

## Information on corporate governance 9 March 2018

### Statutory statement for corporate governance cf. §107 b in the Financial Statements Act

Corporate governance is about the way a company is managed and controlled and about the general principles and structures regulating the interaction between the company's managing bodies, its owners and other stakeholders.

Based on external recommendations and statutory requirements the Board of Directors in SKAKO A/S has developed a number of internal procedures to ensure an active, reliable and profitable management as well as operation of the company – and not least continuous maintenance and update of these procedures.

Below see the Recommendations on corporate governance from the Committee on Corporate Governance from May 2013, updated November 2014 related to the policy of SKAKO A/S.

Both Recommendations on corporate governance and the policies of SKAKO A/S are changed continuously. The below update is published once a year in connection with the publication of the annual report.

The statement regards the accounting period 01.01.2017 – 31.12.2017

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation:
<b>1. Communication and interaction by the company with its investors and other stakeholders</b>				
<i>1.1. Dialogue between company, shareholders and other stakeholders</i>				
<p>1.1.1. The Committee <b>recommends</b> that the board of directors ensure ongoing dialogue between the company and its shareholders in order for the shareholders to gain relevant insight into the company's potential and policies, and in order for the board of directors to be aware of the shareholders' views, interests and opinions on the company.</p>	<p>X</p>			<p><i>The Board of Directors aims at maintaining a seamless and efficient communication and dialogue with its shareholders and other stakeholders. It is the opinion of the Board of Directors that a high degree of openness by presenting information about the development of the company supports the company's work and a fair valuation of the company's shares.</i></p> <p><i>Dialogue with shareholders and stakeholders takes place through publication of quarterly announcements and other announcements from the company. All announcements include information on whom to contact with questions regarding the specific announcement.</i></p> <p><i>All shareholders are welcome to ask the Board of Directors and the Management questions at the company's general meeting. In addition, within the time limit stated in the articles of association the shareholders have the possibility of making proposals to be discussed at the general meeting.</i></p> <p><i>Shareholders and stakeholders may obtain updated information from the company website <a href="http://www.skako.com">www.skako.com</a> and in a simple way establish contact with the company. Quarterly announcements and other announcements are available on the company website immediately after publication at NASDAQ OMX Copenhagen A/S.</i></p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation:
				<p><i>It is the view of the Board of Directors that openness and transparency are essential conditions for the view of the company and consequently valuation of the company's shares.</i></p>
<p><i>1.1.2. The Committee <b>recommends</b> that the board of directors adopt policies on the company's relationship with its stakeholders, including shareholders and other investors, and that the board ensures that the interests of the shareholders are respected in accordance with company policies.</i></p>	X			<p><i>The company has adopted policies on the company's relationship with its stakeholders.</i></p>
<p><i>1.1.3. The Committee <b>recommends</b> that the company publish quarterly reports</i></p>	X			<p><i>The company publishes quarterly reports at NASDAQ OMX and on the company's website.</i></p>
<p><b>1.2. General meeting</b></p>				
<p><i>1.2.1. The Committee <b>recommends</b> that when organising the company's general meeting, the board of directors plans the meeting to support active ownership.</i></p>	X			<p><i>The company's articles of association determine the time limits to be observed in connection with summoning of a general meeting.</i></p> <p><i>The date of the ordinary general meeting is published in connection with the announcement of the company's financial calendar.</i></p> <p><i>From the date of the summoning of the general meeting relevant documents for the general meeting may be downloaded from the company's website.</i></p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation:
<p>1.2.2. The Committee <b>recommends</b> that proxies granted for the general meeting allow shareholders to consider each individual item on the agenda.</p>	X			<p>Shareholders who are not present at general meetings may exercise their influence by way of proxy to another person, including to the Board of Directors.</p> <p>Detailed rules for the holding of the general meeting are described in the articles of association of SKAKO A/S which can be downloaded from the company website.</p>
