

Statutory Report on Corporate Governance, see Section 107(b) of the Danish Financial Statements Act

Note!

The report forms part of the management commentary contained in the Annual Report of North Media A/S for the period: **1 January 2018 - 31 December 2018**

ITEM 1: Corporate governance code

The Company is subject to the recommendations on corporate governance available from the website of the Danish Committee on Corporate Governance (Komitéen for God Selskabsledelse), www.corporategovernance.dk.

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying fully/partially/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, so that the shareholders gain relevant insight into the company and in order for the board of directors to be aware of the shareholders' views, interests and opinions in relation to the company.	X			Investor meetings are held with shareholders, analysts and other interested parties. The website contains relevant information and shareholders' contact details. Further, company announcements, annual reports and financial calendars are available from the website and are sent to shareholders having requested them through the Investor Portal.

<p>1.1.2. The Committee recommends that the board of directors adopt policies on the company's relationship with its stakeholders, including shareholders and that the board of directors ensure that the interests of the shareholders are respected in accordance with company policies.</p>	X			<p>The Company has formulated policies regarding investor relations and communication, diversity and social inclusion as well as for corporate social responsibility. The policies are specified in the Company's Annual Report and on the website.</p>
<p>1.1.3. The Committee recommends that the company publish quarterly reports.</p>			X	<p>In the financial year 2018 the Company did not publish interim management statements for Q1 and Q3 as it is estimated that the resources needed for the preparation thereof would not commensurate with the reward.</p> <p>Effective from the financial year 2019, the Company has decided to publish interim management statements.</p>
<p><i>1.2. General meeting</i></p>				
<p>1.2.1. The Committee recommends that in organising the company's general meeting, the board of directors plans the meeting to support active ownership.</p>	X			<p>General meetings are convened electronically, requesting that the shareholders sign up electronically through the Investor Portal. Also, all relevant documents and information regarding general meetings are uploaded to the website. Articles 7.6-7.8 of the Articles of Association permit electronic communication, enabling the Company to communicate with more shareholders.</p>
<p>1.2.2. The Committee recommends that proxies or votes by post for the general meeting allow shareholders to consider each individual item on the agenda.</p>	X			<p>Proxies are submitted along with the notice of the general meeting, enabling the shareholders to consider the various items of the agenda. The proxies may be submitted in hardcopy or through the Investor Portal to the Company's system for recording shareholders, Computershare, which then records all proxies.</p>

1.3. Takeover bids				
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. The contingency procedures should establish that 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.	X			A policy has been developed for contingency procedures in the event of takeover bids.
2. Tasks and responsibilities of the board of directors				
2.1. Overall tasks and responsibilities				
2.1.1. The Committee recommends that at least once annually, the board of directors consider the matters that should be included in the board's performance of its work.	X			Included in the Board of Directors' calendar of meetings and in the instructions for the Board of Directors and the Executive Board.
2.1.2. The Committee recommends that at least once annually, the board of directors consider the overall strategy of the company with a view to ensuring value creation in the company.	X			The Board of Directors regularly reviews the Company's overall strategy, particularly in September, with a view to ensuring value creation within the Company.
2.1.3. The Committee recommends that the board of directors ensure that the company has a capital and share structure which supports 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 explain this in the management commentary and/or on the company's website.	X			The management commentary contained in the Annual Report contains a section regarding Capital structure, in which the policy for distribution of dividend is described.

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's reporting to the board of directors.	X			Included in the instructions for the Board of Directors and the Executive Board.
2.1.5. The Committee recommends that at least once annually the board of directors discuss the composition, developments, risks and succession plans of the executive board.	X			Included in the Board of Directors' calendar of meetings.
<i>2.2. Corporate social responsibility</i>				
2.2.1. The Committee recommends that the board of directors adopt policies on corporate social responsibility.	X			The Company's CSR policy is specified in the Annual Report in the section dealing with 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.	X			

