

# Corporate governance report

**Lindab International AB is a Swedish public limited company, which under 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 auditors.

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 Stockholm Stock Exchange, the Swedish code for corporate governance and other applicable Swedish and foreign laws and regulations. Lindab's corporate governance is clarified on page 62.

## 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 3,375,838 treasury shares. The number of outstanding shares therefore amounts to 75,331,982. Lindab has no voting rights for the repurchased shares. There were 6,129 shareholders (6,934) at 31 December 2011. The four largest shareholders in relation to the number of outstanding shares were Ratos with 11.7 percent (11.8), Sjötte AP-fonden with 10.7 percent (10.7), Swedbank Robur Fonder with 9.5 percent (9.9) and Livförsäkringsaktiebolaget Skandia with 9.5 percent (11.2). More information about Lindab's shareholders and the share development in 2011 can be found on pages 38–39.

## Annual General Meeting

The Annual General Meeting for the financial year 2010 was held on 11 May 2011 at the Lindab Arena, in the municipality of Ängelholm. 212 shareholders participated. The minutes from the 2011 Annual General Meeting have been available on the company's website since 25 May 2011. In addition to ordinary matters, the meeting adopted decisions regarding:

- principles for the appointment of the Nomination Committee, see below
- principles for the remuneration for senior executives
- The Board's proposal to decide upon the introduction of a performance-based share savings programme (LTIP 2011)
- the Board's proposals regarding:
  - a) authorising the Board to decide upon the transfer of treasury shares
  - b) approval in accordance with chapter 16 of the Companies Act for the transfer of Benone AG by Lindab AG

The Annual General Meeting for the financial year 2011 will be hosted at 14:00 (CET) on 9 May 2012 at the Lindab Arena, Ishallsvägen, in

the municipality of Ängelholm. In accordance with the Articles of Association, notice to attend the Annual General Meeting will be published in Post och Inrikes Tidningar and on the company's website. Notice to attend the Annual General Meeting will be published in Dagens Industri. Shareholders wishing to participate in the meeting must be entered into the company's share register 5 working days before the meeting, i.e. 3 May 2012, and must notify the company of their wish to participate as specified in the notice to attend the 2012 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 matters to the Chairman of the Board no later than 21 March 2012.

## Nomination Committee

At the Annual General Meeting in May 2011, 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 prior to the 2012 Annual General Meeting, in consultation with the three largest shareholders. The mandate period for the Nomination Committee runs until a new Nomination Committee has been appointed. The Chairman of the Nomination Committee shall be the member representing the shareholder controlling the largest number of votes. Accordingly, the company's major shareholders appointed a Nomination Committee. The company announced the Nomination Committee's appointments on 17 October 2011. These are:

- Arne Karlsson, representative for Ratos AB (publ), Chairman
- Caroline af Ugglas, representative for Livförsäkringsaktiebolaget Skandia
- Marianne Dicander-Alexandersson, representative for Sjötte AP-fonden.
- Ulf Gundemark, 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 2012 Annual General Meeting with regards to:

- election of Chairman for the 2012 Annual General Meeting
- election of the Chairman of the Board of Directors
- election of auditors at the appropriate time in consultation with the Audit Committee
- fees for the Board of Directors and auditors
- composition of the Nomination Committee ahead of the 2013 Annual General Meeting.

The Nomination Committee held five minuted meetings in 2011. In 2012, the Nomination Committee has held one minuted meeting prior to the 2012 Annual General Meeting.

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

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

## The Board of Directors

It was decided at the Annual General Meeting on 11 May 2011, that the Board of Directors will consist of seven members without deputies. The company's President is the spokesperson for the Board of Directors. The composition and the members' different appointments are detailed on pages 66–67 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 and decision-making procedures together with instructions and policies. All documents have been adapted to Lindab's business and organisation. The company's President, David Brodet-sky, as well as the CFO, Per Nilsson, 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 2011, the Board of Directors met fourteen times including 5 additional meetings. At each scheduled meeting, the financial performance was reported and followed up. The Board held one meeting with the auditor, without the executive management present, to review the cooperation with the executive management regarding implementation of the audit process and other related matters. Key issues raised at Board meetings are shown separately.

