



Statutory annual corporate governance statement for the financial year 2015/16,
cf. section 107b of the Danish Financial Statements Act.



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This statutory annual corporate governance statement forms part of the Management's Commentary set out in the Annual Report 2015/16 covering the financial period **from 1 July 2015 to 30 June 2016**.

Corporate governance

The Board of Directors of IC Group A/S considers it its primary task to promote the long-term interests of the Group and thus of all shareholders. To undertake this task, the Board of Directors holds 6 board meetings a year and the Chairmanship engages in an on-going dialogue with the Executive Board.

As expressed in this statutory annual corporate governance statement, the Board of Directors has reviewed the Group's relationship with its stakeholders and environment as well as the tasks of the Board of Directors and the Executive Board and their interaction with each other.

This corporate governance statement describes the overall tasks and responsibilities of IC Group Management in connection with the planning of working procedures and principles of, e.g.;

- the Group's relationship with its stakeholders, including the general public and the press;
- the Group's external communication, including its Investor Relations Policy;
- the composition and tasks of the Board of Directors, including its Rules of Procedures;
- the tasks of the Executive Board, including its Rules of Procedures;
- the relationship between the Board of Directors and the Executive Board; and
- the remuneration and incentive programmes for Group Management and the employees.

The corporate governance reporting framework is intended to ensure efficient, adequate, appropriate and sound management of IC Group and has been prepared within the scope of IC Group's Articles of Association, business concept, vision, mission and corporate values as well as the prevailing legislation and rules applicable for Danish listed companies.



Recommendations on Corporate Governance

All Danish companies listed on NASDAQ OMX Copenhagen A/S (“NASDAQ Copenhagen”) must disclose in their annual reports how they address the Recommendations on Corporate Governance, using the “comply or explain” approach.

With three exceptions explained below, IC Group complies with all Recommendations on Corporate Governance of May 2013 (updated November 2014) issued by NASDAQ Copenhagen, which are based on the Recommendations from the Committee on Corporate Governance.

Recommendation 3.4.2.: “The Committee recommends that a majority of the members of a board committee be independent.”

Explanation: Two out of three members of the Audit Committee and the Remuneration Committee are considered non-independent. However, the Board of Directors considers that the Committees with their present compositions hold the best experience to undertake the tasks of the Committees.

Recommendation 3.4.3: “The Committee recommends that the board of directors set up a formal audit committee composed such that the chairman of the board of directors is not chairman of the audit committee”.

Explanation: Since Chairman of the Board of Directors Henrik Heideby has many years of experience from the financial sector, it is deemed expedient that he also undertakes the role as Chairman of the Audit Committee.

Recommendation 3.4.6: “The Committee recommends that the board of directors establish a nomination committee”.

Explanation: In general, the Chairmanship of the Board of Directors undertakes the preparatory tasks which are recommended to be assigned to a nomination committee. Considering the size and structure of IC Group, setting up a nomination committee is not deemed expedient.

The complete list of all recommendations from NASDAQ Copenhagen can be found at the end of this statutory annual corporate governance statement.

Board of Directors

The Board of Directors is composed with emphasis on extensive experience within both the fashion industry and general management. It is furthermore emphasized that the Board of Directors collectively has a professional broad spectrum, extensive experience and documented strategic and managerial competences to the effect that the Board of Directors can perform their tasks in the best possible way. When assessing the nomination of new candidates, the need for integration of new talent and the need for diversity in relation to, e.g., international experience, gender and age are considered.

The employees of IC Group have chosen not to apply the provisions of the Danish Companies Act on employee representation on the Board of Directors.

The Board of Directors conducts an annual self-evaluation in order to, systematically and based on unequivocal criteria, evaluate the performance of the



Board of Directors, the Chairman and the individual members.

Recommendations for more women on supervisory boards

IC Group has signed “Recommendation for more women on supervisory boards” and it is the Group’s policy, over the coming years, to work consistently to recruit more female managers in the Company in general. Pursuant to section 99b of the Danish Financial Statement Act, the Group hereby reports on its target settings and its actual gender distribution.

