

# Board report on internal control

## Board report on internal control for 2007

This report has been prepared in accordance with the Swedish Code of Corporate Governance, the guidelines issued by FAR SRS (the professional institute for authorised public accountants in Sweden) and Svenskt Näringsliv (the Confederation of Swedish Enterprise), and the application of the transition rules announced by the Swedish Corporate Governance Board on 15 December 2005. This means that this report is limited to a description of how internal control over financial reporting is organised.

## Control environment

The procedural plan for the Board and instructions for the President and Board committees ensure a clearly defined division of roles and responsibilities that promotes effective management of the company's risks. Furthermore, the Board has established a number of normative documents for internal control and emphasises the importance of having clear written instructions and policies that also apply to the Group's subsidiaries. The executive management regularly reports to the Board according to established routines and is responsible for managing significant risks in day-to-day operations. This includes guidelines that promote an understanding and awareness among the various executives for the importance of their respective roles in maintaining good internal control.

## Risk assessment and control activities

The company has formulated a model for assessing the risk for irregularities in the financial reporting in which a number of areas with a heightened risk for errors have been identified. Special attention will be given to the creation of controls to prevent and detect deficiencies in these areas. Areas where material deficiencies are noted are dealt with immediately.

## Information and communication

Significant guidelines, manuals, policies, etc., of relevance for financial reporting are continuously updated and communicated to the appropriate employees. There are both formal and informal communication paths to the management and Board for significant information from the employees. For external communication, there are guidelines to ensure that the company lives up to the highest demands regarding complete and accurate transparency towards the market.

## Monitoring

The Board and its audit committee continuously monitor and evaluate the information provided by the Executive Management. This includes ensuring that action is taken with respect to the deficiencies and recommendations identified in internal and external audits.

## Internal audit

So far, the company has not found sufficient reason to set up an internal audit function.

This report is not part of the formal annual report and has not been audited by the company's auditors.

Göteborg, 22 February 2008

Patrik Tigerschiöld  
Chairman

Håkan Larsson

Björn Björnsson

Ann-Sofi Lodin

Kjell Duveblad