CORPORATE
RELATIONS

Annual report 2016

Best practice

10 trends in annual reporting

#1 Focus on storytelling, the equity story, in brief; at a glance.

#2 Business model and value chain are illustrated and explained.

#3 Transparent communication on strategy and targets.

#4 Sustainability – shared value – is considered a value driver.

#5 Regulation and compliance is structuring reporting.

#6 Focus on future; outlook, risks, innovation, transformation, reputation.

#7 Design and info graphics are used strategically to emphasize points.

#8 Customized and targeted communication on many platforms.

#9 Magazines and one-pager web reports are complimenting the traditional report.

#10 Increasing use of interactive features, video and info graphics in web reports.

Best practice criteria

1. #at a glance #in brief #equity story
2. #business model #strategy #value drivers
3. #performance #targets #results #value creation
4. #markets #products #innovation #pipeline
5. #CSR #governance #risk #management
6. #digital reporting

1

#at a glance
#in brief
#equity story

#AT A GLANCE **COPENHAGEN AIRPORT**

Københavns Lufthavne CPH

KØBENHAVNS LUFTHAVN I TAL

CPH ejer, driver og udvikler Københavns Lufthavn i tæt samarbejde med flyselskaber, groundhandlere, forpagtere og andre vigtige aktører. En kompleks operation i drift døgnet rundt, året rundt.

79.353 PASSAGERER PR. DAG

88 OVERORDNET PASSAGER-TILFREDSHED (PÅ EN SKALA 0-100)

726 AFGANGE OG ANKOMSTER PR. DAG

INTERNATIONALE 94%

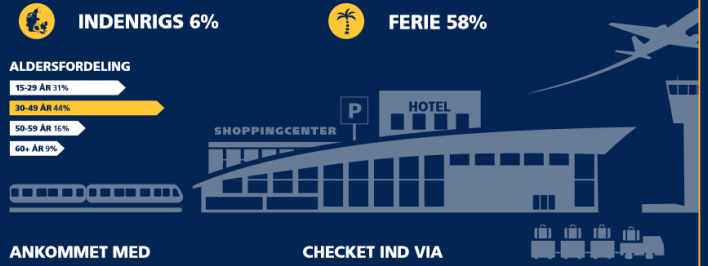
INDENRIGS 6%

FORRETNING 42%

FERIE 58%

ALDERSFORDELING

- 15-29 ÅR 31%
- 30-49 ÅR 44%
- 50-59 ÅR 16%
- 60+ ÅR 9%



ANKOMMET MED

21%	17%	31%	28%	3%
BIL	TAXA	METRO	TOG	BUS

CHECKET IND VIA

19%	29%	22%	30%
SKRANKE	AUTOMAT	MOBIL	INTERNET

Københavns Lufthavne CPH

2016 I OVERBLIK

SEGMENTERNES RESULTATER

29 MIO.
PASSAGERER I 2016
Det samlede antal passengerer steg 9,1% ift. 2015. Dette er rekord for sjette år i træk.

4,3% STIGNING
I OMSÆTNINGEN I SHOPPINGCENTRET
Hovedsageligt pga. stigningen i afgående passagerer og et forbedret butiks- og brandmix inden for specialbutikker og restauranter.

165 DESTINATIONER
DIREKTE FRA KØBENHAVNS LUFTHAVN
I 2016 tilføjede CPH ni nye destinationer til rutekortet, og fire ruter blev åbnet til allerede servicerede destinationer.

11,4% STIGNING
I OMSÆTNINGEN I PARKERING
Stærkere online- og mediekampagner, højere passagertal og ændret prisstruktur øgede den gennemsnitlige transaktionsværdi.

2,9 MIO.
UDENLANDSKE TURISTER
Antallet af udenlandske turister, der fløj til Københavns Lufthavn, steg 11% ift. 2015.

6,9% STIGNING
I OMSÆTNINGEN I HOTELAKTIVITET
Omsætningen fra hotelaktiviteten steg DKK 14,7 mio. I januar 2017 indgik CPH en aftale med Petter Anker Stordalen og Nordic Choice Hotels, der fra 1. april 2017 overtager driften med et Clarion Hotel. Aftalen omfatter også opførelse og drift af et nyt Comfort Hotel med 500 værelser og et 3.000 m² konferencecenter, som forventes at åbne i 2020.

CORPORATE RELATIONS

#AT A GLANCE **DONG ENERGY**

DONG Energy at a glance

- Headquarters in Denmark
- 6,200 employees (including Oil & Gas)
- Revenue in 2016 DKK 61 billion

80%* Wind Power

Develops, constructs, owns and operates offshore wind farms in Denmark, Germany, the Netherlands and the UK. Development projects in Taiwan and the USA.

4%* Bioenergy & Thermal Power

Generates and sells power and heat to customers in Denmark and Northwestern Europe.

4%* Oil & Gas

(discontinued operations)

Produces oil and gas from fields in Denmark, Norway and the UK.

12%* Distribution & Customer Solutions

Power distribution grid on Zealand and sale of power and gas to customers in Northwestern Europe.