An evaluation of the work of the Board of Directors took place during 2011. The evaluation was conducted internally and was based on the same principles as for the external evaluation conducted previously. 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 executive management is good. An evaluation of the President has also been performed by the Board of Directors.

## Remuneration of the Board of Directors

At the Annual General Meeting on 11 May 2011, total fees of SEK 2,640,000 were established, comprising Board fees of SEK 2,500,000, fees to the Audit Committee of SEK 70,000 and fees to the Remuneration Committee of SEK 70,000 SEK, see below.

## KEY ISSUES AT EACH BOARD MEETING:

- 9 February Financial statements, auditors' report (present), proposals for the Annual General Meeting, dividend, remuneration issues.
- 9 March Annual Report.
- 18 March Organisational issues, management issues.
- 1 April Incentive programme, investment decisions, notice to attend the Annual General Meeting.
- 18 April Annual General Meeting Issues.
- 28 April Interim report, acquisition issues.
- 11 May Performance review, forecast 1, remuneration issues, market review.
- 11 May Post-electoral Board meeting.
- 16 June Acquisition issues, investments.
- 15 July Interim report, acquisition issues.
- 8 September Performance review, forecast 2, acquisition issues, market review, strategy.
- 24 October Interim report, auditors' report (present), forecast 3, acquisition issues.
- 25 November Organisational changes.
- 14 December Performance review and balance sheet analysis, budget, strategy review, acquisition issues, remuneration issues.

## BREAKDOWN OF BOARD FEES

Name	Function	Board fees	Committee fees	Total
Pontus Andersson	Member	25,000	-	25,000
Sonat Burman-Olsson	Member	300,000	20,000	320,000
Erik Eberhardson	Member	300,000	-	300,000
Per Frankling	Member	300,000	20,000	320,000
Ulf Gundemark	Chairman	650,000	50,000	700,000
Anders C. Karlsson	Member	300,000	20,000	320,000
Stig Karlsson	Member	300,000	30,000	330,000
Markku Rantala	Member	25,000	-	25,000
Annette Sadolin	Member	300,000	-	300,000
<b>Total</b>		<b>2,500,000</b>	<b>140,000</b>	<b>2,640,000</b>

## THE BOARD OF DIRECTORS

Name	Number of meetings present			Elected		
	The Board 14 meetings	Remuneration Committee 5 meetings	Audit Committee 6 meetings	Year	Company	Ownership
Svend Holst-Nielsen, Chair. <sup>1)</sup>	7	2	1	1995	Independent	Independent
Ulf Gundemark, Chair.	14	5	6	2009	Independent	Independent
Pontus Andersson <sup>2)</sup>	14			1995		
Sonat Burman-Olsson <sup>2)</sup>	5	3		2011	Independent	Independent
Erik Eberhardson	11			2009	Independent	Independent
Per Frankling	13	5	1	2009	Independent	Dependent
Anders C. Karlsson <sup>4)</sup>	13	2	5	2001	Independent	Independent
Stig Karlsson	14		6	2004	Independent	Dependent
Markku Rantala <sup>3)</sup>	14			1998		
Annette Sadolin	13			2006	Independent	Dependent

1) Resigned 11 May 2011, mandate period covered 7 meetings.

2) Elected to the Board of Directors 11 May 2011, mandate period covered 7 meetings.

3) Employee representatives.

4) Independent of major shareholder since July 2011.

### Remuneration Committee

The Remuneration Committee consists of the Chairman of the Board, Ulf Gundemark, as Chairman, and the Board members Sonat Burman-Olsson and Per Frankling. 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 11 May 2011 and has held five minuted meetings. The matters that have been discussed relate to the remuneration of senior executives regarding the results for 2010, targets for variable remuneration in 2011, and the incentive programmes. In 2012, the Committee has held two minuted questions ahead of the financial year and 2011 Annual General Meeting.