<p>2.3.2. The Committee recommends that, if the board of directors, in exceptional cases, asks the chairman of the board of directors or other board members to perform special activities for the company, including briefly participating in the day-to-day management, a board resolution to that effect should be passed to ensure that the board of directors maintains its independent, general management and control function. Resolutions on the chairman's or other board members' participation in day-to-day management and the expected duration hereof should be publicly announced.</p>	<p>X</p>			
<p>3. Composition and organization of the board of directors</p>				
<p><i>3.1. Composition</i></p>				
<p>3.1.1. The Committee recommends that the board of directors annually evaluate and in the management commentary, account for</p> <ul style="list-style-type: none"> • the competencies that it must have to best perform its tasks, • the composition of the board of directors, and • the special competencies of each member. 	<p>X</p>			<p>This account is evident from the section "Statutory report on corporate governance" in the Annual Report.</p>
<p>3.1.2. The Committee recommends that the board of directors annually discuss the company's activities to ensure relevant diversity at management levels and prepare and adopt a policy on diversity. The policy should be published on the company's website.</p>	<p>X</p>			<p>A policy on diversity and social inclusion has been prepared that is available on the website.</p>

<p>3.1.3. The Committee recommends that the selection and nomination of candidates for the board of directors be carried out through a careful and transparent process approved by the board of directors. When assessing its composition and nominating new candidates, the board of directors should in addition to the need for competencies and qualifications take into consideration the need for integration of new talent and diversity.</p>	X			<p>When composing the current Board of Directors, candidates meeting the requirement of diversity of the Board and holding qualifications deemed relevant and to add value to the work of the Board were selected and nominated.</p> <p>When new competencies are to be added to the Board of Directors, the goal is to have at least 25% of the nominees for the vacant seat(s) represent the underrepresented gender. The target is that, by 2020, at least 20% of the members of the Board of Directors will be women.</p>
<p>3.1.4. The Committee recommends that the notice convening a general meeting where the agenda includes the election of members to the board of directors, include (in addition to the statutory requirements) a description of the qualifications of the nominated candidates, including information about the candidates’</p> <ul style="list-style-type: none"> • other executive functions, including positions on executive boards, boards of directors and supervisory boards, including board committees in Danish and foreign enterprises, and • demanding organizational tasks. <p>Furthermore, it should be indicated if the candidates to the board of directors are considered independent.</p>	X			<p>The Company’s website contains the individual members’ CVs and information about other executive functions in addition to other relevant information about their performance as members of the Board of Directors.</p> <p>Reference is made thereto in connection with the annual election of members for the Board of Directors.</p>
<p>3.1.5. The Committee recommends that members of the company’s executive board be not members of the board of directors and that a resigning chief executive officer be not directly elected as chairman or vice chairman for the same company.</p>	X			<p>Mads Dahl Andersen was Chief Executive Officer of North Media A/S’ subsidiary FK Distribution A/S and member of North Media A/S’ Executive Board until 31 March 2018. He was not member of the Board of Directors of North Media A/S while sitting on the Executive Board.</p> <p>Mads Dahl Andersen was elected to the Board of Directors at the Company’s Annual General Meeting on 13 April 2018 and subsequently elected Chairman of the Board.</p>

<p>3.1.6. 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>	X			<p>Article 11.3 of the Articles of Association stipulates that Board members are elected for a term of one year at a time. Reelection may occur.</p>
<p>3.2. Independence of the board of directors</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. To be considered independent, this person may not:</p> <ul style="list-style-type: none"> • be or within the past five years have been a member of the executive board or senior staff member in the company, a subsidiary or an associated company, • within the past five years, have received significant remuneration from the company/group, a subsidiary or an associated company in a different capacity than as member of the board of directors • represent or be associated with 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 management in companies with corresponding connection) with the company, a subsidiary undertaking or an associated company, • be or within the past three years have been employed or been a partner in the same company as the auditor elected by the general meeting, 			X	<p>In the past five years, Chairman Mads Dahl Andersen has been a member of the Executive Board before being elected to the Board of Directors and is therefore not independent. It is considered beneficial that the Chairman has thorough knowledge of the Group’s activities. This is not deemed to mean that Mads Dahl Andersen has special interests resulting in a negative impact on independence or the work of the Board of Directors in general.</p> <p>Richard Bunck, the Vice Chairman of North Media’s Board of Directors, is also the principal shareholder and hence not independent. He is deemed to have interests convergent with those of the other shareholders.</p> <p>Board Member Ulrik Holsted-Sandgreen is an attorney-at-law and partner at Horten Advokatpartnerselskab, the law firm providing professional advice to the Company. Therefore, Ulrik Holsted-Sandgreen may not be considered independent. He is not involved in any decision to initiate legal work in which Horten Advokatpartnerselskab might provide advisory services.</p> <p>Since 25 April 2015 Steen Gede has been a member of the Board of Directors for more than 12 years and may therefore not be considered independent.</p> <p>Since 29 April 2017 Peter Rasztar has been a member of the Board of Directors for more than</p>

