

# CORPORATE GOVERNANCE REPORT 2021

## SWEDISH CORPORATE GOVERNANCE CODE AND ITAB CORPORATE GOVERNANCE REPORT

ITAB Shop Concept AB (publ) is a Swedish registered limited liability company, whose overall ambition is to create long-term value for shareholders and other stakeholders. The ITAB share is listed on Nasdaq Stockholm in the Mid Cap segment.

ITAB applies the Swedish Corporate Governance Code (hereinafter referred to as the "Code"). The Code is a component of self-regulation within the Swedish business sector and is based on a "comply or explain" principle. This means that a company that applies the Code may deviate from individual rules if it is deemed to result in better corporate governance, but must then explain the reasons for each deviation reported.

This Corporate Governance Report for the 2021 financial year describes ITAB's corporate governance, management and administration as well as internal controls of financial reporting, and is prepared in accordance with the Code's recommendations. The Corporate Governance Report constitutes part of the formal annual report documentation and was reviewed by the company's auditors pursuant to Swedish Annual Accounts Act.

## CORPORATE GOVERNANCE, DIVISION OF RESPONSIBILITIES AND ARTICLES OF ASSOCIATION

Good corporate governance involves ensuring that companies are managed sustainably, responsibly and as efficiently as possible for the shareholders. Trust among legislators and in society that companies are acting responsibly is crucial to the freedom of companies to realise their strategies in order to create value. Trust among existing and potential investors that this is taking place is decisive for their interest in investing in the companies. In this way, the business sector's freedom to develop and its supply of venture capital and expertise are safeguarded.

The aim of corporate governance in Swedish listed companies is to create a clear division of roles and responsibilities between shareholders, the Board of Directors, Board committees and executive management, and it is regulated by a combination of written rules and practices. At first instance, ITAB is to apply the Swedish Companies Act and the rules that apply in the regulated market in which the company's shares are listed for trading (Nasdaq Stockholm) as well as best practices in the stock market. The disclosure requirements to which ITAB is subject are found in the Rule Book for Issuers published by Nasdaq Stockholm, and the Code is a component of this

regulatory framework. At the same time, ITAB shall, in the course of its operations, abide by the provisions stipulated in the company's Articles of Association, which can be found in their entirety on ITAB's website, itabgroup.com.

### Deviations from the Code

There are no deviations from the Code to report for 2021.

### ITAB'S CORPORATE GOVERNANCE STRUCTURE

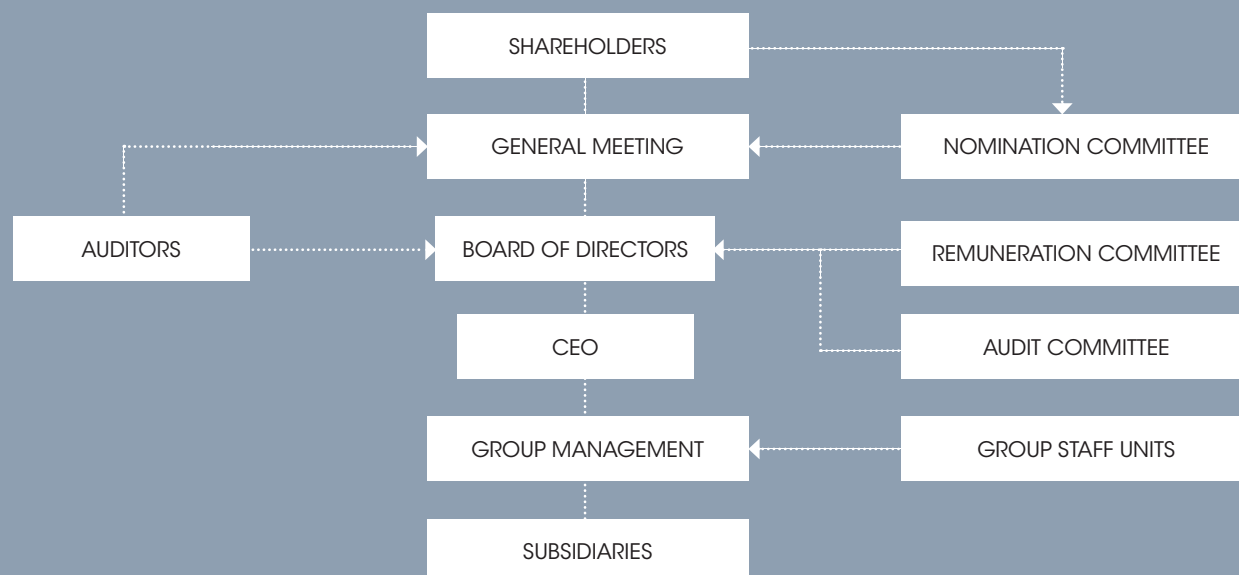
The Swedish Companies Act states that there should be three decision-making bodies in the company: the general meeting of shareholders, the Board of Directors and the CEO. There must also be an inspection body - an auditor that is appointed by the AGM. The Act specifies the duties of each body and the responsibility of the individuals included in the company's bodies.

