

# Corporate Governance Report

**Lindab International AB (publ) 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 Code"). 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 on the Articles of Association, the Companies Act, the Annual Accounts Act, the Board's rules of procedure, the regulations of Stockholm Stock Exchange, the Code and other applicable Swedish laws and regulations.

## Deviations

Companies that apply the Code may deviate from individual rules. In 2013, Lindab has applied the Code with the following exception:

The Code states, for example, that Board members may be included in the Nomination Committee, but they must not constitute a majority of the Nomination Committee's members. Lindab's Nomination Committee consists of five members, three of whom are Board members. Consequently this is a deviation from the Code. One of these members is the Chairman of the Board and two of the members represent Lindab's two largest shareholders. Lindab deems it appropriate for these representatives to contribute to the work of the Nomination Committee as well as that of the Board.

## 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 the number of shares, only one class of shares, is 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. Lindab holds 2,375,838 treasury shares. The number of outstanding shares is therefore 76,331,982. Lindab has no voting rights for the repurchased shares. There were 7,036 shareholders (6,328) at 31 December 2013. The four largest shareholders in relation to the number of outstanding shares were Systemair AB with 12.2 percent (12.0), Creades with 10.3 percent (12.2), Lannebo fonder with 7.8 percent (9.0) and Livförsäkringsaktiebolaget Skandia with 8.6 percent (8.8). Systemair are considered to be a related party to the company and transactions with them are reported in note 29. More information about Lindab's shareholders and the share development in 2013 can be found on pages 44–45.

## Annual General Meeting 2013

The Annual General Meeting for the financial year 2012 was held on 15 May 2013 at the Lindab Arena in the municipality of Ängelholm. There were 220 shareholders in attendance. The minutes from the 2013 Annual General Meeting have been available on the company's website since 29 May 2013.

In addition to ordinary matters, the 2013 Annual General Meeting adopted decisions regarding:

- Re-election of the Chairman of the Board, Kjell Nilsson, and re-election of the Board members Sonat Burman-Olsson, Stefan Charette, Erik Eberhardson, Gerald Engström and Birgit Norgaard.

- Guidelines for the appointment of the Nomination Committee.
- Guidelines for remuneration for senior executives.
- Election of the auditors.
- Authorisation for the Board to decide upon the transfer of treasury shares.

## Annual General Meeting 2014

The annual General Meeting for the financial year 2013 will be hosted at 14:00 on 29 April 2014 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. It will be announced in Dagens Industri that the notice to attend has been given. Shareholders wishing to participate in the meeting must be entered into the company's share register five working days before the meeting, i.e. 23 April 2014, and must notify the company of their wish to participate as specified in the notice to attend the 2014. 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 11 March 2014.

## Nomination Committee

At the 2013 Annual General Meeting, it was decided that the company shall have a Nomination Committee consisting of at least five members, one of whom will be the Chairman of the Board. At the end of the third quarter in 2013, the Chairman of the Board was instructed to contact the four largest identified shareholders in the Company to request the immediate appointment of their representative to the Nomination Committee. The Nomination Committee shall be chaired by the member appointed by the largest shareholder in the event that the Nominating Committee does not agree otherwise. The mandate period for the Nomination Committee runs until a new Nomination Committee has been appointed.

A Nomination Committee was formed on 3 October 2013 consisting of:

- Caroline af Ugglas, representative for Livförsäkringsaktiebolaget Skandia, Chairwoman
- Stefan Charette, representative for Creades AB
- Gerald Engström, representative for Systemair AB
- Kjell Nilsson, Chairman of the Board
- Peter Rönström, representative for Lannebo fonder

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 2014 Annual General Meeting with regards to:

- election of Chairman for the 2014 Annual General Meeting
- election of the Board of Directors and Chairman of the Board of Directors
- election of auditors
- fees for the Board of Directors and auditors
- Composition of the Nomination Committee ahead of the 2015 Annual General Meeting.