<p><b>1.3. Take-over bids</b></p>				
<p>1.3.1. The Committee <b>recommends</b> that the company set up contingency procedures in the event of takeover bids from the time that the board of directors has reason to believe that a takeover bid will be made. According to such contingency procedures, the board of directors should not without the acceptance of the general meeting, attempt to counter the takeover bid by making decisions which in reality prevent the shareholders from deciding on the takeover bid themselves.</p>	X			<p>In case the situation should arise, the Board of Directors will act in accordance with the recommendation.</p>
<p><b>2. Tasks and responsibilities of the board of directors</b></p>				
<p><b>2.1. Overall tasks and responsibilities</b></p>				
<p>2.1.1. The Committee <b>recommends</b> that at least once a year the board of directors take a position on the matters related to the board's performance of its responsibilities.</p>	X			<p>In connection with the Annual General Meeting, the Board of Directors plans the board meetings for the coming year and determines its most substantial tasks for the year.</p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation:
<p>2.1.2. The Committee <b>recommends</b> that at least once a year the board of directors take a position on the overall strategy of the company with a view to ensuring value creation in the company.</p>	X			<p>The Board of Directors follows the recommendation by reviewing, assessing and revising, if necessary, the company's strategy plan and reporting procedures at least once a year.</p>
<p>2.1.3. The Committee <b>recommends</b> that the board of directors ensure that the company has a capital and share structure ensuring that the strategy and long-term value creation of the company are in the best interest of the shareholders and the company, and that the board of directors presents this in the management commentary on the company's annual report and/or on the company's website.</p>	X			<p>The Board of Directors follows especially the capital structure in relation to planned activities and considers hereunder capital increases.</p>
<p>2.1.4. The Committee <b>recommends</b> that the board of directors annually review and approve guidelines for the executive board; this includes establishing requirements for the executive board on timely, accurate and adequate reporting to the board of directors.</p>	X			<p>At least once a year, the Board of Directors evaluates the company's rules of procedure and adjusts, if necessary.</p> <p>The Board of Directors is informed in detail every quarter through review of quarterly reports. In addition, the Board of Directors receives reporting and information on the company and other substantial activities at the board meetings. The Chairman of the Board receives continually additional information which is passed on to the other board member, if relevant.</p> <p>It is the responsibility of the Executive Board to ensure that the Board of Directors continually receives information about the company activities required by the Board of Directors. Special and/or actual questions that cannot await the regular reporting are reported immediately.</p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation:
2.1.5. The Committee <b>recommends</b> that at least once a year the board of directors discuss the composition of the executive board, as well as developments, risks and succession plans.	X			As part of the Board of Directors' annual plan, the composition of the Executive Board as well as developments, risks and succession plans are discussed once a year at a board meeting.
2.1.6. The Committee <b>recommends</b> that once a year the board of directors discuss the company's activities to ensure relevant diversity at management levels, including setting specific goals and accounting for its objectives and progress made in achieving the objectives in the management commentary on the company's annual report and/or on the website of the company.	X			Considering the wish to always having the most qualified person to hold a given position, it is the company's policy to work on having more female potential candidates at all organizational levels in the Group.
<b>2.2. Corporate social responsibility</b>				
2.2.1. The Committee <b>recommends</b> that the board of directors adopt policies on corporate social responsibility.			X	The company has no policy on corporate social responsibility but is aware of its responsibility in relation to its surroundings. The company has not yet implemented a formal policy on corporate social responsibility.
<b>2.3. Chairman and vice-chairman of the board of directors</b>				
2.3.1. The Committee <b>recommends</b> appointing a vice-chairman of the board of directors who will assume the responsibilities of the chairman in the event of the	X			Immediately after the Annual General Meeting the Board of Directors elects from its own members a Chairman and at least one Vice Chairman.