Refer to pages 30-31 for information about the ITAB share and ownership structure.

### ANNUAL GENERAL MEETING (AGM)

The AGM is the highest decision-making body through which shareholders exercise their influence over the company. The body is superior in relation to the company's Board of Directors and CEO. According to the Articles of Association, no-

## CORPORATE GOVERNANCE



- fices to attend a general meeting shall be published by means of an announcement in Post- och Inrikes Tidningar (Official Swedish Gazette) and on the company's website. Information that a notice has been issued must be announced in Dagens Industri. The statutory AGM passes resolutions on the adoption of annual accounts and consolidated accounts, discharge the Board of Directors and CEO from liability, appropriation of profits for the past year, election of the Board and, when required, auditors, and other matters in accordance with the Swedish Companies Act and the Articles of Association.

All shareholders registered in the shareholders' register and who have given notice of attendance may participate in the meeting and vote according to the number of shares owned. Shareholders who are unable to attend in person may exercise their rights by proxy. The company does not apply any special arrangements regarding the function of the general meeting due to provisions in the Articles of Association or, insofar as is known to the company, due to shareholder agreements.

#### Extraordinary General Meeting 2021

ITAB held an Extraordinary General Meeting on Friday, 15 January 2021. Due to precautionary measures related to the COVID-19 pandemic, the meeting was held without the physical attendance of shareholders, proxies and external representatives, and shareholders could only exercise their voting rights by post prior to the meeting, in accordance with Sections 20 and 22 of the Act on Temporary Exemptions to Facilitate the Execution of General Meetings in Companies and Associations (2020: 198). Slightly more than 270 million votes were cast ahead of the meeting, corresponding to approximately 90 percent of the total number votes in company at that time.

The general meeting resolved, among other things, to authorise the Board to implement the proposed offset issue and rights issue as part of ITAB's recapitalisation (see pages 35-36 for further information). It also resolved that the Articles of Association's limit on the number of Board members and deputies be amended to allow for a maximum of nine members, with no more than nine deputies. Vegard Søråunet was elected as a new Board member.

#### Annual General Meeting 2021

ITAB's AGM was held on Tuesday, 11 May 2021. Due to precautionary measures related to the COVID-19 pandemic, the meeting was held without the physical attendance of shareholders, proxies and external representatives, and shareholders could only exercise their voting rights by post prior to the meeting, in accordance with Sections 20 and 22 of the Act on Temporary Exemptions to Facilitate the Execution of General Meetings in Companies and Associations (2020: 198). Slightly more than 150 million votes were cast ahead of the meeting, corresponding to approximately 69 percent of the total number shares and votes in the company.

The following main resolutions were passed:

- Discharge from liability for the Board of Directors, CEO and Vice President for their adminis-

tration in the 2020 financial year.

- Re-election of Board members Anna Benjamin, Jan Frykhammar, Petter Fägersten, Eva Karlsson, Anders Moberg, Roberto Monti, Fredrik Rapp, Vegard Søråunet and Ruthger de Vries.
- Anders Moberg was re-elected as Chairman.
- Ulf Hedlundh (Chairman), Fredrik Rapp and Per Rodert were elected to the Nomination Committee.
- The registered auditing company Ernst & Young AB was elected as auditors, with authorised public accountant Joakim Falck as auditor in charge.
- Fees to the Board of Directors and auditors, and the Remuneration Report 2020, as well as updated guidelines for remuneration to senior executives were adopted.
- Authorisation to the Board to decide on the purchase and conveyance of own shares.
- Authorisation of the Board to decide on new issues of shares up to a maximum of 10 percent of the company's outstanding shares.