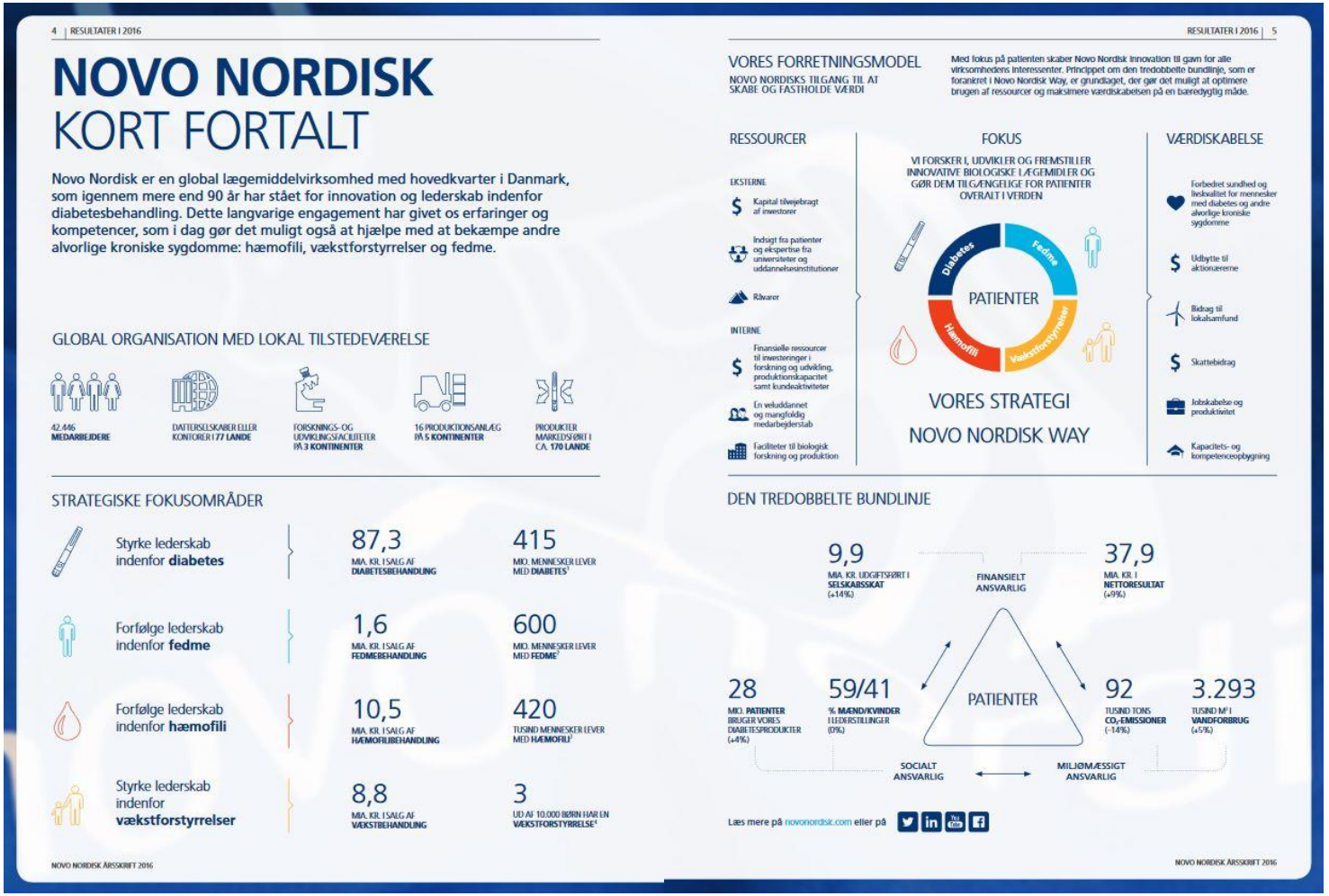
* Share of the Group's capital employed

CORPORATE RELATIONS

#AT A GLANCE **NNIT**

CORPORATE RELATIONS

#AT A GLANCE **NOVO NORDISK**



4 | RESULTATER I 2016

NOVO NORDISK KORT FORTALT

Novo Nordisk er en global lægemiddelvirksomhed med hovedkvarter i Danmark, som igennem mere end 90 år har stået for innovation og lederskab indenfor diabetesbehandling. Dette langvarige engagement har givet os erfaringer og kompetencer, som i dag gør det muligt også at hjælpe med at bekæmpe andre alvorlige kroniske sygdomme: hæmofili, vækstforstyrrelser og fedme.

GLOBAL ORGANISATION MED LOKAL TILSTEDEVÆRELSE

- 42.446 **MEDARBEJDERE**
- DATTERSELSKABER ELLER KONTORER I **77 LANDE**
- FORSKNINGS- OG UDVIKLINGSFACILITETER PÅ **3 KONTINENTER**
- 16 PRODUKTIONSANLÆG PÅ **5 KONTINENTER**
- PRODUKTER MARKEDSFØRT I CA. **170 LANDE**

STRATEGISKE FOKUSOMRÅDER

Styrke lederskab indenfor **diabetes**	87,3 MIA. KR. I SALG AF **DIABETESBEHANDLING**	415 MIO. MENNESKER LEVER MED **DIABETES**[1]
Forfølge lederskab indenfor **fedme**	1,6 MIA. KR. I SALG AF **FEDMEBEHANDLING**	600 MIO. MENNESKER LEVER MED **FEDME**[2]
Forfølge lederskab indenfor **hæmofili**	10,5 MIA. KR. I SALG AF **HÆMOFILIBEHANDLING**	420 TUSIND MENNESKER LEVER MED **HÆMOFILI**[3]
Styrke lederskab indenfor **vækstforstyrrelser**	8,8 MIA. KR. I SALG AF **VÆKSTBEHANDLING**	3 UD AF 10.000 BØRN HAR EN **VÆKSTFORSTYRRELSE**[4]

NOVO NORDISK ÅRSSKRIFT 2016

RESULTATER I 2016 | 5

VORES FORRETNINGSMODEL

NOVO NORDISKS TILGANG TIL AT SKABE OG FASTHOLDE VÆRDI

Med fokus på patienten skaber Novo Nordisk innovation til gavn for alle virksomhedens interessenter. Princippet om den tredobbelte bundlinje, som er forankret i Novo Nordisk Way, er grundtaget, der gør det muligt at optimere brugen af ressourcer og maksimere værdiskabelsen på en bæredygtig måde.

RESSOURCER

EKSTERNE
- Kapital tilvejebragt af investorer
- Indsigt fra patienter og ekspertise fra universiteter og uddannelsesinstitutioner
- Råvarer

INTERNE
- Finansielle ressourcer til investeringer i forskning og udvikling, produktionskapacitet samt kundeaktiviteter
- En veluddannet og mangfoldig medarbejderstab
- Faciliteter til biologisk forskning og produktion

FOKUS

VI FORSKER I, UDVIKLER OG FREMSTILLER INNOVATIVE BIOLOGISKE LÆGEMIDLER OG GØR DEM TILGÆNGELIGE FOR PATIENTER OVERALT I VERDEN

VORES STRATEGI
NOVO NORDISK WAY

VÆRDISKABELSE
- Forbedret sundhed og livskvalitet for mennesker med diabetes og andre alvorlige kroniske sygdomme
- Udbytte til aktionærerne
- Bidrag til lokalsamfund
- Skattebidrag
- Jobskabelse og produktivitet
- Kapacitets- og kompetenceopbygning

DEN TREDOBBELTE BUNDLINJE

Læs mere på novonordisk.com eller på

NOVO NORDISK ÅRSSKRIFT 2016

CORPORATE RELATIONS

#AT A GLANCE **ALK ABELLO**

PROFILE AND PRIORITIES:

ALK in numbers

2,300 dedicated people

Headquartered in Denmark, ALK employs around 2,300 people in Research & Development, Sales & Marketing, Product Supply and administrative functions, primarily in Europe and North America. Since the beginning of 2016, the workforce has grown by 300 people, mainly due to expanded production capacity and increased quality assurance efforts as well as a recent acquisition.

32 countries

ALK is present in 32 countries either directly or via partnerships, with distributors in additional markets. ALK works with its strategic partners to launch its latest products beyond Europe and North America – Abbott for Russia and South-East Asia, Seqirus Ltd for Australia and New Zealand, and Torii Pharmaceutical Co., Ltd for Japan.

6 main production facilities

ALK's AIT products are derived from natural allergen sources, which are harvested at its own raw materials production facilities. After primary purification and quality control, the raw materials undergo secondary purification into active pharmaceutical ingredients at one of ALK's six main production facilities. Excipients are added during the final formulation, after which the product is packed, labelled and distributed. The entire process is subject to extensive and continuous quality assurance in compliance with EU, US and Japanese standards for Good Manufacturing Practice.

93 pioneering years

ALK's history dates back to 1923 when the first pharmaceutically manufactured allergen extract was produced at Copenhagen University Hospital. ALK has constantly pushed the boundaries of allergy treatment with world-firsts that include: the first techniques to accurately identify the proteins that provoke allergens (1972), the first standardised allergy immunotherapy (1978), the first SLIT-d… first SLIT-table… AIT product wi… authorisation f… rhinitis and all… (2015), and th… documentatio… prevention of … (2016).