### Audit Committee

The Audit Committee consists of Stig Karlsson (Chairman), Anders C. Karlsson and Ulf Gundemark, as independent expert. The Audit Committee will ensure the quality of the financial statements, maintain ongoing contact with the auditors, evaluate the auditing work, assist 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. In 2011, the Audit Committee held 6 minuted meetings at which the CFO, the manager for internal audits and the Chief Legal Counsel were present. The auditors were present at four meetings. The audit was planned and reviewed at these meetings and the quality of financial statements was guaranteed. In 2012, the Committee has held one minuted meeting with the auditors present, concerning the financial statements for 2011.

### Auditors

At the 2010 Annual General Meeting, Bertel Enlund and Staffan Landén, authorised public accountants for Ernst & Young, were elected to be the company's auditors for a term that will expire at the Annual General Meeting in 2014. Staffan Landén and Bertel Enlund are also commissioned by other listed companies, but this does not encroach on the time necessary to carry out their work for Lindab. The auditors do not perform any services that could bring their independence into question. Nor have the services performed by the auditors for Lindab over and above the auditing services altered this opinion.

### Auditors' fees

For 2011, the auditors' fees paid to Ernst & Young amounted to SEK 0.4 m for the parent company and SEK 6.9 m for the Group. In addition, their fees for other services in the Group amounted to SEK 5.0 m. Services have included advice on tax matters, investigation and analysis in connection with acquisitions and divestments, and investigations into certain accounting matters.

### Rules of procedure

At the Annual General Meeting on 11 May 2011, 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 financial 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, 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 to the stock market.

### IPR Policy

Intellectual property rights, consisting of registered rights such as patents, trademarks and designs, plus other rights such as copyrights, trade secrets and know-how, are valuable assets for Lindab. The policy describes the strategy and guidelines for Lindab's management and protection of intellectual property rights.

### 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 established to enable the business to be run effectively. It includes rules about how the data centres are to be organised, including the management of critical IT equipment, access to support, backup procedures, and system administration.

### Anti-corruption Policy

Lindab has zero tolerance for corruption. The policy is the framework that supports Lindab's zero tolerance concerning this issue.

### 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 continuous training of executives and Group employees, protects against breaches of competition law.

### Environmental Policy

An international Environmental Policy governs environmental issues, which are reported on pages 50–51.

### Group management

Lindab's operations are 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, and Legal. However the business area manager for Building Systems, Hans Berger, who replaced Venant Krier, is not part of the Group management at the present time. This team 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 during 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 59.

## Audit Committee

The main task of the Audit Committee is to ensure compliance with the established principles for the financial statements and the internal control. See page 61.

## Remuneration Committee

Remuneration Committee assists the Board of Directors on remuneration issues. See page 61.

## The Board of Directors *Composition of the Board of Directors*

The Board of Directors consists of seven 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 internal committees, the Audit Committee and the Remuneration Committee.