#### ANNUAL GENERAL MEETING 2022

ITAB's AGM will be held on Tuesday, 10 May 2022 in Jönköping, Sweden. Further information can be found on page 91.

#### NOMINATION COMMITTEE

In accordance with Code, ITAB shall have a Nomination Committee. The Nomination Committee is the general meeting's body for proposals to the meeting's decisions regarding appointment issues in order to provide good conditions for the meeting's decisions on these issues.

The 2021 AGM appointed Ulf Hedlundh, Fredrik Rapp and Per Rodert as members of the Nomination Committee in preparation for the 2022 AGM, with Ulf Hedlundh as Chairman. The members of the Nomination Committee were appointed for the period up to and including the 2022 AGM. In the event that a member steps down from the Nomination Committee before its work is completed, the remaining members are tasked with appointing a new member.

Ahead of the AGM 2022, the Nomination Committee is assigned with preparing and presenting proposals for the Chairman of the Meeting, Board members and the Chairman of the Board, fees to members of the Board and committees, and where applicable, the election of and fees to auditors. The Nomination Committee shall in other respects fulfil its tasks in accordance with the Code. In its assessment of the Board's evaluation and in its proposals, the Nomination Committee shall pay particular attention to the requirement for diversity and breadth in the Board and strive for an even gender distribution in accordance with the diversity policy according to rule 4.1 in the Code. The Nomination Committee's proposals shall be included in the notice to attend the 2022 AGM. In conjunction with the Board issuing the notice to attend the AGM, the Nomination Committee shall ensure that the company publishes the Nomination Committee's proposals and reasoned statement as well as information about how the Nomination Committee has conducted its work on ITAB's website, itabgroup.com.

For the Nomination Committee's work, a fee of SEK 30,000 shall be paid to the Chairman and SEK 15,000 to each of the other members.

Ahead of the 2022 AGM, the Nomination Committee has evaluated relevant aspects of Board's work and, to date, has held five minuted meetings with all members present, and had several other contacts.

#### BOARD OF DIRECTORS

The tasks of the Board of Directors are to manage the company's affairs on behalf of the shareholders. According to ITAB's Articles of Association, the Board of Directors must comprise at least three and at most nine Board members with no more than nine deputies.

#### Board members

At the end of 2021, the Board of Directors of ITAB Shop Concept AB consisted of nine regular members appointed by the AGM of 11 May 2021: Anders Moberg (Chairman), Anna Benjamin, Jan Frykhammar, Petter Fägersten, Eva Karlsson, Roberto Monti, Fredrik Rapp, Vegard Søråunet and Ruthger de Vries. A presentation of these Board members, including information about their other assignments, is presented on page 88 as well as on ITAB's website, itabgroup.com. The CEO and other officers of the Group participate in Board meetings, acting as rapporteur or in administrative functions.

All of the Board members are independent in relation to the company and its senior executives. Six of the Board members are independent in relation to the major shareholders. The Board thereby fulfils the requirements for independence pursuant to regulatory frameworks. The Articles of Association does not contain any special conditions for appointment and dismissal of Board members or change of the Articles of Association.

In accordance with the AGM's resolution in May 2021, Directors' fees totalled SEK 2,500,000, of which SEK 500,000 was paid to the Chairman of the Board and SEK 250,000 to each of the other Board members.

Refer also to page 45 for a summary of the Board members and their committee membership(s), attendance at Board meetings, independence and Directors' fees.

#### Chairman of the Board

The Chairman of the Board is tasked with ensuring that the Board's work is well organised and efficiently conducted, and that the Board fulfils its assignments. The Chairman shall, in particular, organise and lead the Board's work to create the best possible conditions for the Board's work. The Chairman is tasked with ensuring that new Board members participate in requisite introductions and other training that the Board's Chairman and Board member deem to be appropriate, that the Board continuously updates and deepens its knowledge of the company, that Board meetings are held when required and that satisfactory information and supporting material for decisions is obtained for its work, that the proposed agendas for Board meetings are adopted in consultation with the CEO, that the

Board's resolutions are implemented, and that the Board's work is evaluated annually. The Chairman is responsible for contacts with shareholders regarding shareholder issues and for conveying the views of shareholders to the Board.