5 major respiratory allergies

ALK and its partners have invested substantially in the research and development of new, evidence-based SLIT-tablets covering the five major respiratory allergies – house dust mite, grass, tree, ragweed as well as Japanese cedar. The latter is a major cause of allergy in Japan.

Profile and priorities

Focus on respiratory diseases

ALK is a global pharmaceutical company with a mission to improve quality of life for people suffering severely with respiratory allergies and related asthma. With a near century-long heritage of pioneer research and product innovation in the treatment of allergic diseases, today ALK's business is focused on the prevention, diagnosis and treatment of the respiratory diseases allergic rhinitis (hay fever) and allergic asthma.

ALK is a world leader in allergy immunotherapy (AIT), a unique, disease-modifying treatment that addresses the underlying cause of the link between allergy and other respiratory diseases, such as asthma. This understanding enables ALK to develop and produce its biological medicines using complex manufacturing processes that are subject to comprehensive analyses and quality control at all stages. This knowledge is key to ALK's unique market position.

The business model relies on innovation. ALK works continuously to improve the quality, safety and efficacy of its products and to introduce new, more convenient treatments that will improve patients' access to allergy treatment and

Solutions for the world's allergies

ALK markets products covering a wide range of allergies, including grass, ragweed, house dust mite, tree, Japanese cedar, cat, dog and venom. The company also has products in related areas, including allergy diagnosis and emergency intervention following allergy-related anaphylaxis.

ALK's AIT products come in three different forms:

SCIT: Subcutaneous injections given by allergy specialists as regular injections under the skin.

SLIT-drops: Sublingual droplets administered under the tongue by patients at home.

SLIT-tablets: Sublingual tablets that dissolve quickly under the tongue and can be administered by patients at home.

ALK's ACARIZAX® is the first and only SLIT-tablet to be broadly approved for the treatment of house dust mite-induced allergic asthma, and ALK is working to establish AIT not just in the treatment of asthma but potentially also in its prevention.

In 2016, more than 1.5 million people were treated with ALK's AIT products or with AIT-treatments based on its allergenic extracts. ALK aims to roughly double this number by the middle of the next decade.

Highlights 2016-17

BASE BUSINESS
25%
revenue growth

2017 REVENUE
2.8-3.0
DKK billion

Extended market leadership

Benefiting from market disruptions in Europe caused by temporary issues at a competitor, ALK achieved record levels of revenue and operating profit in 2016. Revenue grew to DKK 3.0 billion (2.57), driven by strong double-digit growth in sales of SLIT-tablets, SLIT-drops, diagnostics and other products, whereas SCIT sales weakened towards the end of the year following a temporary reduction in production capacity. Operating profit (EBITDA before special items) increased by 56% to DKK 705 million (452) due to top-line growth, economies of scale and operational efficiencies.

ACARIZAX® takes top spot

Just six months after its launch, ACARIZAX® was the most prescribed AIT product in Germany and Denmark for new adult house dust mite allergy patients. Sales in Japan, under the brand name MITICURE™, have also been steadily growing so that, in total, close to 25,000 patients have now been initiated on ACARIZAX® treatment worldwide. 2016 saw several further approvals and launches, while regulatory processes were initiated in North America and South-East Asia.

Investments in capacity and quality

In response to higher demand and increasing regulatory requirements, ALK accelerated its investments in production capacity and quality. Expansion of SLIT-tablet production capacity continued as planned, while staffing at the SLIT-drops facility was nearly doubled. ALK accelerated upgrades of the SCIT production facility which unfortunately has reduced SCIT capacity temporarily, however, output will gradually normalise in 2017.

Major opportunity in the USA

In January 2017, all rights to GRASTEK®, RAGWITEK® and the HDM SLIT-tablet in North America were repatriated to ALK after a phase-out of the partnership with MSD (known as Merck in the USA and Canada). ALK's North American subsidiaries will now market the tablets alongside their existing portfolios of bulk allergenic extracts, diagnostics and other products. To facilitate this, ALK has added around 50 new employees and is developing a new long-term commercial strategy for North America.

Asthma evidence continues to build

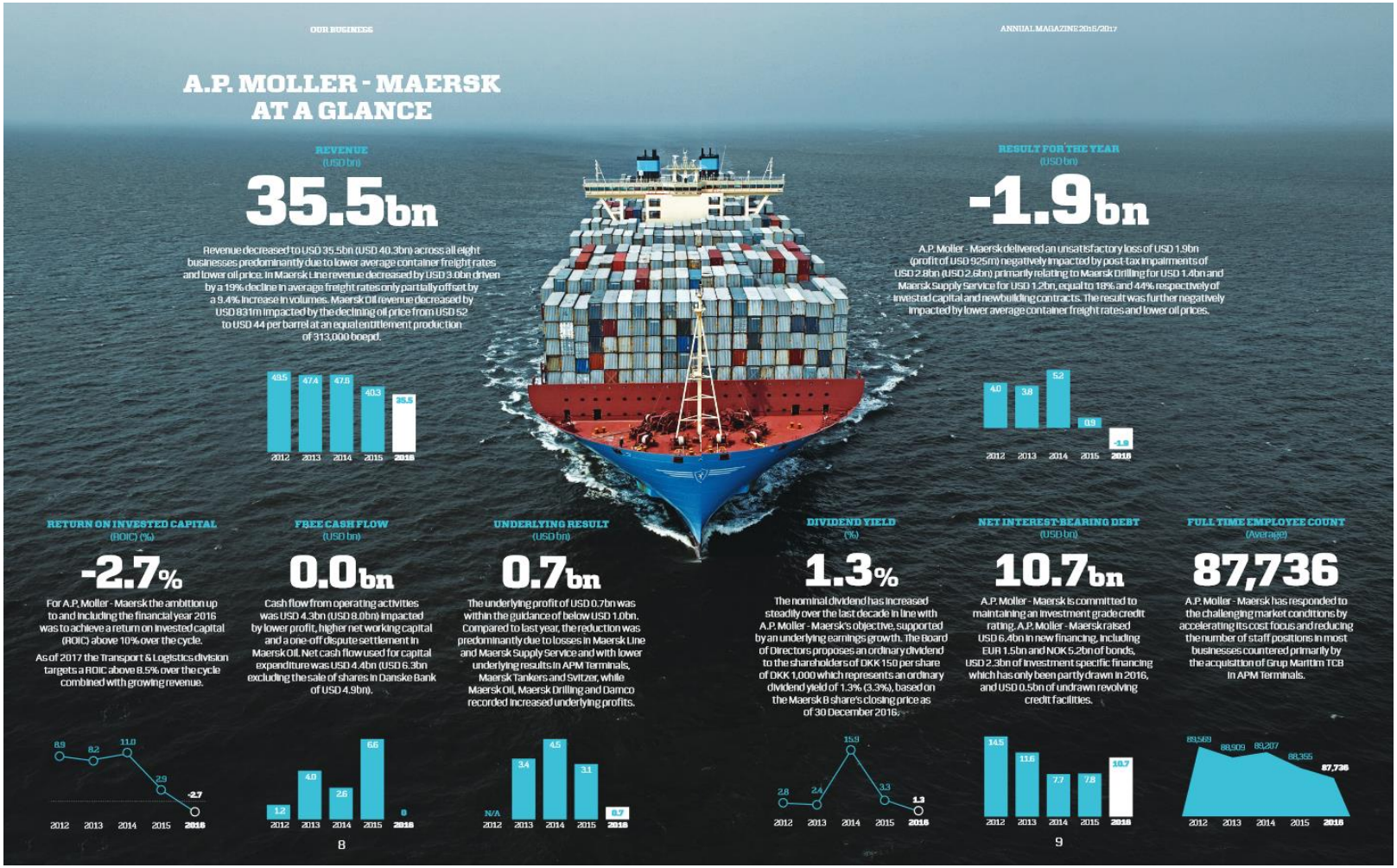
Evidence supporting the use of AIT in asthma continues to build. In April, the *Journal of the American Medical Association* published Phase III data from an ACARIZAX® asthma trial which showed a substantial reduction in the risk of moderate to severe asthma exacerbations. Separately, the GRAZAX® *Asthma Prevention* trial demonstrated that treatment with GRAZAX® significantly reduced children's risk of experiencing asthma symptoms.