The Nomination Committee has held three minuted meetings in 2013. In 2014, the Nomination Committee has held one minuted meeting prior to the 2014 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 (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 15 May 2013, that the Board of Directors will consist of six members without deputies. The company's CEO is the presenter to the Board of Directors. The composition and the members' various appointments are detailed on page 55 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 CEO, 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 CFO, Per Nilsson, has been present at Board meetings, as well as the secretary of the Board of Directors, General Counsel Carl-Gustav Nilsson, who has taken the minutes.

In 2013, the Board of Directors met fourteen times, including five additional meetings. At each scheduled meeting, the financial performance was reported and followed up. The Board held one meeting with the auditors, without the executive management present, to review the co-operation 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 and the CEO was undertaken in 2013. The evaluation determined that the CEO and Board of Directors perform their duties well.

### Remuneration of the Board of Directors

At the Annual General Meeting on 15 May 2013, fees totalling SEK 2,200,000 were established, allocated as follows: SEK 650,000 to the Chairman of the Board, SEK 300,000 to each of the other elected Board members and SEK 25,000 to each of the Employee representatives.

### Remuneration Committee

The duties of the Remuneration Committee are fulfilled by the Board of Directors as a whole since this is deemed appropriate with regard to their importance. No separate fee is paid for the Remuneration Committee as it consists of Board of Directors in its entirety.

### Key issues at each Board meeting:

- |               |  |
|---------------|--|
| – 5 February  | Organisational change  |
| – 12 February | Year-end report, auditors' report (present), financing issues, proposals for the Annual General Meeting        |
| – 7 March     | Annual Report  |
| – 18 March    | Organisational change  |
| – 5 April     | Notice to attend the Annual General Meeting  |
| – 25 April    | Interim report, investments, properties  |
| – 15 May      | Performance review, acquisitions issues, forecast, remuneration issues   |
| – 15 May      | Post-electoral Board meeting   |
| – 25 June     | Performance review, auditing matters, strategy, investments, properties, sustainability issues                 |
| – 18 July     | Interim report   |
| – 5 Sept      | Performance review, forecast, organisational change, acquisitions  |
| – 17 Sept     | Organisational change  |
| – 28 Oct      | Performance review, interim report, internal control, financing matters, remuneration issues, Board evaluation |
| – 12 Dec      | Performance review, budget, market review, investments, remuneration issues, financing matters                 |

### Audit Committee

Furthermore, the issues assigned to an Audit Committee are exercised by the Board of Directors in its entirety. The Board of Directors therefore ensures the quality of the financial statements, maintains ongoing contact with the auditors, evaluates the auditing work, assists the Nomination Committee during its preparations for the election of auditors, ensures that the company has a proper system for internal control, risk management and manages other related issues. Sonat Burman-Olsson is an independent expert regarding accounting and auditing matters. No separate fee is paid for the Audit Committee as it consists of Board of Directors in its entirety.

### Auditors

At the 2013 Annual General Meeting, Ernst & Young were appointed to be the company's auditors. The authorised public accountant Staffan Landén was appointed lead auditor. Staffan Landén is also commissioned by other listed companies, but this does not encroach on the time necessary to carry out his work for Lindab. The auditors and the lead auditor Staffan Landén 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.

### The Board of Directors and the breakdown of its fees

Name	Function	Presence 14 meetings	Elected Year	Company	Ownership	Board fees
Kjell Nilsson	Chairman	14	2012	Independent	Independent	650,000
Pontus Andersson <sup>1)</sup>	Member	14	1995			25,000
Sonat Burman-Olsson	Member	12	2011	Independent	Independent	300,000
Stefan Charette	Member	13	2012	Independent	Dependent	300,000
Erik Eberhardson	Member	11	2009	Independent	Independent	300,000
Gerald Engström	Member	13	2012	Independent	Dependent	300,000
Markku Rantala <sup>1)</sup>	Member	14	1998			25,000
Birgit Norgaard	Member	12	2012	Independent	Independent	300,000
<b>Total</b>						<b>2,200,000</b>

<sup>1)</sup> Employee representatives replaced by deputies when absent.