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<p><i>chairman's absence, and who will also act as effective sparring partner for the chairman.</i></p>				<p><i>At the constitution the Board of Directors determines its internal division of work hereunder handling of the current contact with the Executive Board. In case nothing else has been adopted and registered these tasks are handled by the Chairman of the Board of Directors.</i></p> <p><i>In the absence of the Chairman of the Board of Directors, the Vice Chairman or the Vice Chairmen will take over his duties and authorities. In case the Chairman of the Board of Directors or the Vice Chairmen resign or will be unable to work for a long period, a renewed constitution will take place.</i></p>
<p><i>2.3.2. The Committee <b>recommends</b> ensuring that, if the board of directors, in exceptional cases, asks the chairman of the board of directors to perform special operating activities for the company, including briefly participating in the day-to-day management, a board resolution to that effect be passed to ensure that the board of directors maintains its independent, overall management and control function. Resolutions on the chairman's participation in day-to-day management and the expected duration hereof should be published in a company announcement.</i></p>	X			<p><i>The Board of Directors has currently not asked the Chairman to undertake special tasks for the company. If this becomes relevant, it will take place in accordance with this recommendation.</i></p>
<h3>3. Composition and organization of the board of directors</h3>				

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation:
<b>3.1. Composition</b>				
<p>3.1.1. The Committee <b>recommends</b> that the board of directors annually accounts for</p> <ul style="list-style-type: none"> <li>• the skills it must have to best perform its tasks,</li> <li>• the composition of the board of directors, and</li> <li>• the special skills of each member.</li> </ul>	X			<p>The Board of Directors has identified the competences and professional experience required by the total Board of Directors to be able to support the long-term growth of the Group.</p> <p>At least once a year, the Board of Directors will assess if the development of the Group has resulted in a need for changed competences of the Board of Directors.</p> <p>The board members' profiles, individual competences and other directorships appear from the company website.</p>
<p>3.1.2. The Committee <b>recommends</b> that the selection and nomination of candidates for the board of directors be carried out through a thoroughly transparent process approved by the overall board of directors. When assessing its composition and nominating new candidates, the board of directors must take into consideration the need for integration of new talent and diversity in relation to age, international experience and gender.</p>	X			<p>The company follows the recommendation by assessing continuously whether the composition of the Board of Directors reflects relevance and competence hereunder diversity in relation to age and gender. Members of the Board of Directors have been selected because of qualifying professional business experience primarily within international management, finance and law.</p>
<p>3.1.3. The Committee <b>recommends</b> that a description of the nominated candidates' qualifications, including information about the candidates'</p> <ul style="list-style-type: none"> <li>• other executive functions, e.g. memberships in executive boards, boards of directors, and supervisory</li> </ul>	X			<p>Members of the Board of Directors hereunder candidates and their individual competences appear from the company website and in the company's annual report.</p>



Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation:
<p>boards, including board committees in foreign enterprises, be accompanied by the notice convening the general meeting when election of members to the board of directors is on the agenda.</p> <ul style="list-style-type: none"> <li>• demanding organisational tasks, and information</li> <li>• about whether candidates to the board of directors are considered independent.</li> </ul>				
<p>3.1.4. The Committee <b>recommends</b> that the company's articles of association stipulate a retirement age for members of the board of directors.</p>			X	<p>At present, the company does not have an age limit for board members, which will be in compliance with the new Corporate Governance rules effective as of January 1, 2018.</p>
<p>3.1.5. The Committee <b>recommends</b> that members of the board of directors elected by the general meeting be up for election every year at the annual general meeting.</p>	X			<p>The members of the board elected at the General Meeting retire at each Annual General Meeting. Re-election may take place.</p>
<h3>3.2. Independence of the board of directors</h3>				
<p>3.2.1. The Committee <b>recommends</b> that at least half of the members of the board of directors elected by the general meeting be independent persons, in order for the board of directors to be able to act independently of special interests. To be considered independent, this person may not:</p> <ul style="list-style-type: none"> <li>• be or within the past five years have been member of the executive board, or senior staff member in the company, a subsidiary undertaking or an associate,</li> <li>• within the past five years, have received larger</li> </ul>	X			<p>Two board members elected at the general meeting, Jens Wittrup Willumsen and Christian Herskind Jørgensen, is considered not to be independent due to their ownership of Frederik2 ApS. The other board members elected at the general meeting are all independent.</p> <p>The annual report includes a description of the present Board of Directors hereunder the individual member's Executive Board positions and directorships in Danish companies.</p>