<ul style="list-style-type: none"> • be part of the executive management in a company with cross-management representation in the company, • have been a member of the board of directors for more than 12 years, or • be a close relative of persons who are not considered independent. <p>Even if a member of the board of directors is not covered by the above criteria, certain conditions may exist that will lead the board of directors to decide that one or more members cannot be regarded as independent.</p>				<p>12 years and may therefore not be considered independent.</p> <p>Management does not believe that a board member's independence and work on the board of directors depends on whether such member has been on the board for more or less than 12 years.</p> <p>The Board of Directors is aware of the lack of independence pursuant to the recommendations on corporate governance, but does not agree with the recommendation, for which reason no decision has been made regarding particular compensating safeguards.</p>
<p>3.3. Members of the board of directors and the number of other management functions</p>				
<p>3.3.1. The Committee recommends that each member of the board of directors assess the expected time commitment for each function so that the member does not take on more functions than he/she can manage at a satisfactory level for the company.</p>	X			<p>None of the current Board members hold many executive functions.</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 person in question, • the person's competencies and qualifications that are relevant to the company, • whether the member is considered independent, • the member's date of appointment to the board of directors, • expiry of the current election term, • the member's participation in the meetings of the board of directors and committee meetings, 	X			

<ul style="list-style-type: none"> • other management functions, including memberships in executive boards, boards of directors, and supervisory boards, including board committees in Danish and foreign enterprises and demanding organizational tasks, and • the number of shares, options, warrants and similar owned by the member in the company, and other group companies, as well as changes in the member's portfolio of the mentioned securities which have occurred during the financial year. 				
<p>3.3.3. The Committee recommends that the annual evaluation procedure, cf. section 3.5, include an evaluation of what is regarded as a reasonable level for the number of other management functions, where the number, level and complexity of the other individual management functions are taken into account.</p>	X			As part of the evaluation, the Board of Directors determines whether its members are able to perform their responsibilities. None of the current Board members hold a considerable number of executive functions.
<p>3.4. Board committees</p>				
<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 regarding which members are independent members and which members have special competencies. 	X			No special board committees have been set up (other than an audit committee as described below).

<p>3.4.2. The Committee recommends that a majority of the members of a board committee be independent.</p>			X	<p>No special board committees have been set up (other than an audit committee as described below), but the majority of the Board members are not independent. Refer also to item 3.2.1 for reasons as to why the recommendation is not followed.</p>
<p>3.4.3. The Committee recommends that the members of the board of directors set up among its members an audit committee and that a chairman is appointed who is not the chairman of the board of directors.</p>	Yes			<p>The Board of Directors is responsible for the overall management of the Company. The Board of Directors has set up an audit committee to supervise financial reporting, among other procedures. The Audit Committee is made up of two members of North Media's Board of Directors. The members are appointed by North Media's Board of Directors for a term of two years at a time, with a re-appointment option.</p> <p>The Board of Directors appoints the chairman of the Audit Committee, and this is not the Chairman of the Board.</p>
<p>3.4.4. The Committee recommends that, prior to the approval of the annual report and other financial reports, the audit committee monitor and report 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. 	X			<p>The Audit Committee is involved in both the preparation of the annual report and the approval of preliminary announcements of financial statements and also meets with the auditors, and it reports to the Board of Directors.</p>
<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 a case, presents mandates and recommendations on selecting, appointing and removing the head of any internal audit function and on the budget of the internal audit function, 	X			<p>Once a year the Audit Committee considers whether a need for an actual internal audit function exists. The entire finance organisation has been centralised into few but larger groups to enhance efficiency and to ensure a good control environment and appropriate segregation of functions. In addition, the use of the subsidiaries' local finance systems is upgraded and harmonised</p>