## *The Chairman's responsibilities*

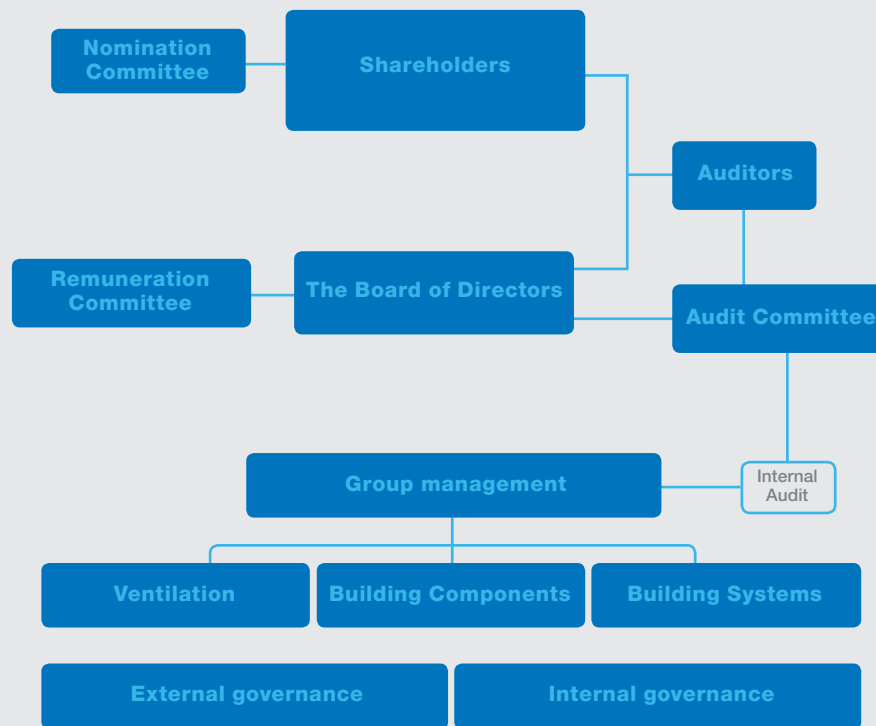
The Chairman leads the Board's work and follows its activities in dialogue with the President and is responsible for other Board members receiving the information and documentation necessary for high quality discussions and decisions. The Chairman represents the company in matters regarding ownership.

## *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 on key 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 auditors.



## Auditors

Lindab's elected auditors review the company's Annual Report and accounts, as well as the management of the Board of Directors and the President. The auditors work according to an audit plan and report their findings to the Group management and the Audit Committee throughout the year and once annually to the Board of Directors. The auditors also participate at the Annual General Meeting to deliver the auditors' 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.

## 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 to be able to make informed decisions. The President presents issues and justifies proposals 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 audit and risk management

Lindab's Internal Audit function reports regularly to the CFO and to Lindab's Audit Committee. The overall control environment that has been established by the Board and the management forms the basis for the internal control over financial reporting. See pages 64–65.

# Remuneration to senior executives

## Remuneration principles

At the 2011 Annual General Meeting, guidelines for the remuneration of senior executives were established. The guidelines are based on remuneration that reflects 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, awarded as a percentage of the fixed salary and will thus have a fixed ceiling of 20, 30 and 40 percent depending upon the position. The pension will be a defined contribution plan and shall be based on the same principles as for the fixed and variable salaries.

In special cases, the Board of Directors has the right to waive the guidelines. During 2011, the Board of Directors has not exercised this mandate.

Remuneration and other benefits for the Group management are shown in the table on the right. A further SEK 9.8 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 2011 totalled SEK 4,841,000 for the full year with a variable salary of up to 75 percent of the fixed salary, with the right to convert up to 35 percent of the fixed and variable salary to pension. The right to pension contributions amounts to 40 percent of the fixed and variable salary, but at least 55 percent of the fixed salary. Up to and including the financial year 2010, David Brodetsky's entitlement to fixed and variable salary was hedged in EUR. Similarly, the pension entitlement was hedged up to and including the financial year 2011, which will be settled in 2012. The hedges applied to David Brodetsky as well as the company. This consequently ceased at the end of 2011. In addition, David Brodetsky has the right to free accommodation for the duration of his employment, plus the right to a free car and certain other benefits. What David Brodetsky received in 2011 is detailed on the right. 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.