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<p>emoluments from the company/group, a subsidiary undertaking or an associate in another capacity than as member of the board of directors, represent the interests of a controlling shareholder, within the past year, have had significant business relations (e.g. personal or indirectly as partner or employee, shareholder, customer, supplier or member of the Executive Board in companies with corresponding connection) with the company, a subsidiary undertaking or an associate.</p> <ul style="list-style-type: none"> <li>• be or within the past three years have been employed or partner at the external auditor,</li> <li>• have been chief executive in a company holding cross-memberships with the company,</li> <li>• have been member of the board of directors for more than 12 years, or</li> <li>• have been close relatives with persons who are not considered independent.</li> </ul>				<p>In addition, the annual report holds information about the individual board member's shareholding in the company.</p> <p>The Executive Board is not a member of the Board of Directors.</p>
<h3>3.3. Members of the board of directors and the number of other executive functions</h3>				
<p>3.3.1. The Committee <b>recommends</b> that each member of the board of directors assesses the expected time commitment for each function in order that the member does not take on more functions than he/she can manage satisfactorily for the company.</p>	X			<p>The company has laid down no absolute rules for the acceptable number of managerial offices held by a board member beside being a board member of the company. The company is of the opinion that the number of offices manageable for a board member is individual just as the workload related to a managerial office may vary considerably from one company to the other.</p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation:
				<p><i>The Board of Directors assesses continuously whether the individual candidates have been able to and will be able to reserve the necessary time and attention for the performance of the board duties in the company.</i></p>
<p>3.3.2. The Committee <b>recommends</b> that the management commentary, in addition to the provisions laid down by legislation, includes the following information about the members of the board of directors:</p> <ul style="list-style-type: none"> <li>• the position of the relevant person,</li> <li>• the age and gender of the relevant person,</li> <li>• whether the member is considered independent,</li> <li>• the date of appointment to the board of directors of the member,</li> <li>• expiry of the current election period,</li> <li>• other executive functions, e.g. memberships in executive boards, boards of directors, and supervisory boards, including board committees in foreign enterprises and</li> <li>• demanding organizational tasks, and</li> <li>• the number of shares, options, warrants and similar in the company, and other group companies of the company, owned by the member, as well as changes in the portfolio of the member of the securities mentioned which have occurred during the financial year.</li> </ul>	X			<p><i>The company informs in its annual report about the positions of the board members and the Executive Board, other managerial offices, age and gender. In addition, the number of shares held in SKAKO A/S and changes hereof since the previous annual report are informed.</i></p> <p><i>The time of the board members' commencement in the Board of Directors appears from the annual report. This clearly indicates if the member has been re-elected and when the actual election period expires.</i></p> <p><i>The independence of the Board of Directors is continuously assessed and information hereof appears from the annual report of the company.</i></p>
<p><b>3.4. Board committees</b></p>				