<ul style="list-style-type: none"> • ensure that if an internal audit has been established, a description of its functions is approved by the board of directors, • ensure that if an internal audit has been established, adequate resources and competencies are allocated to carry out the work, and • monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function. 				<p>on an ongoing basis.</p>
<p>3.4.6. The Committee recommends that the board of directors establish a nomination committee, which is at least, responsible for the following preparatory tasks:</p> <ul style="list-style-type: none"> • describing the qualifications required by the board of directors and the executive board and for a given position, indicating the time expected to be spent carrying out a specific position, as well as assessing the competencies, knowledge and experience found in the two governing bodies, • annually assessing the structure, size, composition and results of the board of directors and the executive board and recommend any changes to the board of directors, • annually assessing the competencies, knowledge, experience and succession of the individual members of management, and report to the board of directors in this respect, • recommending candidates for the board of directors and the executive board, and • proposing an action plan to the board of directors on the future composition of the board of directors, including proposals for specific changes. 	<p>X</p>			<p>The entire Board of Directors constitutes the nomination committee.</p>

<p>3.4.7. The Committee recommends that the board of directors establish a remuneration committee, which is at least, responsible for the following preparatory tasks:</p> <ul style="list-style-type: none"> • recommending 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, • making proposals to the board of directors on remuneration for members of the board of directors and the executive board, as well as ensuring 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 remuneration that members of the board of directors and the executive board receive from other companies in the group • recommending a remuneration policy applicable for the company in general and • assisting with the preparation of the annual remuneration report. 	Yes			<p>The entire Board of Directors constitutes the remuneration committee. A remuneration policy has been adopted by the Annual General Meeting. No annual remuneration report is prepared. Refer to item 4.2.3.</p>
<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>	X			<p>The Company does not make use of external advisers concerning the remuneration policy.</p>

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 for an annual evaluation of the board of directors and the individual members. External assistance should be obtained at least every third year. The evaluation should inter alia include</p> <ul style="list-style-type: none"> • contributions and results, • collaboration with the executive board, • the chairman’s leadership of the board of directors, • the composition of the board of directors (including competencies, diversity and the number of members), • the work in the committees and the committee structure, and • the organisation and quality of the material that is submitted to the board of directors. <p>The evaluation procedure and the general conclusions should be described in the management commentary and on the company’s website. The chairman should account for the evaluation of the board of directors, including the process and general conclusions, on the general meeting prior to the election of the board of directors.</p>	Yes			<p>An evaluation of the Board of Directors and the Executive Board and a self-evaluation of the Board of Directors are performed once a year in accordance with the Board of Directors’ calendar of meetings. The Board members complete a questionnaire about their Board work, and this is discussed by the Board of Directors and described in the management commentary. This is consistent with the recommendation.</p> <p>No external assistance is involved in the evaluation as such assistance is not considered to significantly increase the quality and benefit of the evaluation process. Consequently, the recommendation is only followed in part.</p>
<p>3.5.2. The Committee recommends that at least once annually, the board of directors evaluate the work and performance of the executive board in accordance with pre-defined criteria. Furthermore, the board of directors should evaluate the need for changes to the structure and composition of the executive board, in light of the company’s strategy.</p>	X			<p>It is stated in the Board of Directors' calendar of meetings that it holds a meeting at least once a year (after an ordinary Board meeting) without the Executive Board attending. Furthermore, the Board performs a brief evaluation of all Board meetings immediately after the meetings, without the Executive Board attending.</p>