## Remuneration to Group management in general

For the full year 2011, the Group management included Nils-Johan Andersson, Peter Andsberg, Christina Imméll and Carl-Gustav Nilsson. Nils-Johan Andersson, formerly CFO at Lindab, replaced Anders Thulin as business area manager for Ventilation as of 21 March 2011. Per Nilsson was simultaneously appointed the new CFO. Venant Krier,

## REMUNERATION AND OTHER BENEFITS FOR THE GROUP MANAGEMENT 2011

SEK	David Brodetsky	Remuneration of other Group management	Total
Fixed salary incl. holiday pay	4,958,287	22,716,478	27,674,765
Variable salary	2,080,129	2,572,688	4,652,817
Incentive programme	339,881	1,375,003	1,714,884
Pension expenses	2,824,362	4,818,641	7,643,003
Benefits	333,000	702,976	1,035,976
<b>Total</b>	<b>10,535,659</b>	<b>32,185,785*</b>	<b>42,721,444</b>

\* The amount includes salary related costs of SEK 13 m due to change of business area managers for Ventilation and Building Systems, which were also part of the Group management.

business area manager for Building Systems, left on 1 December 2011. Hans Berger has replaced Venant Krier as business area manager but is not part of the Group management. 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 for the company and are bound with non-competition clauses.

## Incentive programme

The Annual General Meeting 2011 decided, in accordance with the Board's proposal, to introduce a long-term incentive programme in the form of a performance-based share savings programme. The offer has been made to 92 participants in various management positions and senior executives at Lindab. Participation in the programme requires participants to make an initial investment in Lindab shares. The offer has been accepted by 79 people who have thereby acquired a total of 62,711 Lindab shares. Participation entitles the holder to receive new shares, provided that certain requirements are met. Performance is measured in the financial year for 2013 and compared to the financial year for 2010. On maximum allocation, 270,344 Lindab shares will be transferred to the participants. The cost of the programme is estimated to be approximately SEK 5 m, based on a share price of SEK 73.75.

## Evaluation

Prior to the 2011 Annual General Meeting, an external evaluation of Lindab's remuneration system was conducted by Nordea. The result of the evaluation was included in the meeting material ahead of the 2011 Annual General Meeting and was reported at the Annual General Meeting. Prior to the 2012 Annual General Meeting, the Board of Directors has conducted an internal evaluation via the Remuneration Committee. The conclusion drawn from the evaluation corresponds well with the statements and conclusions made by Nordea prior to the 2011 Annual General Meeting. The remuneration system is well balanced and the formulation of targets for the variable salary is based on predetermined targets.



# The Board of Directors' report on internal control

## The Board of Directors' Report on Internal Control for the Financial Year 2011

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 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.

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's instructions regarding the control environment 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 conducts 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 dis-

crepancies. 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 that 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 for major decisions such as acquisitions, other types of larger investments, divestments, contracts, 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 analysis made of the financial statements together with the analysis 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 com-

pany'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 performance reviews with analyses of deviations from budget, forecasts and previous years. All monthly accounts are discussed with each business area's management. The external auditors' tasks include an annual review of the internal control in Group companies. The Board of Directors meets with the auditors twice each year in order to go through the internal controls and also, in specific cases, to give the auditors additional assignments to undertake specific audits of internal controls.

#### Internal audit

Since 2008, Lindab has had an internal audit function that reports directly to Lindab's Group management as well as to Lindab's Audit Committee. The direction and scope of the internal audit is determined by the Audit Committee. The completed internal audits are also reported directly to the Audit Committee. The Head of Internal Audit participates in each Audit Committee meeting. In 2011, the

function has continued to develop the internal controls through audits in accordance with 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 the provision of worthwhile reports. In 2011, 14 subsidiaries have been visited altogether. The internal audit has also continued work to develop a uniform risk management process that further strengthens the governance of the Group's operations. Within Lindab, the internal audit function aims to create added value for each operating unit by providing independent and objective scrutiny of the processes, and to identify and recommend improvements.