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation:
<p>3.4.1. The Committee <b>recommends</b> that the company publish the following on the company's website:</p> <ul style="list-style-type: none"> <li>• the terms of reference of the board committees,</li> <li>• the most important activities of the committees during the year, and the number of meetings held by each committee, and</li> <li>• the names of the members of each committee, including the chairmen of the committees, as well as information on which members are independent members and which members have special qualifications.</li> </ul>	X			<p>Except from the audit committee, the Board of Directors has decided not to have other committees as the Board of Directors is of the opinion that a small operational board of directors makes it possible to have all essential discussions and decisions made by the total Board of Directors.</p> <p>The terms of reference of the audit committee appears from the company website. A description of the material activities of the audit committee during the year, the number of meetings and the names of the members appear from the Group Annual Report.</p>
<p>3.4.2. The Committee <b>recommends</b> that a majority of the members of a board committee be independent.</p>	X			<p>No management committee has been established and the total Board of Directors executes these tasks.</p>
<p>3.4.3. The Committee <b>recommends</b> that the board of directors set up a formal audit committee composed such that</p> <ul style="list-style-type: none"> <li>• the chairman of the board of directors is not chairman of the audit committee, and</li> <li>• between them, the members should possess such expertise and experience as to provide an updated insight into and experience in the financial, accounting and audit aspects of companies whose shares are admitted to trading on a regulated market.</li> </ul>	X			<p>The Board of Directors has established an audit committee consisting of two board members. Terms of reference determine the areas of responsibility and competences of the audit committee.</p> <p>The Board of Directors is of the opinion that the members of the audit committee possess the necessary expertise and experience as to solve the tasks and functions in a company whose shares are admitted to trading on a regulated market.</p>
<p>3.4.4. The Committee <b>recommends</b> that, prior to the approval of the annual report and other financial reports, the audit committee monitors and reports to the board of directors about:</p>	X			<p>The audit committee continuously monitors the process of financial reporting and the effectiveness of the internal control and risk management systems and the statutory audit. Besides, the audit committee monitors and checks the independence of the external auditor.</p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation:
<ul style="list-style-type: none"> <li>• significant accounting policies,</li> <li>• significant accounting estimates,</li> <li>• related party transactions, and</li> <li>• uncertainties and risks, including in relation to the outlook for the current year.</li> </ul>				
<p>3.4.5. The Committee <b>recommends</b> that the audit committee:</p> <ul style="list-style-type: none"> <li>• annually assesses the need for an internal audit, and in such case, makes recommendations on selecting, appointing and removing the head of the internal audit function and on the budget of the internal audit function, and</li> <li>• monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function.</li> </ul>	X			<p>Once a year, the audit committee evaluates the need for an internal audit function. Due to the size of the company the Board of Directors sees no need for an actual internal audit function. However, internal procedures have been made in order to separate performing and controlling functions in the Finance dept.</p>
<p>3.4.6. The Committee <b>recommends</b> that the board of directors establish a nomination committee chaired by the chairman of the board of directors with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>• describe the qualifications required by the board of directors and the executive board, and for a specific membership, state the time expected to be spent on having to carry out the membership, as well as assess the competences, knowledge and experience of the two governing bodies combined,</li> <li>• annually assess the structure, size, composition and results of the board of directors and the executive board, as well as recommend any changes to the board</li> </ul>			X	<p>The company has not established a nomination committee as the Board of Directors finds it most suitable that the total Board of Directors takes care of the tasks itself.</p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation:
<p>of directors,</p> <ul style="list-style-type: none"> <li>• annually assess the competences, knowledge and experience of the individual members of management, and report to the board of directors in this respect,</li> <li>• consider proposals from relevant persons, including shareholders and members of the board of directors and the executive board for candidates for the board of directors and the executive board, and</li> <li>• propose an action plan to the board of directors on the future composition of the board of directors, including proposals for specific changes.</li> </ul>				
<p>3.4.7. The Committee <b>recommends</b> that the board of directors establish a remuneration committee with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>• to recommend the remuneration policy (including the general guidelines for incentive-based remuneration) to the board of directors and the executive board for approval by the board of directors prior to approval by the general meeting,</li> <li>• make proposals to the board of directors on remuneration for members of the board of directors and the executive board, as well as ensure that the remuneration is in compliance with the company's remuneration policy and the assessment of the performance of the persons concerned. The committee should have information about the total amount of remuneration that members of the board of directors and the executive board receive from other companies in the group, and</li> </ul>			X	<p>The company has not established a remuneration committee as the Board of Directors finds it most suitable that the total Board of Directors takes care of the tasks itself.</p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation:
<ul style="list-style-type: none"> <li>• recommend a remuneration policy applicable for the company in general.</li> </ul>				
<p>3.4.8. The Committee <b>recommends</b> that the remuneration committee do not consult with the same external advisers as the executive board of the company</p>	X			<p><i>In case of questions related to remuneration the Board of Directors and the Executive Board will not consult the same external advisers.</i></p>
<p><b>3.5. Evaluation of the performance of the board of directors and the executive board</b></p>				
<p>3.5.1. The Committee <b>recommends</b> that the board of directors establish an evaluation procedure where contributions and results of the board of directors and the individual members, as well as collaboration with the executive board are annually evaluated. Significant changes deriving from the evaluation should be included in the management commentary or on the company's website.</p>	X			<p><i>An evaluation procedure has been established to evaluate annually the contributions and results of the total Board of Directors and the individual board members as well as the collaboration with the Executive Board.</i></p>
<p>3.5.2. The Committee <b>recommends</b> that in connection with preparation of the general meeting, the board of directors consider whether the number of members is appropriate in relation to the requirements of the company. This should help ensure a constructive debate and an effective decision-making process in which all members are given the opportunity to participate actively.</p>	X			<p><i>In connection with the preparation of the ordinary general meeting, the Board of Directors estimates if the size of the Board of Directors is appropriate.</i></p>