The proportionate share of females in IC Group’s Board of Directors constituted 17% at 30 June 2016, and the Group works continuously to recruit and develop new female managers. The Group’s specific target is to increase the percentage of female board members to 33% within a time-span of not more than 3 years – i.e., by 2019 at the latest. This target must be reached through a continues dialogue within the Board of Directors on how to ensure optimal diversity in the composition of the Board of Directors and in the recruitment pool of new board candidates. In the Annual Report 2014/15, it was reported that the target for female board members was set at 33% within a time span of 4 years. However, we did not achieve this which is primarily attributable to the recruitment base not allowing for this target to be fulfilled.

The representation of male and female managers is distributed equally at all organizational levels in the Group. The number of female managers presented in the Group’s Global Management team constitutes 17%, and this share is also expected to be increased within the next few years by strengthening the talent pool of female managers from the management level below the Global Management Team.

Board members

- Henrik Heideby (Chairman)
- Anders Colding Friis (Deputy Chairman)
- Niels Martinsen (Deputy Chairman)
- Annette Brøndholt Sørensen
- Michael Hauge Sørensen
- Ole Wengel

The complete CVs of the members of the Board of Directors are available on IC Group’s website: icgroup.net/investors/corporate-governance/board-directors/



Board committees

In compliance with the recommendations from NASDAQ OMX Copenhagen, the Board of Directors has assessed the need for establishing special, permanent board committees, including an audit committee, a remuneration committee and a nomination committee. As a result of this, the Board of Directors has appointed an Audit Committee, an Remuneration Committee and an Operations Committee. Furthermore, the Board of Directors will on an on-going basis assess the need for establishing other specific ad hoc committees.

Audit Committee

It is the responsibility of the Audit Committee to monitor the financial reporting process and to assess whether the Company's internal control and risk management systems operate in an efficient manner. Furthermore, the Audit Committee monitors the statutory auditing of the annual report and recommends the appointment of an auditor to the Board of Directors. Finally, the Audit Committee reviews and monitors the auditor independence, including, in particular, additional services rendered to IC Group A/S and its subsidiaries. The Audit Committee meets at least 4 times a year to undertake its assigned tasks.

Members: Henrik Heideby (Chairman), Niels Martinsen and Ole Wengel

Remuneration Committee

It is the responsibility of the Remuneration Committee to recommend the Remuneration Policy, including the general guidelines for incentive pay of the Board of Directors and the Executive Board, to be resolved by the Board of Directors. Furthermore, the Remuneration Committee makes proposals to the Board of Directors on remuneration for members of the Board of Directors and the Executive Board and ensures that the remuneration is consistent with the Remuneration Policy. Finally, the Remuneration Committee oversees that the information in the annual report on the remuneration for members of the Board of Directors and the Executive Board is correct, true and adequate. The Remuneration Committee meets at least 2 times a year to undertake its assigned tasks.

Members: Henrik Heideby (Chairman), Anders Colding Friis, Niels Martinsen and Ole Wengel.

Operations Committee

It is the responsibility of the Operations Committee to review the potential for optimization and efficiency improvements within operations across the value chain. The focus areas of the Committee will primarily reflect the priorities of the operations functions which will be aligned on an on-going basis with the COO of Operations. The Operations Committee meets at least 4 times a year to undertake its assigned tasks.

Members: Ole Wengel (Chairman), Annette Brøndholt Sørensen and Michael Hauge Sørensen.

The complete Terms of References specifying the responsibilities and tasks of each of the Committees are available on IC Group's website: icgroup.net/investors/corporate-governance/board-directors/board-committees/



Executive Board

Pursuant to the applicable general guidelines issued by the Board of Directors and the Danish law, the Executive Board is responsible for the day-to-day management of the Group's operations, including all management tasks to be undertaken by the Executive Board.