#### Board duties

The Board of Directors has ultimate responsibility for the company's organisation and the administration of the company's affairs in the interests of the company and all shareholders, pursuant to the laws, ordinances and agreements that the company is subject to. The Board shall also, based on an analysis of the business environment, pass resolutions on strategic issues.

The Board annually adopts written rules of procedures that regulate the Board's work and its division of responsibilities, including its committees, decision-making bodies within the Board, the Board's meeting plan and the Chairman's tasks as well as instructions for the financial reporting. The Board has also issued instructions to the CEO, which includes decision authority for investments, corporate acquisitions and divestments as well as financing matters. The Board has also adopted a number of policies for the Group's operations, such as a Code of Conduct.

The Board monitors the CEO's work by continuously following up operations during the year and is responsible for ensuring that the organisation, management and guidelines for the administration of the company's affairs are appropriately structured and that company has good internal controls and efficient systems for the follow-up and control of the company's operations and compliance with laws and regulations that are applicable to the company's operations. The company's auditor attends at least one of the Board's meetings annually. On such occasions, the auditor's observations concerning the company's accounts, procedures and internal control are reported and reviewed.

The Board is also responsible for the determination, development and follow-up of the company's goals and strategy, decisions about acquisitions and divestments of businesses, major investments, repurchases of own shares as well as the appointment and remuneration of executive management. The Board of Directors and

CEO submit the annual accounts to the AGM.

Furthermore, the Board is responsible for preparing an annual Corporate Governance Report that shall include the Board of Directors' actions to follow up on internal controls related to the financial reporting and on how reporting to the Board has worked. The Corporate Governance Report shall be reviewed by the company's auditor. In connection with this, the Board shall annually assess and decide whether the company should have a special review function (internal audit). This decision shall be justified in the Corporate Governance Report.

The Board conducts an annual evaluation of its work, whereby a questionnaire is sent out to all its Directors. The results are compiled by the Chairman of the Nomination Committee, who then provides feedback to each Board member. The Board continuously evaluates the CEO's work.

Each Board member shall independently assess the matters that are to be addressed by the Board and request the information that the Board member deems necessary for the Board to make a well-informed decision. Each Board member shall continuously acquire knowledge of the company's operations, organisation, markets and similar information required for their assignment.

#### The Board's work

The Board's work follows an annual plan. In addition to the statutory meeting held in connection with the AGM, the Board normally meets seven times a year (regular meetings). Extraordinary meetings are convened as needed. Every meeting follows an agenda that is provided together with other underlying documentation to Board members prior to each Board meeting. Board resolutions are passed following a discussion led by the Chairman. Committees appointed by the Board are tasked with preparing matters for resolutions by the Board (see below).

The agenda of the statutory Board meeting includes adoption of the Board's rules of procedures, decisions about company signatories and the approval of minutes. The regular meeting held in February addresses the annual accounts, proposals on the appropriation of profits and the Year-End Report. In conjunction with this, the

company's auditors submit a report to the Audit Committee with their findings and assessments of the conducted audit. Every regular meeting generally includes several other fixed items for presentation, such as a report on the current financial outcome of the operations.

The Board held seven regular meetings, of which one was a statutory meeting, and five extraordinary Board meetings in 2021. The attendance at Board meetings and committee meetings is presented in the summary below. Essential subjects that have been discussed during the year include:

- Long-term goals for the operations
- Strategic direction for the operations
- Business plans, financial plans and forecasts
- Investments
- Long-term financing
- Policies and guidelines
- Risk management and internal control
- Interim reports and Annual Report
- Reports from the Board's committees
- Sustainability work
- External audit follow-up

#### Audit Committee

The Board of Directors has appointed an Audit Committee that, without impacting the Board's responsibilities and assignments in general, is to prepare the Board's work of quality-assuring the company's financial reporting, continually meet with the company's auditors to obtain information about the focus and scope of the audit as well as discuss coordination between the external audit and the internal control and views of the company's risks. The Audit Committee is also responsible for establishing guidelines regarding which services other than audits the company may procure from the company's auditors, evaluate the audit work and notify the company's Nomination Committee about the results of the evaluation as well as assist the Nomination Committee in preparing proposals for the election of auditors and the payment of fees for the audit work.