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3.5.3. The Committee <b>recommends</b> that at least once every year the board of directors evaluate the work and performance of the executive board in accordance with predefined clear criteria.	X			The Board of Directors evaluates the work and result of the Executive Board once a year.
3.5.4. The Committee <b>recommends</b> that the executive board and the board of directors establish a procedure according to which their cooperation is evaluated annually through a formalized dialogue between the chairman of the board of directors and the chief executive officer and that the outcome of the evaluation be presented to the board of directors.	X			Once a year, the cooperation between the Board of Directors and the Executive Board is evaluated hereunder determination of requirements to the punctual, precise and adequate reporting by the Executive Board to the Board of Directors and to other communication between the Board of Directors and the Executive Board. This evaluation is integrated in the total evaluation of the Board of Directors.
<b>4. Remuneration of management</b>				
<b>4.1. Form and content of the remuneration policy</b>				
4.1.1. The Committee <b>recommends</b> that the board of directors prepare a clear and transparent remuneration policy for the board of directors and the executive board, including <ul style="list-style-type: none"> <li>• a detailed description of the components of the remuneration for members of the board of directors and the executive board,</li> <li>• the reasons for choosing the individual components of the remuneration, and</li> <li>• a description of the criteria on which the balance between the individual components of the remuneration is based. The remuneration policy should</li> </ul>	X			<p>The Board of Directors finds it important that the company offers competitive terms of employment to the Executive Board and the other managers and estimates currently the elements required to motivate and keep competent and result-oriented managers.</p> <p>At the annual general meeting in 2016 a share-related incentive scheme was adopted.</p> <p>The key employees of the Group are offered a result-oriented bonus scheme.</p> <p>The remuneration policy is submitted for approval at the annual general meeting. The remuneration of the Executive Board and the Board of Directors is informed in the annual report.</p>



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<p><i>be approved by the general meeting and published on the company's website.</i></p>				<p><i>The remuneration of the Board of Directors is based on a fixed fee and does not include share options.</i></p>
<p>4.1.2. The Committee <b>recommends</b> that, if the remuneration policy includes variable components,</p> <ul style="list-style-type: none"> <li>• limits be set on the variable components of the total remuneration package,</li> <li>• a reasonable and balanced linkage be ensured between remuneration for governing body members, expected risks and the value creation for shareholders in the short and long terms,</li> <li>• there be clarity about performance criteria and measurability for award of variable components,</li> <li>• there be criteria ensuring that qualifying periods for variable components in remuneration agreements are longer than one calendar year, and</li> <li>• an agreement is made which, in exceptional cases, entitles the company to reclaim in full or in part variable components of remuneration that were paid on the basis of data, which proved to be misstated.</li> </ul>	X			<p><i>Only the Executive Board is granted a result-related bonus. The Board of Directors receives a fixed annual remuneration.</i></p>
<p>4.1.3. The Committee <b>recommends</b> that remuneration of members of the board of directors does not include share options.</p>	X			<p><i>The Board of Directors receives a fixed annual remuneration.</i></p>
<p>4.1.4. The Committee <b>recommends</b> that if share-based remuneration is provided, such programmes be established as roll-over programmes, i.e. the options</p>	X			<p><i>At the annual general meeting in 2016 a share-related incentive scheme was adopted.</i></p>

