting is organised. There is no mandatory need for the report to be reviewed by the auditors, but it shall form part of the corporate governance report. Lindab internal control meets its objectives for the financial statements.

The objectives of Lindab's financial statements are:

- To be correct and complete and comply with applicable laws, rules and recommendations.
- To provide an accurate description of the company's operations.
- To support a rational and informed assessment of the business.

In addition to these objectives, the internal financial statements will provide support to correct business decisions at all levels within the Group.

The Board of Directors' description of the internal control uses the structure found in COSO's (Committee of Sponsoring Organizations of the Treadway Commission) framework as its starting point for internal control. This report has been established against this background.

### **Control environment**

In order to create and maintain a working control environment, the Board has established a number of fundamental documents that are important for financial statements. These specifically include the Board of Directors rules of procedure, instructions for the President and the committees. The primary responsibility for enforcing the Board of Directors' instructions regarding the control environment in the daily routines resides with the President. He reports regularly to the Board of Directors as part of established routines. Furthermore, there will be reports from the company's auditors.

The internal control structure also builds on a management system that is based on the company's organisation and methods of running the business, with clearly defined roles, areas of responsibility and delegated authorities. The controlling documents also play an important role in the control structure e.g. policies and guidelines including the Code of Ethics, which also includes business ethics. The controlling documents concerning accounting and financial statements comprise the most important parts of the control environment with regards to the financial statements.

These documents are continuously updated when, for example, there are changes to accounting standards, legislation and listing requirements.

### **Risk Assessment**

The Group carries out an ongoing risk assessment for identifying material risks regarding the financial statements. With regards to the financial statements, the main risk is considered to comprise material misstatements in the accounts e.g. regarding book keeping and the valuation of assets, liabilities, income and expenses or other discrepancies. Fraud and losses through embezzlement are a further risk. Risk management is built into each process and different methods are used for evaluating and limiting risks and for ensuring that the risks that Lindab is exposed to are managed in accordance with determined policies, instructions and established follow-up routines. The purpose of this is to minimise possible risks and promote correct accounting, reporting and the release of information.

### **Control Activities**

These are intended for managing the risks that the Board of Directors and management consider to be significant for the business, the internal control and the financial statements.

The control structure partially consists of clear roles within the organisation which facilitate effective distribution of responsibilities for specific control activities, with the aim of discovering and preventing the risk of errors in the reports in time. Such control activities can be clear decision making and decision procedures processes for major decisions such as acquisitions, other types of larger investments, divestments, agreements, analytical follow-ups etc.

An important task for Lindab's staff is also to implement, further develop and enforce the Group's control routines and to implement the internal control for dealing with critical business matters. Those responsible for the process at different levels are responsible for implementing the necessary controls regarding the financial statements. In the annual accounts and reporting processes, there are controls pertaining to valuation, accounting principles and estimates. All units have their own controllers/financial managers who undertake an evaluation of their own reporting. The continual analyses made of the financial statements, together with the analyses made at Group level, are very important for ensuring that the financial statements do not contain any material misstatements. The Group's controller organisation plays an important role in the internal control process and is responsible for ensuring that the financial statements from each unit are correct, complete and on time.

### **Information and communication**

Lindab has internal information and communication channels that aim to promote completeness and correctness in financial statements,

e.g. through steering documents in the form of internal recommendations, guidelines and policies relating to the financial statements. Through regular updates and messages, the employees concerned are made aware of, and have access to, information about changes to accounting principles and reporting requirements or other released information. The organisation has access to policies and guidelines through the Group's intranet (Lindnet).

The Board of Directors receives monthly financial statements. The external information and communication is notably governed by the Information Policy, which describes Lindab's general principles for the release of information.

#### **Follow up**

The Group's adherence to the adopted policies and guidelines is followed-up by the Board and the Executive management. The Company's financial situation is discussed at each Board meeting. The Board of Directors' Remuneration and Audit Committees play important roles with regards to, for example, remuneration, financial reporting and internal control.

Before the publication of Interim Reports and Annual Reports, the Board of Directors reviews the financial statements. Lindab's management conducts monthly follow-ups of results with analyses of deviation from budget, projection and previous years. All monthly accounts are discussed with each of the business areas' management. The external auditors' tasks include an annual review of the internal control in Group companies. The Board of Directors meets with the auditors three times each year, partly to go through the internal controls and partly, in specific cases, to give the auditors additional assignments to undertake specific internal controls. The auditors' assessment is that the internal controls are good.

#### **Internal control**

Since 2008, Lindab has had an established function for risk-assessment that reports directly to the CFO as well as periodically to Lindab's Audit Committee. In 2009, this function has continued to develop internal controls through audits according to an annual plan and through the development of Group policies and guidelines. This work has included offering advice to corporate functions in connection with the update of Group-wide policies and various internal control issues within the organisation. To the extent that control measures consist of visits to subsidiaries, the activity is carried out according to a developed and advanced control process, which has been continuously developed during the year in order to optimise the approach and provision of worthwhile reports. 11 subsidiaries have been visited altogether. Internal control has also continued work to develop a uniform risk management process that further strengthens the governance of the Group's operations.

Internal control is a dynamic process, evolving in line with the changes to a business's internal and external conditions. This aims to ensure that the Group's objectives are met in terms of appropriate and effective processes, that the financial statements are prepared in accordance with applicable laws and regulations to provide a reasonable assurance of reliability.

The internal control function is a support and complement for the business and works on behalf of the executive management to improve internal governance and control.

Lindab has no specific audit function (internal audit). The Board of Directors has assessed that there are no special circumstances in the business to justify establishing such a function.

**Greve 4 March 2010**

**The Board of Directors of Lindab International AB**

**As an extension of our audit, which is reported in our Auditors' Report dated 4 March 2010, we have on behalf of the Board, reviewed the Corporate Governance Report (pages 53-59) for Lindab International AB in 2009. Based on our review, nothing has come to our attention that causes us to believe that the Corporate Governance Report does not comply with the guidelines contained in the Swedish Code of Corporate Governance.**

**Båstad 4 March 2010**

**Ernst & Young AB**

**Ingvar Ganestam  
Authorised Public Accountant**