ITAB's Audit Committee comprises Jan Frykhammar (Chairman of the Committee), Anna Benjamin, Roberto Monti and Ruthger de Vries. All members of the committee are in-

## THE BOARD OF DIRECTORS' AND COMMITTEES' COMPOSITION, INDEPENDENCE, ATTENDANCE AND FEES 2021

Name	Assignment	Committee		Independent in relation to <sup>1)</sup>		Participation in			Directors' fees incl. committee fees (SEK)
		Remuneration	Audit	Company and executive management	Major shareholders	Board meetings (total number)	Remuneration Committee (total number)	Audit Committee (total number)	
Anders Moberg	Chairman	Chairman	-	Yes	Yes	12 (12)	3 (3)	-	540,000
Anna Benjamin	Board member	-	Member	Yes	Yes	12 (12)	-	6 (6)	280,000
Jan Frykhammar	Board member	-	Chairman	Yes	Yes	12 (12)	-	6 (6)	310,000
Petter Fögersten	Board member	-	-	Yes	No	12 (12)	-	-	250,000
Eva Karlsson	Board member	Member	-	Yes	Yes	12 (12)	3 (3)	-	280,000
Roberto Monti	Board member	-	Member	Yes	Yes	12 (12)	-	6 (6)	280,000
Fredrik Rapp	Board member	Member	-	Yes	No	12 (12)	3 (3)	-	280,000
Vegard Søraune <sup>2)</sup>	Board member	Member	-	Yes	No	12 (12)	3 (3)	-	280,000
Ruthger de Vries	Board member	-	Member	Yes	Yes	11 (12)	-	5 (6)	280,000

<sup>1)</sup> In accordance with the definitions of the Swedish Corporate Governance Code.

<sup>2)</sup> Elected to the Board on 15 January 2021.

- dependent of the company and its executive management as well as the company's major shareholders. Jan Frykhammar has financial reporting qualifications. The company thus fulfils the requirements of the Swedish Companies Act.

In 2021, the Audit Committee held six minuted meetings, and maintained ongoing contact with the company's auditors. The Audit Committee also had a number of contacts with Group management. In 2021, fees for the Audit Committee's work comprised SEK 60,000 to the Chairman of the Committee and SEK 30,000 to each of the other members.

#### Remuneration Committee

The Remuneration Committee's primary tasks are preparing the Board's decisions on issues regarding remuneration principles, remuneration and other terms of employment for executive management, monitoring and evaluating ongoing schemes and schemes concluded during the year regarding variable remuneration to executive management as well as monitoring and evaluating the application of the guidelines for remuneration to senior executives decided by the AGM as well as current remuneration structures and remuneration levels in the company. ITAB's Remuneration Committee has also been tasked with preparing issues regarding remuneration and other employment terms for the presidents of other companies in the Group.

The tasks of the Remuneration Committee include preparing the Board's decisions on proposals for guidelines for remuneration of senior executives, and drafting the Board of Directors' annual remuneration report on the application of the company's remuneration guidelines for approval at the AGM. The Board shall prepare proposals for new guidelines at least every four years, or before that if there is a need for significant adjustments, and present the proposal for resolution at the AGM. The guidelines shall apply until new guidelines have been adopted by an AGM. The current guidelines were adopted by the 2021 AGM (see Note 8). The Board does not intend to propose any adjustments to these guidelines prior to the 2022 AGM. The 2020 Remuneration Report adopted by the 2021 AGM is available on ITAB's website, itabgroup.com.

ITAB's Remuneration Committee comprises Eva Karlsson, Anders Moberg (Chairman of the Committee), Fredrik Rapp and Vegard Søråunet. The CEO is co-opted at committee meetings.

In 2021, the Remuneration Committee held three minuted meetings. During the year, fees for the Remuneration Committee's work comprised SEK 40,000 to the Chairman of the Committee and SEK 30,000 to each of the other members.

#### CEO AND GROUP MANAGEMENT

The CEO is appointed by the Board to be responsible for the company's day-to-day management in line with the Swedish Companies Act and within the framework established by the Board. The CEO's decision authority with respect to investments, corporate acquisitions and divestments as well as financing issues is subject to rules adopted by the Board. In consultation with Chairman of the Board, the CEO prepares the requisite

information and supporting material for decisions in advance of Board meetings, presents agenda items and motivate proposed resolutions. The current CEO, Andréas Elgaard, took up his position in September 2019.