2017 outlook

2017 will see significant global investments and cost increases as ALK seeks to build, consolidate and strengthen its market position and long-term growth. ALK will also continue to increase capacity and strengthen the robustness of its product supply. Revenue in North America and International markets is projected to increase, while European revenue is expected to decline as markets settle after competitor disruptions which provided an extraordinary boost to ALK's sales. However, ALK expects to retain the majority of its market share gains in Europe and anticipates 2017 revenue that is still significantly higher than before the disruptions. 2017 total revenue is projected at DKK 2.8-3.0 billion (3.0). Reported EBITDA is expected at around DKK 300 million (442).

CORPORATE RELATIONS

#AT A GLANCE **MAERSK**

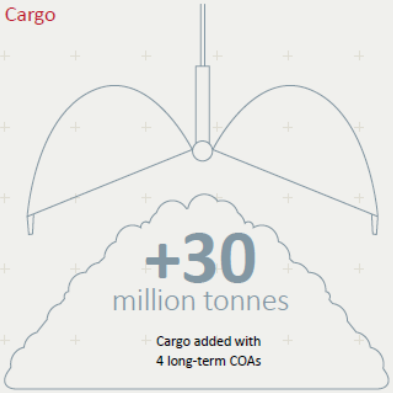


CORPORATE
RELATIONS

#AT A GLANCE **NORDEN**

2016 at a glance

Cargo



+30
million tonnes

Cargo added with
4 long-term COAs

Agreements

31

Agreements entered into in 2016 to optimise the core fleet

Cost reduction

15
USD million

Achieved annual savings on vessel operating costs and voyage costs

Dry Cargo – Operator activities

+7%

Number of ship days in the non-core fleet to increase operator activities in 2016

Relative return

NORDEN share vs. peers
+5%

Return on the NORDEN share compared to the peer group

Commitments

Reduction of net commitments in 2016 i.a. as a result of new long-term COAs

369
USD million

-37%

989 USD million → 620 USD million

Earnings

Dry Cargo
+19%

NORDEN's Dry Cargo earnings compared to the market

Tankers
+7%

NORDEN's Tanker earnings compared to the market

Tankers – Coverage

+9 percentage points

Increase in covered days in 2017 within Tankers from 12% to 21%

Adjusted results for the year

-35
USD million

Results for the year excluding profits and loss from the sale of vessels etc.

CORPORATE RELATIONS

2

#business model
#strategy
#value drivers

#STRATEGY **CARLSBERG**

SAIL'22

Setting sail

Our new strategy, SAIL'22, was launched in March 2016 with the ambition to make the Carlsberg Group a successful, professional and attractive brewer in our markets: successful by delivering sustainable organic top- and bottom-line growth; professional by being the preferred supplier of our customers; and attractive by delivering value for shareholders, employees and society.

SAIL'22 was co-developed by the top leadership team in the Group in order to leverage the Company's vast knowledge base, support a team-based culture and secure a fast implementation.

Our strategic choices

The key strategic choices of SAIL'22 are grouped under the headings "Strengthen the core", "Position for growth" and "Create a winning culture". Achieving strong results within these choices will enable us to deliver enhanced value for our shareholders. You can read more about SAIL'22 on the following pages.

STRENGTHEN THE CORE

- Leverage our strongholds
- Excel in execution
- Funding the Journey

POSITION FOR GROWTH

- Win in growing categories
- Target big cities
- Grow in Asia

DELIVER VALUE FOR SHAREHOLDERS

- Organic growth in operating profit
- ROIC improvement
- Optimal capital allocation

CREATE A WINNING CULTURE

SAIL'22

How we measure success

STRENGTHEN THE CORE

Leverage our strongholds
We will measure our success in revitalising core beer by our ability to grow the gross brand contribution (GBC) from core beer. The base year will be 2016. Our success in Russia will be measured by our ability to deliver organic growth in operating profit.

Excel in execution
Excel in execution includes a number of actions and capability-building initiatives. Excelling in execution must lead to continued improvement of the Golden Triangle, showing our ability to balance and grow GPaL margin, operating profit and market share.

Funding the Journey
By bringing all profit improvement initiatives together in a single programme, we ensure a sharp focus and impactful delivery. Net benefits from Funding the Journey will amount to DKK 1.5-2.0bn, with full impact in 2018. In 2016, we realised approx. DKK 0.5bn.

POSITION FOR GROWTH

Win in growing categories
Our craft & speciality beer and non-alcoholic beer accounted for 10% of net revenue in 2016. The profitability of these brands significantly exceeds the core beer average and our target is to continuously increase their share of net revenue.

Target big cities
Succeeding with this priority will expand our geographic footprint and enable us to generate incremental premium business. Significant contribution is not expected until the end of the strategy period, but from 2018 we will report net revenue growth from big cities.

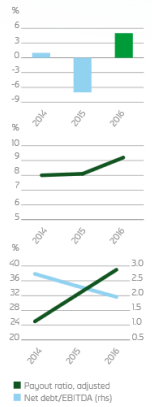
Grow in Asia
The importance of our Asian business for the Group has increased over the years, and in 2016 it accounted for 24% of net revenue and 28% of operating profit. We aim to continue the growth trajectory and deliver organic growth in net revenue and operating profit.

DELIVER VALUE FOR SHAREHOLDERS

Organic growth in operating pro it
Consistent growth in organic operating profit is testament to our ability to deliver top-line growth and margin improvement. In 2016, organic growth in operating profit was 5%. Reported numbers were impacted by adverse currencies.

ROIC improvement
In order to drive a positive development in shareholder returns, we will improve the return on invested capital by improving earnings and reducing invested capital. ROIC was 9.2% in 2016, positively impacted by organic earnings growth and reduced fixed assets.

Optimal capital allocation
Investing in profitable growth is our first priority, as this will secure long-term value creation for the Group. Subsequently, we will reduce leverage to below 2.0x, after which we will return more cash to shareholders. We are targeting a payout ratio of 50%. In 2016, it was 39%.