### Auditors' fees

For 2013, the auditors' fees paid to Ernst & Young amounted to SEK 0.4 m for the parent company and SEK 6.6 m for the Group. In addition, their fees for other services in the Group amounted to SEK 2.1 m. Services have included advice on tax matters plus investigations into certain accounting matters.

### Rules of procedure

At the Annual General Meeting on 15 May 2013, the Board of Directors adopted rules of procedure for determining the distribution of duties between the Board of Directors and its members, the Chairman's role, decision-making procedures and issues regarding financial reporting and internal control. The rules of procedure include the CEO's instructions for the clarification of the CEO's duties and responsibilities.

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

### Code of Ethics

For Lindab and all employees, it is important that laws, regulations and ethical values are respected and followed. Lindab has insured itself of this through Lindab's Code of Ethics, which is monitored continuously.

### 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 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 prevents violations of competition law.

### Environmental Policy

An international Environmental Policy governs environmental issues, which is reported on page 113.

### Occupational, Safety and Health Policy

The work environment policy is in line with Lindab's efforts to provide a good and safe working environment. The policy provides a clear message regarding the issue of responsibility and that prevention is the key to maintaining a safe work environment.

### Treasury Policy

The policy is intended to define the framework for the Lindab Group's financial risk management and transactions. These issues are managed centrally by the Group's treasury function in order partly to minimise costs.

### SR Policy

Lindab has adopted a number of policies and guidelines concerning social responsibility under the collective name Lindab Life.

### The CEO and Group management

David Brodetsky resigned as President and CEO on 6 February 2013. Anders Berg became the new President and CEO on 18 March 2013. The General Counsel, Carl-Gustav Nilsson, was appointed acting President and CEO from 6 February 2013 until 18 March 2013. In addition to the President and CEO, the Group management for the whole of 2013 included the General Counsel, Carl-Gustav Nilsson, and Chief Financial Officer, Per Nilsson. In September 2013, Lindab implemented an extensive reorganisation that partly involved the abolition of the Ventilation and Building Components business areas. In the period prior to that, the Business Area Managers, Nils-Johan Andersson, Peter Andsberg and Hans Berger were also included in the Group management.

Since the reorganisation the Group management has comprised the President and CEO, Chief Financial Officer and General Counsel. There is also an operational management team, which in addition to Group management comprises the functions: Production, Purchasing, the Building Systems division, market/product areas, capital efficiency/lean plus four sales regions. The company's organisation ensures that the decision-making paths are short.

# Overview of Governance in the Lindab 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 usually takes place during April or May in Ängelholm. The meeting decides upon matters referred to in the Companies Act or the Company Code.

## Nomination Committee

The Nomination Committee submits proposals to the Annual General Meeting regarding the election of the Chairman of the Meeting, the Board of Directors, the Chairman of the Board, the auditors, fees for the Board and auditors as well as the composition of the Nominating Committee for the next Annual General Meeting.

## Auditor

Lindab's elected auditors review the company's Annual Report and accounts as well as the management of the Board of Directors and the CEO. The auditors work according to an audit plan and report their findings to the Group management throughout the year and at least 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.

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

The Board of Directors consists of six elected members plus two employee representatives. The employees have also appointed two deputies to the Board of Directors. The CEO is the spokesperson for the Board of Directors. The Group's CFO participates in Board meetings, as does the Group's General Counsel who is also secretary to the Board of Directors. The Board as a whole constitutes both the Remuneration Committee and the Audit Committee.