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

Båstad 13 February 2012

The Board of Directors of Lindab International AB

## Auditor's report on the corporate governance report

### To the annual meeting of the shareholders in Lindab International AB

Corporate identity number 556606-5446

#### Engagement and responsibility

We have audited the corporate governance report for the year 2011 on pages 59–69. It is the Board of Directors who is responsible for the corporate governance report and that it has been prepared in accordance with the Annual Accounts Act. Our responsibility is to express an opinion on the corporate governance report based on our audit.

#### The scope of the audit


We conducted our audit in accordance with Fars auditing standard RevU 16 *The auditor's examination of the corporate governance re-*


*port*. That standard requires that we have planned and performed the audit to obtain reasonable assurance that the corporate governance report is free of material misstatements. An audit includes examining, on a test basis, evidence supporting the information included in the corporate governance report. We believe that our audit procedures provide a reasonable basis for our opinion set out below.

#### Opinion

In our opinion, the corporate governance report has been prepared and is consistent with the annual accounts and the consolidated accounts.

Båstad 9 March 2012

  
Bertel Enlund  
Authorised Public Accountant  
Ernst & Young AB

  
Staffan Ländén  
Authorised Public Accountant  
Ernst & Young AB

# The Board of Directors

## 1 Ulf Gundemark

Born 1951.

**Elected to the Board in 2009, independent. Chairman of the Board since 2011.**

Ulf has broad international experience with positions including business area manager at ABB, Global Utilities Manager at IBM and most recently within Hagemeyer/Elektroskandia with responsibility for their Nordic, Baltic, Russian and Chinese operations. Ulf Gundemark is a member of the Boards of Papyrus, Constructor Group, Lönne Scandinavia and AQ Group, and is the Chairman of the Board for Ripasso Energy and Bridge to China. **Main qualifications:** Master of Science in Engineering. **Holding:** 10,000 Shares.

## 2 David Brodetsky

Not on the Board.

## 3 Per Frankling

Born 1971.

**Elected to the Board in 2009, dependent of the shareholder Ratos AB.** Investment Director at Ratos, where he has been employed since 2000 with responsibility for Ratos's holdings in Lindab, Jøtul, Finnino, Stofa and Contex. From 2001–2006 he was a deputy member of Lindab's Board. Per Frankling is a member of the Board of Directors of Jøtul AS, Contex Group A/S, Stofa Holding ApS and Finnino Oy. **Main qualifications:** MBA and MSc. **Holding:** 0 Shares.

## 4 Stig Karlsson

Born 1952.

**Elected to the Board in 2004, dependent of the shareholder Ratos AB.** Industrial Advisor, Ratos. Chairman of the Boards of HAFA Bathroom Group AB, Diab Group AB, HL Display Förvaltnings AB and IVF Stockholm AB. Also a member of the Boards of Acobia-Flux AB and Lagerstedt & Krantz AB. Formerly President of Atle Tjänste och Handel. **Main qualifications:** B.A. in Economics, Örebro University. **Holding:** 0 Shares.

## 5 Sonat Burman-Olsson

Born 1958.

**Elected to the Board in 2011, independent.** Deputy CEO and CFO of ICA Group since 2007. Before joining ICA, Sonat Burman-Olsson was Vice President Electrolux Group with responsibility for Global Marketing Strategies. She has also held positions as Senior Vice President, Operational Development for Electrolux Europe and Vice President, Finance for Electrolux International (Asia & Latin America). Prior to that, she held Executive Director positions at Siemens and British Petroleum. Sonat Burman-Olsson is a member of the Boards of Tredje AP-fonden, ICA Banken and KappAhl. **Main qualifications:** BBA and Executive MBA. **Holding:** 0 Shares.

## 6 Markku Rantala

Born 1952.

**Elected to the Board in 1998.** Employee representative with LO (Swedish Trade Union Confederation). Employed since 1993 and currently working as Chairman of the local union branch of Lindab IF Metall. **Holding:** 250 Shares.





**7 Erik Eberhardson**

Born 1970.