CREATE A WINNING CULTURE

We measure our progress towards creating a winning culture through the annual MyVoice score. In addition, we will define targets for each of our sustainability focus areas.

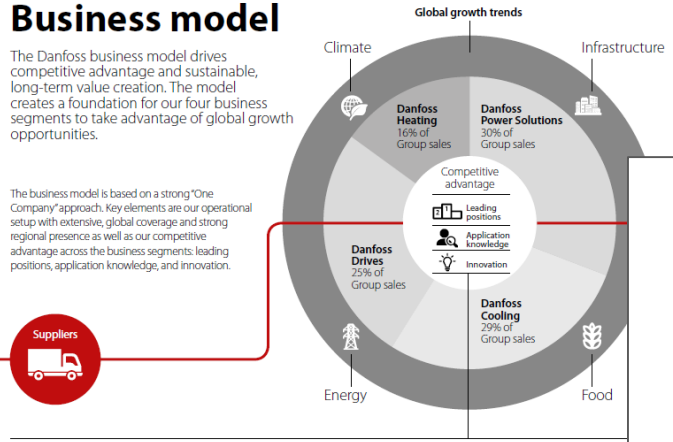
CORPORATE RELATIONS

#BUSINESS MODEL **DANFOSS**

Business model

The Danfoss business model drives competitive advantage and sustainable, long-term value creation. The model creates a foundation for our four business segments to take advantage of global growth opportunities.

The business model is based on a strong "One Company" approach. Key elements are our operational setup with extensive, global coverage and strong regional presence as well as our competitive advantage across the business segments: leading positions, application knowledge, and innovation.

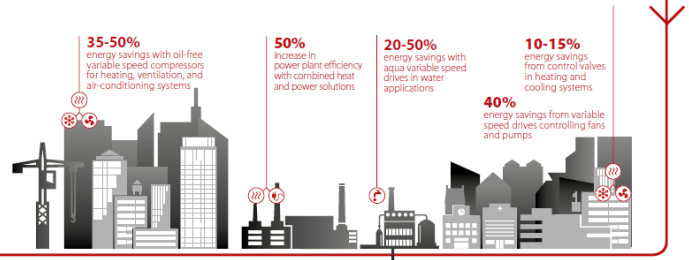


Leading positions
In the global manufacturing industry, global reach, size, and scale matter. Therefore, it is a key element in our business model that the business segments hold leading positions as either a number one or two in their industries. To drive scale advantages, increased customer value, and a world-class supply chain, we have a unique business system with a strong focus on safety, quality, delivery, and cost.

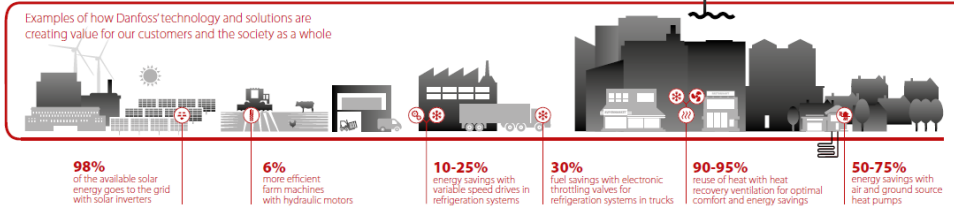
Application knowledge
Across the Group, customer application knowledge and deep technical expertise are driving differentiation as well as customer value. The operational setup is designed to ensure local empowerment and close cooperation with customers. We invest in initiatives that enable our R&D engineers to turn their know-how and application understanding into performance-enhancing advantages for our customers.

Global growth **opportunities**

Our business model capitalizes on four global growth trends: infrastructure, food, energy, and climate. These trends drive future growth opportunities for Danfoss and represent areas, where we contribute to a sustainable global development.



Examples of how Danfoss' technology and solutions are creating value for our customers and the society as a whole



Infrastructure
The global population is moving into cities, creating a demand for infrastructure. By providing energy-saving solutions and technologies we help build the infrastructure – roads, buildings, and energy systems – for the world's growing cities in a sustainable and efficient way.

Food
A growing world population needs more and better food. We help meet this need by increasing agricultural productivity and keeping food cold and fresh from field to fork with a minimum waste, e.g. safe food processing, storage, and transportation.

Energy
Global energy demand is rising as population grows and standards of living increase. No matter what we do, the goal is to optimize performance, increase energy-efficiency, and minimize waste. This means that our customers and society as a whole get more from less.

Climate
Global emissions must be reduced to limit the global warming. Our innovative technologies help lower emissions and improve people's health and comfort, outdoors and indoors, by optimizing heating, ventilation, and air-conditioning systems.

CORPORATE RELATIONS

#BUSINESS MODEL **DONG ENERGY**

Business model

We are active across the entire power and heat value chain. We create value for our customers, shareholders, employees and society in large by building market-leading competitive positions.

Key resources

Financial capital
We finance our large investments through cash flow from operations, debt and divestment of partnership interests.

Energy assets
We are leading the green transformation by investing in new renewable technologies.

Natural resources
We rely on natural resources such as biomass, as well as locations with attractive wind speeds and seabed conditions.

Human resources
We rely on a highly skilled workforce to operate our business.

Innovative culture
We continuously develop price competitive energy solutions through innovation.

Stakeholder engagement
We depend on constructive relations with our key stakeholders to ensure supportive framework conditions for our business.

Core activities

	Develop and construct	Operate and maintain	Sell and optimise
Wind Power	Develop and build offshore wind farms	Own 21 offshore wind farms of which we operate 16. In addition, we have six wind farms under construction	Utilise our partnership model and crystalise value
Bioenergy & Thermal Power	Convert our CHP plants from coal or gas to sustainable biomass	Own and operate ten plants in Denmark and one plant in the Netherlands	Enter into long-term heat contracts with our heat customers and sell power into the market
Distribution & Customer Solutions	Modernise our power distribution grid in Denmark	Operate and maintain our grid infrastructure	Manage the Group's overall energy portfolio and provide gas, power and energy solutions for our customers

Value created

Financial return
Growing operating profit and increasing investor returns create a robust financial platform for future growth.

Energy products
Our assets produce energy for society, while a reliable grid ensures high security of supply to our customers.

Sustainable energy
By developing green energy sources, we reduce carbon emissions and contribute to mitigating climate change.

Highly skilled work force
By investing in our employees, we get safe, healthy, engaged and skilled employees.

Innovative solutions
Innovation to reduce the cost of electricity from offshore wind ensures the competitiveness of the technology and development of new sustainable solutions.

Stakeholder support
More satisfied and loyal customers and broader stakeholder support.

See pages 21-22 for our strategic targets.

Our value creation enables us to maintain and develop our key resources.