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<i>are granted periodically and should have a maturity of at least three years from the date of allocation.</i>				<p><i>The key employees of the Group are offered a result-oriented bonus scheme.</i></p> <p><i>The remuneration policy is submitted for approval at the annual general meeting. The remuneration of the Executive Board and the Board of Directors is informed in the annual report.</i></p>
4.1.5. The Committee <b>recommends</b> that agreements on termination payments should not amount to more than two years' annual remuneration.	X			Agreements on termination payments shall not exceed two years' annual remuneration.
<b>4.2. Disclosure of the remuneration policy</b>				
4.2.1. The Committee <b>recommends</b> that the company's remuneration policy and compliance with this policy be explained and justified annually in the chairman's statement at the company's general meeting.	X			<p><i>The remuneration policy is submitted for approval at the annual general meeting.</i></p> <p><i>The Chairman's statement at the Annual General Meeting includes information on the company's compliance with the general guidelines for incentive pay.</i></p>
4.2.2. The Committee <b>recommends</b> that the proposed remuneration for the board of directors for the current financial year be approved by the shareholders at the general meeting.	X			The remuneration policy is submitted for approval at the annual general meeting.
4.2.3. The Committee <b>recommends</b> that the total remuneration granted to each member of the board of directors and the executive board by the company and			X	The annual report discloses only information about the total remuneration for the total Board of Directors and the Executive Board. Individual remuneration of board members and management is not

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation:
<p><i>other companies in the group, including information on the most important contents of retention and retirement/resignation schemes, be disclosed in the annual report and that the linkage with the remuneration policy be explained.</i></p>				<p><i>disclosed as the company is of the opinion that it is essential that the shareholders may judge the total remuneration and the development hereof.</i></p>
<h2>5. Financial reporting, risk management and audits</h2>				
<h3>5.1. Identification of risks and transparency about other relevant information</h3>				
<p><i>5.1.1. The Committee <b>recommends</b> that the board of directors in the management commentary review and account for the most important strategic and business-related risks, risks in connection with the financial reporting as well as for the company's risk management.</i></p>	<p>X</p>			<p><i>The Board of Directors estimates currently and at least once a year the total business-related risks and the individual risk factors connected to the company activities.</i></p> <p><i>The Board of Directors adopts guidelines for the key risk areas, follows the development and ensures presence of plans to control the individual risk factors – hereunder business-related and financial risks as well as insurance and environmental conditions.</i></p> <p><i>The Board of Directors hereunder the Audit Committee and the Executive Board estimate currently material risks and internal controls in connection with the company activities and their possible influence on the financial reporting process.</i></p> <p><i>At least once a year the Audit Committee and the Executive Board make a general risk assessment of risks in connection with the financial reporting process.</i></p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation:
				<i>The material business-related risks connected to the realization of the company's short-term strategy and the general targets have been described briefly in the annual report.</i>
<b>5.2. Whistleblower scheme</b>				
<i>5.2.1. The Committee <b>recommends</b> that the board of directors decide whether to establish a whistleblower scheme for expedient and confidential notification of possible or suspected wrongdoing.</i>	X			<i>A whistle blower scheme has been established.</i>
<b>5.3. Contact to auditor</b>				
<i>5.3.1. The Committee <b>recommends</b> that the board of directors ensure regular dialogue and exchange of information between the auditor and the board of directors, including that the board of directors and the audit committee at least once a year meet with the auditor without the executive board present. This also applies to the internal auditor, if any.</i>	X			<i>The Audit Committee holds regular meetings with the company auditor including meetings regarding the audit planning, performance and reporting.</i>
<i>5.3.2. The Committee <b>recommends</b> that the audit agreement and auditors' fee be agreed between the board of directors and the auditor on the basis of a recommendation from the audit committee.</i>	X			<i>The audit agreement and auditors' fee are agreed on a yearly basis between the Board of Directors and the auditor based on a recommendation from the Audit Committee.</i>