## The Chairman's responsibilities

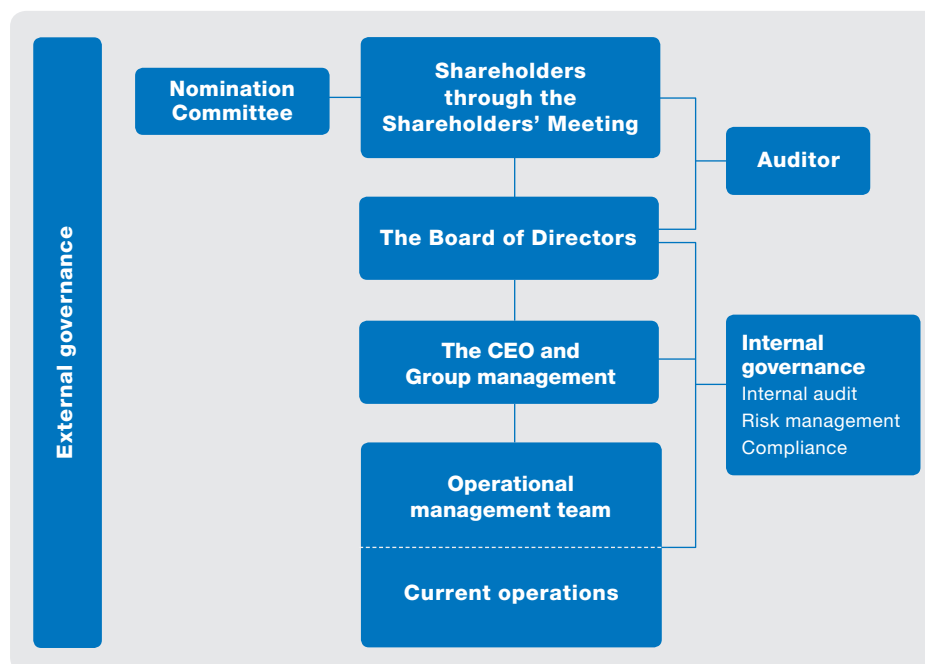
The Chairman leads the Board's work and follows its activities in dialogue with the CEO and is responsible for other Board members receiving the information and documentation necessary for high quality discussions and decisions. The Chairman represents the company in matters regarding ownership.

## 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 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 CEO's work through continuous monitoring of operations.

## The Board's responsibility for the financial statements

The Board of Directors ensures the quality of the internal financial statements through directing the CEO, 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 detailed discussion of interim reports, Annual Report and year-end report at Board meetings and during reviews with the auditors.



## Operational management team

The CEO and Group management has appointed an operational management team of twelve people with ongoing responsibility for various parts of the business.

## Internal governance

The internal corporate governance includes the adopted rules of procedure together with instructions and policies.

### Internal audit

Lindab has an Internal Control function which reports regularly to the Group management, which in turn reports to the Board of Directors. The Internal Control is intended 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.

### Risk management

Lindab's risk management is conducted in accordance with Enterprise Risk Management, which is a structured and effective way of working with the Group's risks. The various risks are reported, monitored and controlled through established procedures and processes and this is of great importance for creating sustainable and profitable growth. Read more about the risk management process on page 42.

### Compliance

An important aspect of the management of the Group is Lindab's work within social responsibility under the name Lindab Life. Lindab Life summarises how Lindab should behave towards customers and other partners, employees and society. Lindab Life also concentrates on Lindab's initiatives and focus on continuous environmental improvements. Lindab's values have been translated into various policies and regulations that Lindab must follow, with Lindab's Code of Ethics as the principal policy document addressing business ethics among other issues. Read more about Lindab Life on page 38.

## External governance

The external rules concerning Lindab's corporate governance include the Companies Act, the Annual Accounts Act, other relevant legislation, regulations for issuers for the NASDAQ OMX Stockholm plus the Code.

# Remuneration to senior executives

## Remuneration principles

At the 2013 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, facilitate recruitment and motivate 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 aforementioned 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 therefore have a fixed ceiling not exceeding 50 percent of the fixed salary. 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. The Board of Directors has not exercised this mandate in 2013.