CORPORATE RELATIONS

#BUSINESS MODEL **FLSMIDTH**

STRATEGY AND **BUSINESS MODEL**

FLSMIDTH'S STRATEGY IN 30 SECONDS

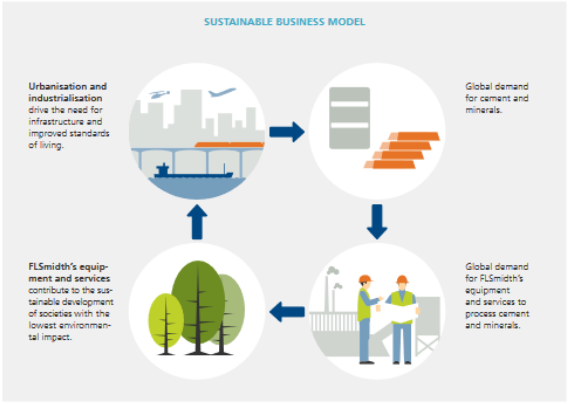
As a leading supplier of sustainable productivity enhancing solutions to the global cement, mining and adjacent industries, FLSmidth constantly seeks to increase customer output and reduce their total cost of ownership. A full flow-sheet of premium technologies, embedded in a unique combination of leading products, process know-how and services, enables FLSmidth to understand performance data and optimise customers' operations, while minimising environmental impact. The ability to offer performance guarantees, and operate customer plants, underlines that FLSmidth does not 'just' sell equipment, plants or services – we sell productivity.

A LEADING SUPPLIER OF SUSTAINABLE PRODUCTIVITY

The growth and economic development of societies all over the world is driving urbanisation, industrialisation and a need for infrastructure, which in turn is driving demand for cement and minerals. FLSmidth has a sustainable business model which makes it well positioned to benefit from the mid- and long-term structural growth opportunities.

Customers in the mining and cement industries are increasingly focused on sustainability and their responsibilities towards the environment and society. They are faced with ever-stricter governmental regulations related in particular to the environment, including natural resources such as water and energy, and the environmental footprint associated with pollution and emissions. Greater scarcity of raw materials, water and energy is leading to more complex and costly operations. Successfully managing these responsibilities, as well as the obligations towards employing and developing a local workforce and providing a safe working environment, is vital to gaining local support to operate, and FLSmidth has both the experience and the technologies to help customers address that challenge.

SUSTAINABLE BUSINESS MODEL



STRATEGY AND **BUSINESS MODEL**

CUSTOMER BASE

FLSmidth has a diversified customer base composed primarily of global and regional cement and mining companies that invest in new capacity or in expanding, upgrading, maintaining and servicing existing production capacity. FLSmidth has vast experience of working with a broad range of customers in almost any country in the world.

Mining customers consist of both major and mid-tier miners, the latter accounting for a relatively large amount of minerals-related project sales, whereas the former account for a considerable share of FLSmidth's minerals-related aftermarket business.

Both global cement majors and local or regional mid-sized players are typical customers of FLSmidth, though the latter account for most of cement-related project sales, whereas global cement majors account for a considerable share of FLSmidth's cement-related aftermarket business.

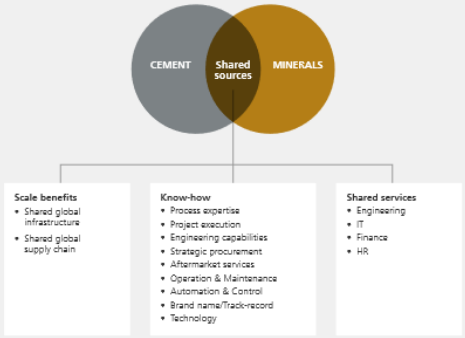
CEMENT AND MINERALS SYNERGIES

Though cement and mining are distinct industries, there are considerable commonalities and synergies between the two, and FLSmidth has the unique advantage of being able to share resources and best practices across its cement and minerals business.

Scale benefits and shared services

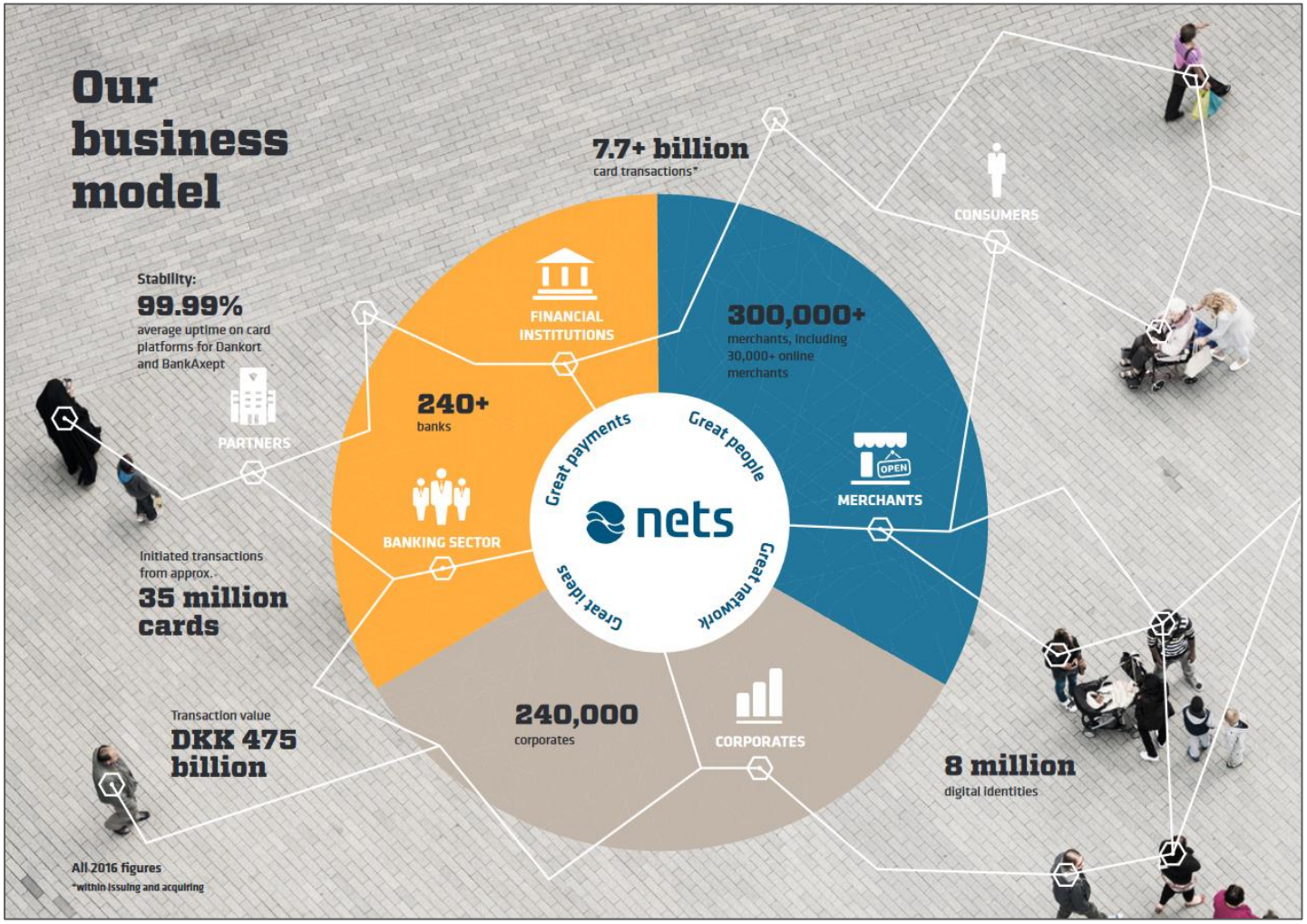
In addition to the traditional scale benefits such as shared global infrastructure and supply chain, FLSmidth has a large shared services set-up in Chennai, India with more than 1,400 employees serving the global organisation with respect to Engineering, IT, HR and Finance. India, together with China, is also the location for the Group's shared assembly and production facilities.