**Elected to the Board in 2009, independent.**

President and founder of Ferronordic Machines AB and Ferronordic Group Ltd. Has extensive operational experience from Russia and Ukraine. President of Volvo Ukraine LLC between 1996–2000 and of Volvo Construction Equipment in the CIS and Russia from 2002 until 2005. Between 2005 and 2009, he held various positions within OJSC "GAZ", Russia's largest manufacturer of commercial vehicles, as Strategic Manager, President and Chairman. Between 2008 and 2009, he was included in the Board of Magna International Ltd. **Main qualifications:** Studied at Uppsala University, International Business, and the Royal Institute of Technology (KTH), Engineering Physics. **Holding:** 0 Shares.

**8 Pontus Andersson**

Born 1966.

**Elected to the Board in 1995.**

Employee representative with Unionen (Swedish Union of Clerical and Technical Employees in Industry). Employed since 1987 and currently working as a development engineer. Has professional qualifications in engineering. **Holding:** 250 Shares.

**9 Anders C. Karlsson**

Born 1950.

**Elected to the Board in 2001, independent.**

Chairman of the Boards of Inwido AB, H+H International A/S, WSP Europe AB and AB Gustaf Kähr. Board member of WSP Group plc., Lasabotte AB and Anders C. Management Sarl. Formerly a member of Skanska's Group Management responsible for Industry and Europe. **Main qualifications:** MBA, Uppsala University. **Holding:** Indirectly 57,600 shares through Lasabotte AB.

**10 Annette Sadolin**

Born 1947.

**Elected to the Board in 2006,**

**dependent of the shareholder Ratos AB.**

Chairman of the Board of Ostre Gasvaerk Teater. Board member of Ratos, Topdanmark A/S, DSV, DSB, Skodsborg Kurhotel og Spa A/S, Blue Square Re. N.V. and Danish Standards. Formerly a member of the management board of GE Frankona Re, Munich and GE Employers Re, Copenhagen. **Main qualifications:** JB.A. in Law from the University of Copenhagen and the Special Law Program, Columbia University, New York. **Holding:** 0 Shares.

**Peter Stensmar**

Born 1964.

**Elected to the Board in 2011.**

Deputy employee representative. Employed since 1994 and currently working as industrial tinsmith at Lindab Ventilation AB. Not pictured.

**Staffan Råberg**

Born 1947.

**Elected to the Board in 2004.**

Deputy employee representative. Employed since 1988 and currently working with internal sales at Lindab Steel AB. Has professional qualifications in engineering. Not pictured.



# Group management

## 1 David Brodetsky

Born 1955.

**President and CEO.**

Employed since 2005.

**Holding:** 55,700 shares 118,750 share warrants.

## 3 Nils-Johan Andersson

Born 1962.

**Manager Ventilation business area.**

Employed since 1999.

**Holding:** 144,295 shares 65,000 share warrants.

## 5 Christina Imméll

Born 1964.

**HR Director.**

Employed since 2010.

**Holding:** 0 shares 39,000 share warrants.

## 2 Per Nilsson

Born 1974.

**CFO.**

Employed since 1999.

**Holding:** 3,000 shares 29,913 share warrants.

## 4 Peter Andsberg

Born 1966.

**Manager Building Components business area.**

Employed since 1990.

**Holding:** 39,000 share warrants. 100,000 shares and 38,375 share warrants through legal entities.

## 6 Carl-Gustav Nilsson

Born 1950.

**Chief legal Counsel.**

Employed since 2002.

**Holding:** 110,700 shares 77,375 share warrants.





## Auditors

### Bertel Enlund

Born 1950.

**Authorised Public Accountant, Ernst & Young AB, Gothenburg.**

Auditor to Lindab since 2010.

Extensive experience of auditing listed companies.

Not pictured.

### Staffan Landén

Born 1963.

**Authorised Public Accountant, Ernst & Young AB, Gothenburg.**

Auditor to Lindab since 2010.

Extensive experience of auditing listed companies.

Not pictured.