Remuneration and other benefits for the Group management are shown in the table on the right. A further SEK 4.4 m has been recorded relating to social security contributions including special employer's contributions on pensions.

## Remuneration of the CEO

For the period from 18 March 2013 to 31 December 2013, Anders Berg's fixed salary in 2013 was SEK 2,850,000. Anders Berg may also receive a variable salary of up to 50 percent of the fixed salary. The right to pension contributions amounts to 30 percent of the fixed salary. In addition, Anders Berg has the right to free flat near the office, a free car and certain other benefits. What Anders Berg received in 2013 is shown in the separate table. The employment runs with a notice period of one year from the company and six months from Anders Berg. During the notice period, Anders Berg is entitled to retain his salary and employee benefits excluding variable salary. Anders Berg is bound by a non-competition clause for two year from the termination of employment, during which he is entitled to remuneration of up to 60 percent of the fixed salary.

## Remuneration to Group management in general

For the full-year 2013, the Group management included the General Counsel, Carl-Gustav Nilsson, and Chief Financial Officer, Per Nilsson with Anders Berg included since 18 March 2013. Nils-Johan Andersson, Peter Andsberg and Hans Berger were included in the Group management until September 2013. The remuneration to Group management follows the guidelines adopted by the Annual General Meeting. The employment contracts contain notice periods of 12–18 months for the company and six months for the employees and are bound with non-competition clauses. The costs for the dismissal of Nils-Johan Andersson and Peter Andsberg as a result of the reorganisation are shown in a separate table.

## Incentive programme

The Annual General Meetings in 2011 and 2012 decided to introduce long-term incentive programmes in the form of performance-based share savings programmes for each year. Participation in the programmes required participants to make a personal investment in Lindab shares. Participation entitles the holder to receive new shares, provided that certain requirements are met. Performance is measured in the financial years for 2013 and 2014 and compared to the outcomes for financial years for 2010 and 2011 respectively. There are 58 participants

## Remuneration and other benefits for the Group management 2013

SEK	Anders Berg*	Remuneration of other Group management**	Total
Fixed salary incl. holiday pay	2,876,482	8,992,970	11,869,452
Variable salary	378,000	901,325	1,279,325
Pension expenses	810,006	2,528,210	3,338,216
Benefits	169,099	471,366	640,465
<b>Total</b>	<b>4,233,587</b>	<b>12,893,871</b>	<b>17,127,458***</b>

\*) Expenses attributable to Anders Berg relate to the period from 18 March until 31 December.

\*\*) Remuneration to Hans Berger, Peter Andsberg and Nils-Johan Andersson relates to the period up to 16 September.

Costs relating to the dismissal of Peter Andsberg and Nils-Johan Andersson are not included in the remuneration of Group management stated in the above table.

## Costs resulting from the dismissal of Business Area Managers Peter Andsberg and Nils-Johan Andersson

SEK	Total
Fixed salary incl. holiday pay	12,075,912
Variable salary	660,526
Pension expenses	2,352,945
Benefits	364,039
<b>Total</b>	<b>15,453,422***</b>

\*\*\*) The above amount does not include social security contributions or special employer's contributions.

remaining in the initial programme, who have invested in a total of 39,341 shares. The allocation of 39,341 matching shares will be transferred to the participants. The total cost for the programme is estimated at approximately SEK 3 m. Settlement will take place during the second quarter of 2014. There are 52 participants remaining in the second programme, who have invested in a total of 56,350 shares. On maximum allocation, 242,200 Lindab shares will be transferred to the participants. The total cost for the programme is estimated at approximately SEK 4 m. Settlement will take place during the second quarter of 2015. The incentive programme initiated in 2010 included share warrants entitling the holder to subscribe for one share in Lindab International AB between the period 01/06/2012 and 31/05/2013. No shares were subscribed for as the share price during the conversion period was lower than the conversion rate.

The Board proposed no incentive programme for the Annual General Meeting in 2013.