The Executive Board consists of:

- Mads Ryder (Group CEO)
- Alexander Martensen-Larsen (Group CFO)

Financial reporting and internal controls

The Board of Directors and the day-to-day management regularly assess material risks and internal controls in connection with the Group's financial reporting process.

The Board of Directors has appointed an Audit Committee which regularly monitors the financial reporting process and estimates whether the existing internal control systems operate in an efficient and adequate manner, including new financial reporting standards, significant accounting policies and accounting estimates and assumptions.

The Board of Directors monitors and reviews the independence of the external auditors and monitors the planning, execution and the opinion of the external auditors.

The Board of Directors and the Executive Board define the guidelines for procedures and internal controls to which compliance must be kept. These include;

- Continuous follow-up on targets and results achieved in relation to approved budgets
- Rules of Procedures for the Board of Directors and the Executive Board
- Code of Conduct
- Finance Policy
- Insurance Policy
- IT Security Policy
- Investor Relations Policy
- Stakeholder Policy
- Communications Policy
- Leak Prevention Policy
- Policy governing management of takeover bids



- Internal rules;
 - *Trading in company shares and related financial instruments*
 - *Compliance of disclosure requirements*
 - *Handling of inside information*
- Remuneration Policy and general guidelines for incentive pay of the Executive Board
- Rules of Authority

The adopted policies, guidelines and procedures are updated and communicated internally on a regularly basis.

Any material weaknesses, inadequacies and violation of adopted policies, business procedures and internal controls are reported to the Board of Directors and the Audit Committee. IC Group has established a whistleblower scheme with a view to enabling its employees to confidentially report a potential violation of law and/or non-compliance with IC Group's policies and guidelines or any other misconduct. The system has been approved by the Danish Data Protection Agency.

To ensure compliance of all legislation in force and all disclosure requirements from the stock exchange, it is IC Group's policy that all information from the Group to its shareholders or investors must be provided timely, be accurate, relevant and unambiguous and provide a true and fair view of the current situation of the Group. IC Group's Disclosure Committee has been set up for the purpose of supporting the Board of Directors and the Executive Board in fulfilling their duties to monitor the accuracy and timeliness of the information provided by IC Group.



Recommendation	IC Group complies	IC Group does not comply	The explanation for not complying with the recommendation
1. Communication and interaction by the company with its investors and other stakeholders			
<i>1.1. Dialogue between company, shareholders and other stakeholders</i>			
1.1.1 The Committee recommends 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.	✓		
1.1.2 The Committee recommends 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 stakeholders are respected in accordance with company policies.	✓		
1.1.3 The Committee recommends that the company publish quarterly reports.	✓		
<i>1.2. General meeting</i>			
1.2.1. The Committee recommends that, when organising the company's general meeting, the board of directors plans the meeting to support active ownership.	✓		
1.2.2. The Committee recommends that proxies granted for the general meeting allow shareholders to consider each individual item on the agenda.	✓		



Recommendation	IC Group complies	IC Group does not comply	The explanation for not complying with the recommendation
<i>1.3. Takeover bids</i>			
1.3.1. The Committee recommends 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.	✓		
2. Tasks and responsibilities of the board of directors			
<i>2.1. Overall tasks and responsibilities</i>			
2.1.1. The Committee recommends 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.	✓		
2.1.2. The Committee recommends 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.	✓		
2.1.3. The Committee recommends 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 present this in the management commentary on the company's annual report and/or on the company's website.	✓		



Recommendation	IC Group complies	IC Group does not comply	The explanation for not complying with the recommendation
2.1.4. The Committee recommends 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.	✓		
2.1.5. The Committee recommends 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.	✓		
2.1.6. The Committee recommends 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.	✓		
<i>2.2. Corporate social responsibility</i>			
2.2.1. The Committee recommends that the board of directors adopt policies on corporate social responsibility.	✓		
<i>2.3. Chairman and vice-chairman of the board of directors</i>			
2.3.1. The Committee recommends appointing a vice-chairman of the board of directors who will assume the responsibilities of the chairman in the event of the chairman's absence, and who will also act as effective sparring partner for the chairman.	✓		