CEMENT & MINERALS – SYNERGIES EXTRACTED THROUGH SHARED SOURCES OF COMPETITIVE ADVANTAGE



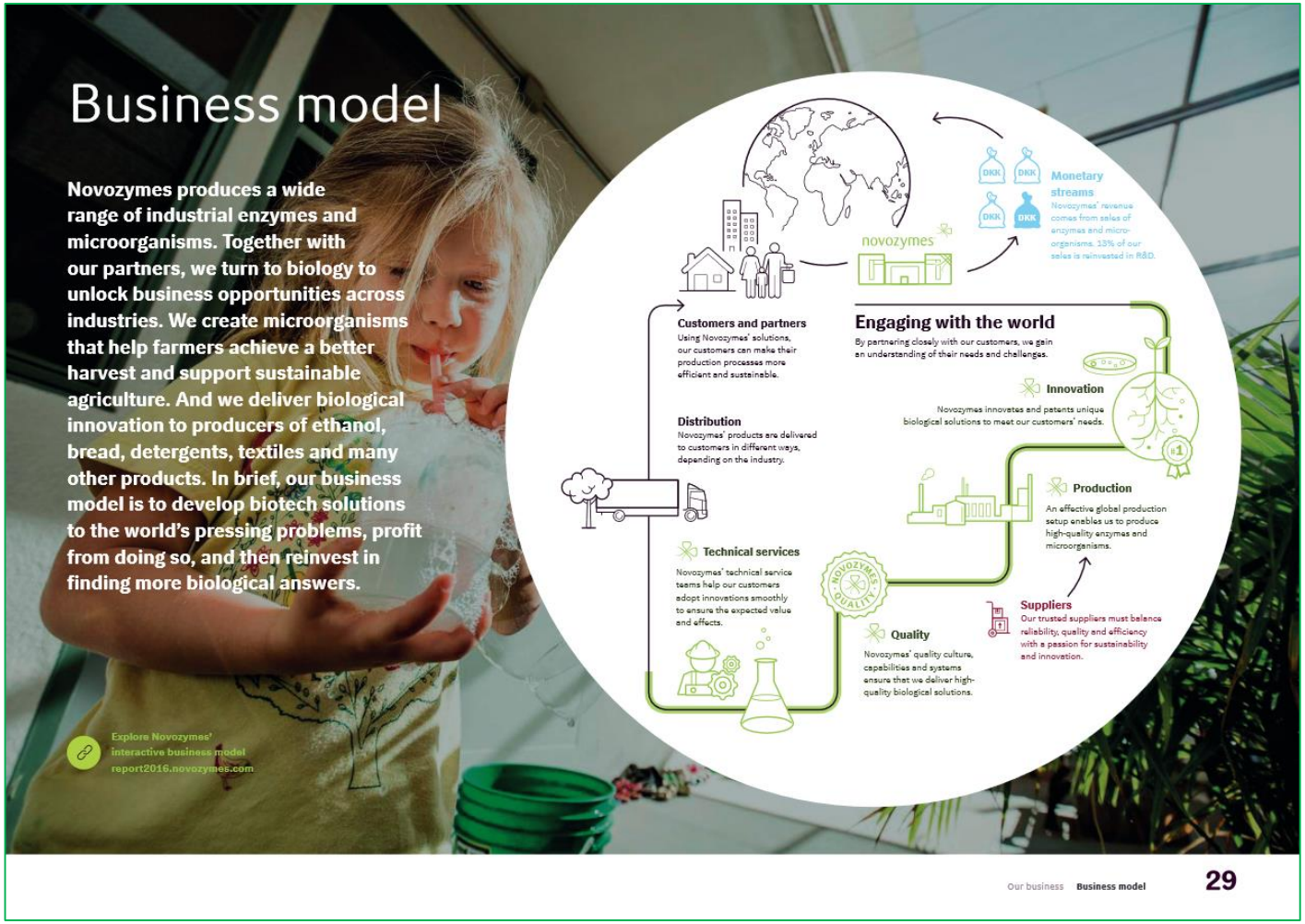
CORPORATE RELATIONS

#BUSINESS MODEL **NETS**



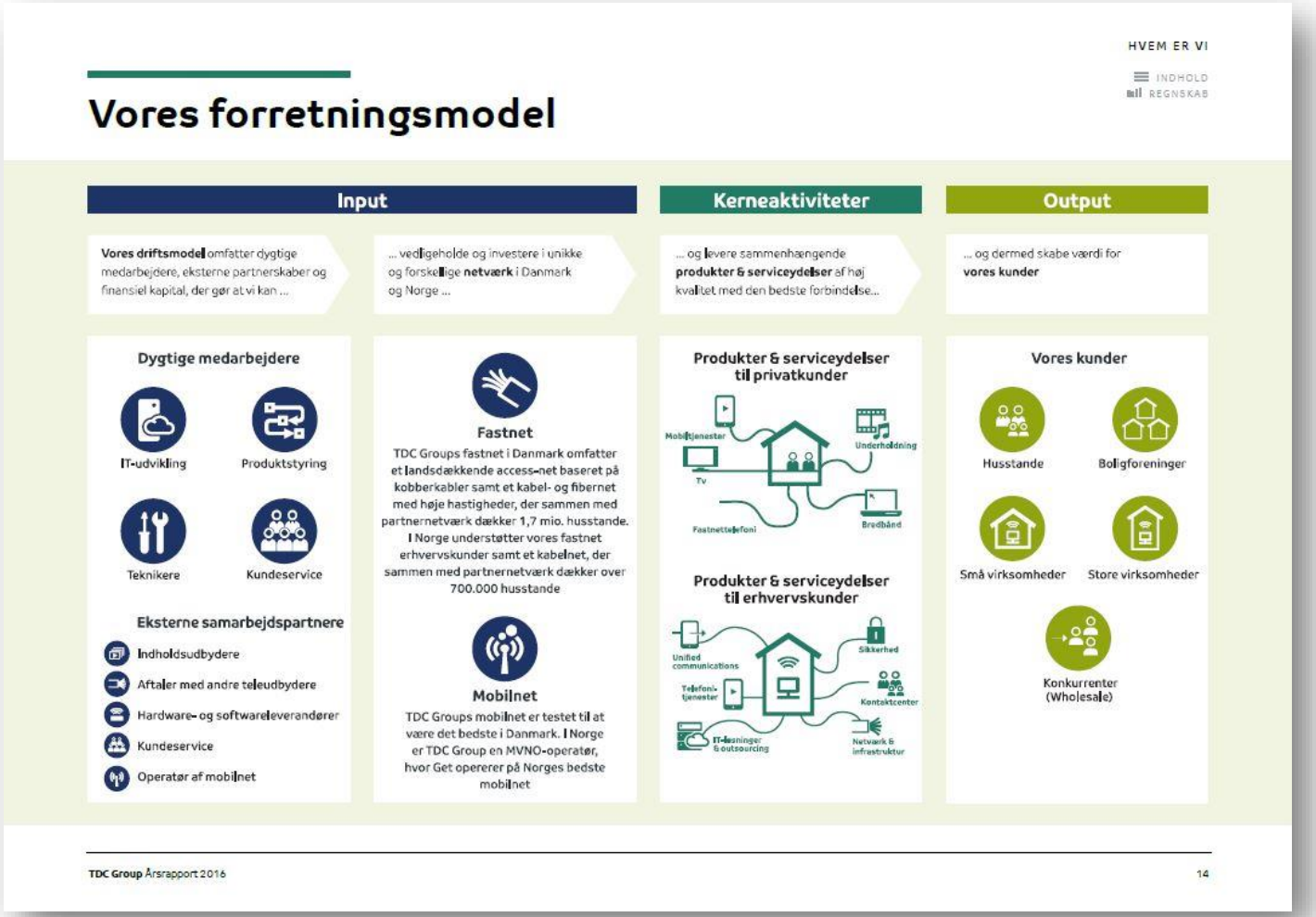
CORPORATE RELATIONS

#BUSINESS MODEL **NOVOZYMES**



CORPORATE RELATIONS

#BUSINESS MODEL **TDC**



HVEM ER VI

INDHOLD
REGNSKAB

Vores forretningsmodel

Input	Kerneaktiviteter	Output
Vores driftsmodel omfatter dygtige medarbejdere, eksterne partnerskaber og finansiel kapital, der gør at vi kan ...	... vedligeholde og investere i unikke og forskellige **netværk** i Danmark og Norge ...	... og levere sammenhængende **produkter & serviceydelser** af høj kvalitet med den bedste forbindelse...	... og dermed skabe værdi for **vores kunder**

Dygtige medarbejdere

- IT-udvikling
- Produktstyring
- Teknikere
- Kundeservice

Eksterne samarbejdspartnere

- Indholdsudbydere
- Aftaler med andre teleudbydere
- Hardware- og softwareleverandører
- Kundeservice
- Operatør af mobilnet

Fastnet

TDC Groups fastnet i Danmark omfatter et landsdækkende access-net baseret på kobberkabler samt et kabel- og fibernet med høje hastigheder, der sammen med partnernetværk dækker 1,7 mio. husstande. I Norge understøtter vores fastnet erhvervskunder samt et kabelnet, der sammen med partnernetværk dækker over 700.000 husstande

Mobilnet

TDC Groups mobilnet er testet til at være det bedste i Danmark. I Norge er TDC Group en MVNO-operatør, hvor Get opererer på Norges bedste mobilnet

Produkter & serviceydelser til privatkunder

Produkter & serviceydelser til erhvervskunder

Vores kunder

- Husstande
- Boligforeninger
- Små virksomheder
- Store virksomheder
- Konkurrenter (Wholesale)

CORPORATE RELATIONS

#STRATEGY **TRYG**

Targets and strategy

Our purpose

We create peace of mind and value for customers, employees and shareholders.

Our ambition

To become the world's best insurance company.

Our values

Our values are highly integrated in our culture and consistent with our purpose.

- We meet people with respect, openness and trust
- We show initiative, share knowledge and take responsibility
- We deliver solutions based on quality and simplicity
- We create sustainable results

Tryg's purpose is to create peace of mind and value for customers, employees and shareholders, and this must be at the core of everything we do. Tryg's ambition is to become the world's best insurance company.

Our customers – our most important asset

Our customers are our most important asset. Tryg strives to continuously strengthen customer relations through our advisory services, products, concepts, claims handling procedures and claims prevention measures. In 2016, we had a strong focus on initiatives supporting the customer targets for 2017.

Our employees – our most important resource

Our employees are our most important resource and key to realising our vision of becoming the world's best insurance company. As an important step towards achieving this, all our employees must feel that they have an opportunity to be successful. Clear and ambitious targets must be set for each individual employee, and regular feedback must be provided. Aiming for the highest level of employee satisfaction in the financial sector in the Nordic region, Tryg was pleased to note a continued high level of employee satisfaction in 2016, with Tryg surpassing the general level of employee satisfaction in the financial sector in the region.