## Evaluation

The Board has monitored and evaluated the company's programmes for variable remuneration to the Group management, the application of the guidelines for remuneration to senior executives and the relevant remuneration structures and levels in the company. The variable remuneration to the executive management has been found to be appropriate and in accordance with the guidelines established by the Annual General Meeting. The application of the guidelines for remuneration to senior executives has also been correct and it is the Board's verdict that remuneration for senior executives provides a good balance for motivating employees and providing compensation in a competitive manner. The remuneration structures and levels in the company are therefore well balanced and market-based.



# The Board of Directors' Report on Internal Control

## The Board of Directors' Report on Internal Control for the Financial Year 2013

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 of Directors has established a number of fundamental documents that are important for the financial statements. These specifically include the Board of Directors' rules of procedure, instructions for the CEO and the committees. The primary responsibility for enforcing the Board's instructions regarding the control environment resides with the CEO. He reports regularly to the Board of Directors as part of established procedures. 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 evaluat-

ing and limiting risks and for ensuring that the risks to which Lindab is exposed to are managed in accordance with determined policies, instructions and established follow-up procedures. 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 procedures 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 perform an evaluation of their own reporting. The continual analysis made of the financial statements and 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 governed notably by the Information Policy, which describes Lindab's general principles for the release of information.

## Follow up

The Group's compliance with the adopted policies and guidelines is followed-up by the Board of Directors and the Group 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 state-

ments and internal control. The Board as a whole constitutes both the Remuneration Committee and the Audit Committee.

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 the management of each business area. The external auditors' tasks include an annual review of the internal control in Group companies. The auditors normally attend Board meetings twice a year and report their findings from the review of internal control, the review of the third quarter financial statements and the review of the annual accounts.

#### Internal audit

Lindab has an internal audit function that is integrated within Group Finance. The function reports continuously to Lindab's Group management, which in turn reports to Lindab's Board of Directors in its capacity as the Audit Committee. The direction and scope of the internal audit is determined by the Board of Directors. In 2013, the function has con-

tinued 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. Where control measures involve visits to subsidiaries, these activities are carried out according to an established and developed control process, which has been continuously developed during the year in order to optimise the approach and the provision of worthwhile reports. 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 internal and external business 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, 17 February 2014

The Board of Directors of Lindab International AB

## Auditor's Report on the Corporate Governance Statement

### To the Annual General Meeting of Lindab International AB,

corporate identity number 556606-5446

The Board of Directors is responsible for the corporate governance report for the year 2013 on pages 47–53 and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

We have read the corporate governance report and, based upon the reading and our knowledge of the company and the Group, we believe that we have a sufficient basis for our opinions. This means that our statutory examination of the corporate governance report is different

and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.

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

Båstad, 18 February 2014

Ernst & Young AB

Staffan Landén  
Authorised Accountant

# The Board of Directors

**The Board of Directors consists of** six members, elected by the Annual General Meeting and two employee representatives. No changes were made to the composition in 2013.



1. Kjell Nilsson
2. Birgit Nørgaard
3. Pontus Andersson
4. Erik Eberhardson
5. Gerald Engström
6. Markku Rantala
7. Sonat Burman-Olsson
8. Stefan Charette



## Kjell Nilsson

Born 1948.

**Elected to the Board in 2012, independent.  
Chairman of the Board since 2012.**

Kjell Nilsson was previously President and CEO of Semcon AB, Boliden AB and Trelleborg AB. He is the Chairman of Semcon AB. Board member of Choice Hotels AS, Home Properties AB and Home Invest AS.

**Main qualifications:** Economics and Business Studies Graduate from the School of Business, Economics and Law, University of Gothenburg.  
**Holding:** 10,000 shares.

## Birgit Nørgaard

Born 1958.