<p>3.5.3. 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 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.</p>	X			<p>This is evident from the instructions for the Board of Directors and the Executive Board. The evaluation is performed in connection with the Board of Directors' evaluation of the Board and its members.</p>
<p>4. Remuneration of management</p>				
<p><i>4.1. Form and content of the remuneration policy</i></p>				
<p>4.1.1. The Committee recommends that the board of directors prepare a remuneration policy for the board of directors and the executive board, which includes</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, • a description of the criteria that form the basis for the balance between the individual components of the remuneration, and • an explanation for the correlation between the remuneration policy and the company's long-term value creation and relevant related goals. <p>The remuneration policy should be approved by the general meeting at least every fourth year and upon any material amendments and published on the company's website.</p>	X			<p>A remuneration policy has been prepared that has been adopted by the Annual General Meeting and is evident the 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 composition be ensured between remuneration for members of management and the value creation for shareholders in the short and long term, • clarity be established about performance criteria and measurability for the award of variable components, • it is ensured that variable remuneration not only consists of short-term remuneration components, and that long-term remuneration components must have a vesting or maturity period of at least three years, and • it be ensured that the company has the ability to reclaim, in full or in part, variable components of remuneration that were paid on the basis of information, which subsequently are found to be incorrect. 		X		<p>The recommendation is followed except that the Company cannot require repayment of variable pay components paid to an employee based on information which later on turns out to be incorrect. Following the recommendation is considered inappropriate taking into account the small number of variable pay components paid.</p>
<p>4.1.3. The Committee recommends that remuneration of members of the board of directors does not include share options or warrants.</p>			X	<p>Three out of the five members of the Board of Directors have been granted share options. Consequently, this recommendation is not followed. However, the Board of Directors considers it in the shareholders' interest that the Board members too have an interest in long-term value creation as well as an increasing share price.</p>
<p>4.1.4. The Committee recommends that if, in relation to long-term incentive programmes, a share-based remuneration is used, the programmes should have a vesting or maturity period of at least three years after being allocated and should be roll-over programmes, i.e. the options should be granted periodically.</p>	X			<p>Refer to the remuneration policy which is evident from the Group's website and to company announcement no 08-18 of 24 August 2018.</p>

<p>4.1.5. The Committee recommends that the total value of the remuneration relating to the notice period, including severance pay, do not exceed two years of remuneration, including all components of the remuneration.</p>	X			
<p><i>4.2. Disclosure of remuneration</i></p>				
<p>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.</p>	X			
<p>4.2.2. The Committee recommends that shareholders at the general meeting consider proposals for approval of remuneration for the board of directors for the current financial year.</p>			X	<p>The total remuneration of the five members of the Board of Directors is disclosed in the Annual Report, and this is considered sufficient to determine the reasonableness of the directors' fees. The Board of Directors also considers the remuneration appropriate considering the performance by its members.</p> <p>Remuneration to Board members is therefore determined and approved by the Board of Directors. The fact that the general meeting must approve proposed remuneration is not relevant.</p> <p>Following the implementation of the Shareholder Rights Directive in 2019, the Company intends to adjust its practice for approving and reporting remuneration accordingly and to submit proposals to the Annual General Meeting in 2020 for the approval of remuneration of the Board of Directors in 2020.</p>

<p>4.2.3. The Committee recommends that the company prepare a remuneration report that includes information on the total remuneration received by each member of the board of directors and the executive board from the company and other companies in the group and associated companies for the last three years, including information on the most important content of retention and resignation arrangements and that the correlation between the remuneration and company strategy and relevant goals be explained.</p> <p>The remuneration policy should be published on the company's website.</p>			X	<p>North Media does not prepare a remuneration report for 2018. The Board of Directors believes that information about remuneration is a private matter. This is why details about the remuneration of the individual members of the Board of Directors and the Executive Board are not normally disclosed. In connection with the implementation of the Shareholder Rights Directive, as mentioned in item 4.2.2, the Company intends to prepare and publish a remuneration report for 2019.</p>
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5. Financial reporting, risk management and audits