Recommendation	IC Group complies	IC Group does not comply	The explanation for not complying with the recommendation
<i>2.3. Chairman and vice-chairman of the board of directors</i>			
2.3.2. The Committee recommends 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.	✓		
3. Composition and organisation of the board of directors			
<i>3.1. Composition</i>			
3.1.1. The Committee recommends that the board of directors annually accounts for <ul style="list-style-type: none"> • the skills it must have to best perform its tasks, • the composition of the board of directors, and • the special skills of each member. 	✓		
3.1.2. The Committee recommends 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.	✓		



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<p>3.1.3. The Committee recommends that the notice convening the general meeting when election of members to the board of directors is on the agenda be accompanied by a description of the nominated candidates' qualifications, including information about the candidates'</p> <ul style="list-style-type: none"> • other executive functions, among these memberships in executive boards, boards of directors, and supervisory boards, including board committees in foreign enterprises • demanding organisational tasks, and information about • whether candidates to the board of directors are considered independent. 	✓		
<p>3.1.4. The Committee recommends that the company's articles of association stipulate a retirement age for members of the board of directors.</p>	✓		
<p>3.1.5. The Committee recommends that members of the board of directors elected by the general meeting be up for election every year at the annual general meeting.</p>	✓		
<p><i>3.2. Independence of the board of directors</i></p>			
<p>3.2.1. The Committee recommends 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.</p> <p>To be considered independent, this person may not:</p> <ul style="list-style-type: none"> • 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, • within the past five years, have received larger emoluments from the company/group, a subsidiary undertaking or an associate in another capacity than as member of the board of directors, 	✓		



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<ul style="list-style-type: none"> • 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 management in companies with corresponding connection) with the company, a subsidiary undertaking or an associate. • be or within the past three years have been employed or partner at the external auditor, • have been chief executive in a company holding cross-memberships with the company, • have been member of the board of directors for more than 12 years, or • have been close relatives with persons who are not considered independent. 			
<p><i>3.3. Members of the board of directors and the number of other executive functions</i></p>			
<p>3.3.1. The Committee recommends 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>	✓		
<p>3.3.2. The Committee recommends 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"> • the position of the relevant person, • the age and gender of the relevant person, • whether the member is considered independent, • the date of appointment to the board of directors of the member, • expiry of the current election period, • other executive functions, e.g. memberships in executive boards, boards of directors, and supervisory boards, including board committees in foreign enterprises and • demanding organisational tasks, and 	✓		



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<ul style="list-style-type: none"> 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. 			
3.4. Board committees			
<p>3.4.1. The Committee recommends that the company publish the following on the company's website:</p> <ul style="list-style-type: none"> the terms of reference of the board committees, the most important activities of the committees during the year, and the number of meetings held by each committee, and 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. 	✓		
<p>3.4.2. The Committee recommends that a majority of the members of a board committee be independent.</p>		✗	Two out of three members of the Audit Committee and the Remuneration Committee are considered non-independent. However, the Board of Directors considers that the Committees with their present compositions hold the best experience to undertake the tasks of the Committees.
<p>3.4.3. The Committee recommends that the board of directors set up a formal <u>audit committee</u> composed such that</p> <ul style="list-style-type: none"> the chairman of the board of directors is not chairman of the audit committee, and between them, the members should possess such expertise and experience as to provide an updated insight into and experience in the financial, 		✗	Since Chairman of the Board of Directors Henrik Heideby has many years of experience from the financial sector, it is deemed expedient that he also undertakes the role as Chairman of the Audit Committee.