The CEO leads the work of Group management and makes decisions in consultation with other members of senior management. ITAB's Group management comprises President & CEO Andréas Elgaard, Chief Financial Officer Ulrika Bergmo Sköld, Chief Operating Officer & Senior Vice President – SBU Lighting Jesper Blomquist, Senior Vice President – MBU South Europe Glauco Frascaroli, Senior Vice President – MBU North Europe Roy French, Senior Vice President – Group Strategy & Transformation & SBU Retail Technology Nick Hughes, General Counsel Frida Karlsson, Senior Vice President - People & Culture Pernilla Lorentzon and Senior Vice President – MBU Central Europe Klaus Schmid.

A more detailed presentation of the CEO and Group management can be found on page 89. Remuneration of the CEO and Group management in the 2021 financial year is presented in Note 8 on pages 65-68.

#### Group staff units

Group staff units that report directly to Group management have responsibility for business development, finance, insurance, HR, purchasing, IT, information, investor relations, legal affairs, communications, consolidated accounts and Group-wide administration. Projects that cover all or the majority of the Group's companies are controlled and coordinated from here. Within each area, handbooks and policies are drawn up that regulate the work in the subsidiaries.

#### AUDITORS

To examine the company's annual accounts, consolidated accounts and accounting records as well as the administration of the Board of Directors and CEO, a registered auditing company or one or two authorised public accountants shall be appointed by the AGM according to the Articles of Association. The auditors report to the shareholders at the AGM via their Auditor's Report.

The election of auditors in ITAB took place at the 2021 AGM and pertained to the term up to and including the 2022 AGM. The company's auditor is the registered auditing company Ernst & Young AB, with authorised public accountant Jookim Falck as auditor in charge. Joakim Falck has been the auditor for ITAB since 2018. His other audit assignments include Nolato AB, XANO Industri AB, Garo AB, Hexpol AB, Nefab AB, One Partner Group AB and Gyllensvaans Möbler AB.

The company's auditor works in accordance with an audit plan that incorporates the views of the Board and its Audit Committee. The auditor then reports his/her observations to executive management teams, Group management and ITAB's Board and its Audit Committee both during the course of the audit and in conjunction with the adoption of the annual accounts. The company's auditor also participates at the AGM and describes and expresses his opinion about the audit work. The independence of the external

auditor is regulated by special instructions adopted by the Board, which stipulate the areas in which the external auditor may be engaged on matters beyond regular audit work. Ernst & Young continuously tests its independence in relation to the company and submits a written affirmation to the Board every year, stating that the auditing firm is independent from ITAB.

In 2021, a total of SEK 2 million (3) was paid in fees for Ernst & Young's services in addition to the audit assignment.

#### ETHICAL GUIDELINES

ITAB works to ensure that its business operations adhere to stringent demands on integrity and ethics. The Board has adopted a so called Code of Conduct for Group operations, which also includes ethical guidelines. The Code of Conduct emphasises the importance of each and every employee, that the Group is to offer a safe and healthy work environment, and that ITAB works continuously to reduce its environmental impact. It also points out that ITAB stands for straightforward, honest communication and that all employees have to respect commercial confidentiality. If an issue relating to business ethics arises at company level, there is a system in place detailing how employees should report directly to the Group and how such issues will be handled. In accordance with the Code of Conduct, ITAB has a zero-tolerance policy regarding all forms of bribery and corruption.

ITAB regularly reviews and evaluates internal controls in all subsidiaries, which provides reasonable assurance of an appropriate and effective operation, reliable financial reporting and compliance with laws and ordinances. The internal audit also includes a follow-up of the sustainability programme and the Code of Conduct. The president of each individual company within the ITAB Group is responsible for ensuring compliance with local regulations. All of ITAB's employees are covered by the Group-wide Code of Conduct and have signed to confirm that they are complying with the Code.