5.1. Identification of risks and transparency about other relevant information

<p>5.1.1. The Committee recommends that the board of directors consider and in the management commentary 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.</p>	X			<p>Management of strategic and business risks are an important element of the Executive Board's and the Board of Directors' work. The Boards work on megatrends as well as political, market, operational and financial risks. Strategic and business risks are also important elements of the budget and action plans.</p>
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5.2. Whistleblower scheme

<p>5.2.1. The Committee recommends that the board of directors establish a whistleblower scheme for expedient and confidential notification of serious wrongdoing or suspicions thereof.</p>	X			<p>The Board of Directors does not consider a whistleblower scheme a guarantee that serious offences or suspicion thereof will be reported. The Board of Directors rather believes that open dialogue with and encouragement of all staff or others who might have something to report, to contact any member of the Executive Board or the Board of Directors are more effective.</p>
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5.3. Contact to auditor				
5.3.1. The Committee recommends that the board of directors ensure regular dialogue and exchange of information between the auditor elected by the general meeting and the board of directors, including that the board of directors and the audit committee meet with the auditor elected by the general meeting at least once annually without the executive board present. This also applies to the internal auditor, if any.	X			The Audit Committee regular meets with the external auditor, The members of the Board of Directors meet at least twice a year with the external auditor and as required, and at least once a year - also without the presence of the Executive Board.
5.3.2. The Committee recommends that the audit agreement and auditors fee be agreed by the board of directors and the auditor elected by the general meeting based on a recommendation from the audit committee.	X			Appears from the Board of Directors' calendar of meetings and is discussed once a year at a Board meeting.

ITEM 2: Any other codes adhered to by the Company

North Media A/S adheres to no other codes.

ITEM 3: The key elements of the Company's internal control and risk management system relating to financial reporting

Detailed internal control and risk management systems have been established in connection with the financial reporting process. The aim is to ensure that internal and external financial reports give a true and fair view free from material misstatements. Furthermore, the systems are to ensure that the external interim reports and annual reports of the Group are presented in accordance with IFRS as adopted by the EU as well as additional Danish disclosure requirements for the presentation of financial statements of listed companies.

For a specific description of control and risk management relating to the presentation of financial statements, please refer to the section in the Annual Report on Statutory report on corporate governance and the Group's website. The Board of Directors estimates that it will not be necessary to set up an independent internal audit function to support the Company's internal control and risk management systems. The Board of Directors finds that the size of the Group does not call for an independent internal audit function.

ITEM 4: Composition of the management bodies and their committees and the functions thereof

The general meeting of North Media A/S has the ultimate authority to elect members to the Company's Board of Directors and is responsible for its overall management. The Board of Directors supervises the Company's activities and safeguards the proper management of the Company in accordance with the Articles of Association, the Danish Companies Act and other regulations of relevance to the Company. The primary duties of the Board of Directors is to lay down the overall goals and strategies, define clear guidelines for the division of responsibilities, planning and risk management and appoint a competent executive board and serve as its easy-to-reach and active sounding board. The Board of Directors is made up of five members with Mads Dahl Andersen as Chairman and Richard Bunck, principal shareholder, serving as Vice Chairman.

The Group's activities are divided into four segments:

- *FK Distribution, Lasse Ingemann Brodt, CEO*
- *North Media Newspapers, Gorm Wesing Flyvholm, CEO*
- *North Media Online, Henrik Løvig Jensen, CEO*
- *BEKEY, Jannik Bray Christensen, CEO*

The Group's Executive Board consists of five Executive Officers: Kåre Stausø Wigh, Group Executive Director & CFO and the four Chief Executive Officers, each in charge of their own segment and directly referring to an independent board of directors.

The North Media A/S' Board of Directors, the Group Executive Director & CFO and the CEO of each of the four segments are the Chief Operating Decision Makers, CODM, focusing on and responsible for the Group's four segments. The Executive Board is responsible for the cross-disciplinary product and business development as well as shared HR guidelines and values.