**Elected to the Board in 2012, independent.**

During the period 2006–2010, Birgit Nørgaard was CEO of the engineering consultancy company Grontmij, Carl Bro A/S and COO of Grontmij N.V. From 2003–2006 she was CEO of Carl Bro Group A/S. Her experience also includes Vice President at TDC Mobile International and Executive Vice President of Danisco Distillers. Birgit Nørgaard is Chairman of the Board of NNE Pharmaplan A/S, and is Board member of, notably, IMI Plc, WSP Global inc., Danish Growth Capital, DSV A/S and Xilco Holding (CH) AG.

**Main qualifications:** M.Sc. Economics and MBA, INSEAD.  
**Holding:** 0 shares.

## 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.

## Erik Eberhardson

Born 1970.

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

Vice Chairman and founder of Ferronordic Machines AB and Scandsib Holdings Ltd. Has extensive operational experience from Russia and Ukraine. President of Volvo Ukraine LLC during the period 1996–2000 and of Volvo Construction Equipment in the CIS countries 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:** MBA plus Engineering Physics at KTH  
**Holding:** 0 shares.

## Gerald Engström

Born 1948.

**Elected to the Board in 2012, dependent of the shareholder Systemair AB.**

Board member as well as President and CEO of Systemair, and Chairman of Bluefish Pharmaceuticals AB.

**Main qualifications:** Upper secondary school qualification in Engineering, Business studies at Stockholm University.  
**Holding:** 14,501 shares and indirectly 800,000 shares through Färna Invest AB and 9,150,000 shares through Systemair AB.

## 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.

### Suppleanter

## Peter Stensmar

Born 1964.

**Elected to the Board in 2011.**

Deputy employee representative. Employed since 1994 and currently working as an industrial sheet metal worker at Lindab Ventilation AB. Not pictured.

**Holding:** 400 shares.

## Sonat Burman-Olsson

Born 1958.

**Elected to the Board in 2011, independent.**

Appointed President and CEO of COOP Sverige AB commencing in May 2014. Deputy CEO and CFO of ICA Group from 2007 until 2013. Before joining ICA, Sonat Burman-Olsson was Vice President of the 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.

**Main qualifications:** BBA and Executive MBA.  
**Holding:** 0 shares.

## Stefan Charette

Born 1972.

**Elected to the Board in 2012, dependent of the shareholder Creades AB.**

Stefan Charette is CEO of the investment company Creades AB. He was previously CEO of Investment AB Öresund, AB Custos and Brokk Group.

Stefan Charette is Chairman of the Board of Athanase Capital Partners AB, Concentric AB and NOTE AB, as well as Board member of Creades AB, Haldex AB and Transcom S.A.

**Main qualifications:** M.Sc. Mathematical Finance, B.Sc. Electrical Engineering.  
**Holding:** 95,453 shares.

## Sandra Philipsson

Born 1982.

**Elected to the Board in 2012.**

Deputy employee representative. Employed since 2006 and currently working as design manager at Lindab Profil AB. Sandra is a mechanical engineer. Not pictured.

**Holding:** 50 shares.

# Group management

**In the autumn of 2013**, Lindab introduced a new organisational structure to place greater focus on local business and thereby strengthen the Group's offering. Following the change, the Group management comprises the President and CEO, Chief Financial Officer and General Counsel. In addition, a new operational management team for the Group has been appointed comprising the Group management plus nine senior executives, all of whom have been recruited internally.



Anders Berg

Born 1972.  
**President and CEO.**  
Employed since 2013.  
**Holding:** 32,700 shares.



Per Nilsson

Born 1974.  
**CFO.**  
Employed since 1999.  
**Holding:** 4,800 shares.



Carl-Gustav Nilsson

Born 1950.  
**General Counsel.**  
Employed since 2002.  
**Holding:** 110,700 shares.

## Auditors

Ernst & Young AB

### Lead auditor

Staffan Landén

Born 1963.  
**Authorised Public Accountant, Ernst & Young AB, Gothenburg.**  
Auditor to Lindab since 2010. Extensive experience of auditing listed companies.