

Reporting according to section 107b,2 no. 6 of the Danish Financial Statements Act regarding internal control and risk management related to the financial reporting process

The reporting is a part of the Management Review of the Annual Report for 2015. The reporting has been read by the auditor but not audited.

Overall control environment

The Board of Directors and the Executive Board have the overall responsibility for the Group's control environment. An Audit Committee was appointed by the Board of Directors in March 2016 to assist the Board of Directors in overseeing the internal control and risk management systems related to the financial reporting process on an ongoing basis.

The Company has policies and procedures in key areas of financial reporting. We have implemented a reporting package including financial instructions. The policies and procedures apply to all subsidiaries, and similar requirements are set out in collaboration with the partners in joint ventures. The internal control and risk management systems are designed to mitigate rather than eliminate the risks identified in the financial reporting process.

Internal controls related to the financial reporting process are established to detect, mitigate and correct material misstatements in the consolidated financial statements. The monitoring of risk and internal controls in relation to the financial reporting process are anchored by implementation of a standard reporting package including instructions and a standard Chart of Account in Navision for all our significant subsidiaries. We are using a well-documented standard book keeping system Navision in app. 300 companies supporting the book keeping in the most significant subsidiaries and administrative entities. For consolidation purpose we have in 2015 implemented Hyperion as our standard consolidation tool.

Risk assessment

The risk assessment process related to the risk in relation to the financial reporting will be implemented during 2016 and assessed annually. The risk assessment process has to be approved by the Audit Committee.

The risk related to each accounting process and account in the consolidated financial statements will be assessed based on quantitative and qualitative factors. The associated financial reporting risks will be identified based on the evaluation of the likelihood of them materialising and their potential impact.

Control activities

The Group has implemented a formalized financial reporting process for the quarterly estimates and reporting on actual performance. The accounting information reported by all Group companies is reviewed both by controllers with regional or functional in-depth knowledge of the individual companies/functions and by technical accounting specialists. In addition, significant Group companies have controllers with extensive commercial and/or accounting knowledge and insight.

The companies in the Group are dependent on IT systems. Any weaknesses in the system controls or IT environment are compensated for by manual controls in order to mitigate any significant risk relating to the financial reporting.

Information and communication

The Group has established information and communication systems to ensure that accounting and internal control compliance is established including a standard reporting package according to IFRS.

In addition, the Group has implemented a formalised reporting process for reporting quarterly and estimate figures from all countries and functions.

Monitoring

The Audit Committee's will have the responsibility for monitoring both the internal control environment and business risk.

The business risk will be assessed and reviewed at multiple levels in the Group, including periodic review of control documentation, controller visits and audits performed on ad hoc basis.

The Audit Committee's rules of procedure outline its roles and responsibilities concerning supervision and monitoring of the internal control and risk management systems related to financial reporting. Monitoring is performed on the basis of periodic reporting from the finance organization and external auditors.

Audit Committee

The Board of Directors has appointed an Audit Committee. It consists of three members appointed by the Board of Directors for one year at a time.

On March 18, 2016, Mr. Jesper Helmuth was appointed by the Board of Directors as chairman of the Audit Committee and Mr. Claus Dyhr and Mr. Jens-Peter Zink was appointed as members of the Audit Committee.

The members meet the requirements concerning independence, experience and expertise, also within the field of accounting, set out in the Danish recommendations on corporate governance so that the committee as a whole possesses the necessary skills. The Audit Committee assists the Board of Directors in overseeing the financial reporting process, financial and business related risks, internal controls and compliance with statutory and other requirements from public authorities. Moreover, the committee discuss the framework for the work of the company's external auditors and evaluates the external auditor's independence and qualifications.

The Audit Committee has only held one meeting so far in 2016.