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accounting and audit aspects of companies whose shares are admitted to trading on a regulated market.			
<p>3.4.4. The Committee recommends 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> <ul style="list-style-type: none"> • significant accounting policies, • significant accounting estimates, • related party transactions, and • uncertainties and risks, including in relation to the outlook for the current year. 	✓		
<p>3.4.5. The Committee recommends that the audit committee:</p> <ul style="list-style-type: none"> • 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 • monitors the executive board’s follow-up on the conclusions and recommendations of the internal audit function. 	✓		
<p>3.4.6. The Committee recommends that the board of directors establish a <u>nomination committee</u> chaired by the chairman of the board of directors with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> • 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, • 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 of directors, • annually assess the competences, knowledge and experience of the indi- 		✗	<p>In general, the Chairmanship of the Board of Directors undertakes the preparatory tasks which are recommended to be assigned to a nomination committee. Considering the size and structure of IC Group, setting up a nomination committee is not deemed expedient.</p>



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<p>vidual members of management, and report to the board of directors in this respect,</p> <ul style="list-style-type: none"> • 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 • propose an action plan to the board of directors on the future composition of the board of directors, including proposals for specific changes. 			
<p>3.4.7. The Committee recommends that the board of directors establish a <u>remuneration committee</u> with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> • 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, • 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 • recommend a remuneration policy applicable for the company in general. 	✓		
<p>3.4.8. The Committee recommends that the remuneration committee do not consult with the same external advisers as the executive board of the company.</p>	✓		



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3.5. Evaluation of the performance of the board of directors and the executive board

<p>3.5.1. The Committee recommends 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>	✓		
<p>3.5.2. The Committee recommends 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>	✓		
<p>3.5.3. The Committee recommends 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.</p>	✓		
<p>3.5.4. The Committee recommends that the executive board and the board of directors establish a procedure according to which their cooperation is evaluated annually through a formalised dialogue between the chairman of the</p>	✓		



Recommendation	IC Group complies	IC Group does not comply	The explanation for not complying with the recommendation
board of directors and the chief executive officer and that the outcome of the evaluation be presented to the board of directors.			
4. Remuneration of management			
<i>4.1. Form and content of the remuneration policy</i>			
<p>4.1.1. The Committee recommends that the board of directors prepare a clear and transparent remuneration policy for the board of directors and the executive board, including</p> <ul style="list-style-type: none"> • a detailed description of the components of the remuneration for members of the board of directors and the executive board, • the reasons for choosing the individual components of the remuneration, and • a description of the criteria on which the balance between the individual components of the remuneration is based. <p>The remuneration policy should be approved by the general meeting and published on the company's website.</p>	✓		
<p>4.1.2. The Committee recommends that, if the remuneration policy includes variable components,</p> <ul style="list-style-type: none"> • limits be set on the variable components of the total remuneration package, • 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, • there be clarity about performance criteria and measurability for award of variable components, • there be criteria ensuring that qualifying periods for variable components in remuneration agreements are longer than one calendar year, and 	✓		



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<ul style="list-style-type: none"> 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. 			
4.1.3. The Committee recommends that remuneration of members of the board of directors does not include share options.	✓		
4.1.4. The Committee recommends that if share-based remuneration is provided, such programmes be established as roll-over programmes, i.e. the options are granted periodically and should have a maturity of at least three years from the date of allocation.	✓		
4.1.5. The Committee recommends that agreements on termination payments should not amount to more than two years' annual remuneration.	✓		
<i>4.2. Disclosure of the remuneration policy</i>			
4.2.1. The Committee recommends 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.	✓		
4.2.2. The Committee recommends that the proposed remuneration for the board of directors for the current financial year be approved by the shareholders at the general meeting.	✓		
4.2.3. The Committee recommends that the total remuneration granted to each member of the board of directors and the executive board by the company and 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.	✓		



Recommendation	IC Group complies	IC Group does not comply	The explanation for not complying with the recommendation
5. Financial reporting, risk management and audits			
<i>5.1. Identification of risks and transparency about other relevant information</i>			
5.1.1. The Committee recommends 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>5.2 Whistleblower Scheme</i>			
5.2.1. The Committee recommends that the board of directors decide whether to establish a whistleblower scheme for expedient and confidential notification of possible or suspected wrongdoing.	✓		
<i>5.3 Contact to auditor</i>			
5.3.1. The Committee recommends 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.	✓		
5.3.2. The Committee recommends 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.			