



## Duni's Report on Internal Control of Financial Reporting

This report has been prepared in accordance with the Swedish Code of Corporate Governance and the guidelines produced by the Swedish Institute of Authorized Public Accountants (FAR) and the Confederation of Swedish Enterprise. In accordance with the application instructions of the Swedish Corporate Governance Board, this report describes how internal control is organized without making any statement on how well it has functioned. The board's report on internal control has not been reviewed by the company's auditors.

The system of internal control is normally described on the basis of the framework for internal control issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The areas forming the basis for internal control are the control environment, risk assessment, control activities, information and communications.

### Control environment

The rules of procedures governing the work of the board of directors, and the instruction for the managing director and the committees established by the board, clearly define the distribution of roles and responsibilities to ensure that business risk is handled effectively. Members of the executive management team report once a month to the board of directors based on the established routines, as does the audit committee.

### Risk assessment and control structures

The board of directors and the audit committee are continuously monitoring the financial reporting to identify any weaknesses in the reporting. The control structures strive to follow up and manage areas in the financial reporting considered to deserve special attention. As Duni has recently switched to IFRS accounting, special focus is and will be on the effects in this area during 2007. There are established routines for internal control that company has adapted to incorporate the reporting standards.

### Information and Communication

Within Duni both formal and informal communication channels exist to communicate information throughout the organization. The main channel for internal information to be disseminated is Duni's intranet. The internal



communication is mainly governed by Duni's communications & IR policy, where a specific chapter sets out for responsibilities and procedures to observe in this respect. Also external information is governed by Duni's communications & IR policy, which is continuously evaluated to ensure high quality in communicating to the market, and compliance with stock exchange rules.

#### Internal Audit

As Duni has established an European Finance Function, where standardized process and routines are followed, Duni has not yet found it necessary to establish a formal internal audit function. This matter will be annually considered.