No known cases of corruption were discovered in the Group in 2021. ITAB has also conducted separate reviews and training regarding anti-corruption, primarily in countries where the Group is deemed to face the greatest risks of violations of the ethical guidelines. Since the end of 2017, there is also a separate Group-wide supplier policy containing fundamental business ethics requirements that ITAB imposes on its suppliers. In order to ensure that ITAB is complying with GDPR, training has been conducted for employees who process personal data as part of their work.

#### INTERNAL CONTROLS FOR THE FINANCIAL REPORTING

According to the Swedish Companies Act, the Board is responsible for internal controls aimed at protecting the company's assets and thereby the investments of its owners. This responsibility includes annually assessing the financial reporting that the Board receives and setting requirements for its content and presentation to ensure the quality of the reporting. This requirement entails that financial reporting must be appropriate, ap-

plying the relevant accounting rules and other requirements for listed companies. The following description is limited to ITAB's internal controls of the financial reporting.

The internal controls should provide reasonable assurance of an appropriate and effective operation, reliable financial reporting and compliance with laws and ordinances. The basis for the internal control of financial reporting is the control environment, including the organisation, decision-making paths, authorisations and responsibilities that are documented and communicated in the governing documents below. ITAB's tool for internal control is based on the COSO framework – a framework for evaluating a company's internal controls of financial reporting. The framework streamlines the work with internal controls.

The risk map has been analysed during the year, which forms the basis for a revised internal audit programme. In addition to the business risks, the internal controls have focused on formalities, procedures and processes linked to the updated risk map.

#### Financial reporting

All subsidiaries submit monthly reports concerning financial outcomes, in accordance with the Group's internal finance manual. The reporting is consolidated and constitutes the basis for quarterly reports and operational follow-ups.

This operational follow-up is carried out in accordance with an established structure where invoicing, liquidity, profit, tied-up capital and other key figures of importance for the Group are collated and form the basis for analysis and measures by management and controllers at various levels. Other important, Group-wide aspects of the internal control include business plans and the annual forecast process.

For communication with external parties, the Group has an information policy intended to ensure that all disclosure requirements are complied with correctly and in full.

#### Control environment

The Audit Committee's primary task is to monitor the accounting and reporting processes and to ensure the quality of these reports and processes. The responsibility for maintaining an effective control environment, day-to-day risk management and internal controls in terms of financial reporting has been delegated to the CEO. Executives at various levels of the company are in turn responsible within their respective areas. Responsibilities and authorisations are defined in instructions to the CEO, instructions concerning attestation rights, manuals and other policies and procedures.

The Board determines the Group's policies regarding information, credit and finance. Group management determines other instructions, and the responsible Group functions issue guidelines and oversee the application of the regulatory framework. The Group's accounting and reporting rules are stipulated in an accounting handbook that is available to all accounting staff. Together with laws and other external regulatory frameworks, the organisational structure and in-

ternal regulatory frameworks constitute the control environment.

#### Risk assessment

ITAB works continually with risk analyses as a basis for revisions of the Group's mapping of risks. Financial, operational and strategic risks are charted. The Audit Committee reviews the current risk map when necessary and at least once a year, as well as ongoing and planned activities linked to the respective risk, and revisions are undertaken if necessary.

#### Control activities

The purpose of control activities is to identify, prevent and correct errors and deviations. Policies and guidelines are particularly important for accurate accounting, reporting and information dissemination and also define which control activities should be conducted. ITAB regularly updates its policies and guidelines, in writing and at meetings. Control activities include approval procedures, reconciliation of accounts, analytical follow-up and control of IT systems.

#### Follow-up

Group management and controllers regularly follow up economic and financial reporting as well as key business events. At each Board meeting, financial performance is monitored against forecasts, and reviews are conducted of how well investments are proceeding according to plan. The follow-up of results is an important complement to the controls and reconciliations implemented in the financial processes themselves. The Audit Committee regularly evaluates the internal control, the Code and significant accounting issues.

#### Opinion on internal audit function

The Board has opted not to have a special function for internal audits. The assessment is based on the Group's size and operations as well as existing internal control processes where the work with internal controls is conducted in an internal audit programme that covers all subsidiaries according to an established plan. If necessary, external advisers are used for internal control projects on behalf of the Audit Committee. Parts of the internal control are regularly examined by the auditors.

#### VIOLATIONS

The company has not committed any violations of the regulatory framework of the stock market where the company's shares are traded nor breached any stock market best practices.