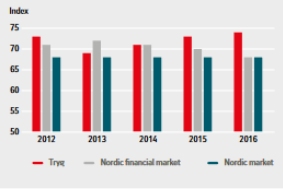
Value creation for our shareholders

Tryg's shareholders must see Tryg as a company with ambitious targets disbursing stable and increasing dividends. Tryg delivered a strong result in 2016 and is on track to achieving its ambitious financial targets for 2017.

Tryg's business model

Tryg creates peace of mind for its customers by offering them insurance against risk, efficient claims handling, and advice and services to prevent claims from arising in the first place. By ensuring our customers' peace of mind, we benefit all of Tryg's stakeholders. Via TryghedsGruppen's 60% ownership of Tryg, part of the company's profit is returned to customers, who are also members of TryghedsGruppen.

Employee satisfaction 2012-2016



Tryg's business model

Tryg is a pure non-life insurer creating peace of mind and value for our customers, employees and shareholders.

OUR AMBITION
To become the world's best insurance company.

GEOGRAPHY

SEGMENTS
Private, Commercial and Corporate

CORPORATE RELATIONS

3

#performance
#targets
#results
#value creation

#PERFORMANCE **CARLSBERG**

Prioriteter i 2016

5% op

Mål for organisk vækst i resultat af primær drift opjusteret i 2016

5% organisk vækst i resultat af primær drift var mere end den indledende forventning for året på et lavt etcifret procenttal.

0,5 mia. kr.

Funding the Journey godt i gang

Funding the Journey leverede fordele svarende til ca. 0,5 mia. kr. I alt forventes programmet at give nettofordele på 1,5-2,0 mia. kr. i 2018. Vi vil investere halvdelen af dette i SAIL'22-prioriteterne.

Vesteuropa

Overskudsgraden steg

50bp

Østeuropa

Organisk vækst i resultat af primær drift

+12%

Asien

Væksten fortsatte: pris/mix

+6%

1,96x

Gearing bragt nærmere målet

Den frie pengestrøm var 8,6 mia. kr., hvilket betød en reduktion af nettogælden på 5,4 mia. kr., og nettogæld/EBITDA var 1,96. Vores mål er under 2,0x, og vi er således godt på vej.

CORPORATE RELATIONS

#TARGETS **DONG ENERGY**

Strategic targets

We ensure the progress of our strategy through 11 strategic targets divided into four themes:

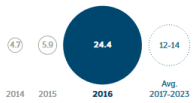
- **We create value for our shareholders** in the form of an attractive return on the capital employed.
- **We address profound societal challenges** by developing green, independent and economically viable energy systems.
- We are working at all times **to fulfil our customers' energy needs** by delivering innovative and efficient energy solutions through our distribution and sales activities, while in Denmark we have the most reliable power supply in Europe.
- We never compromise on safety for our employees, and keep a constant focus on **being a great and safe place to work** with committed, motivated and satisfied employees through continuous training and development.

* Calculation method changed compared to 2015.
** Applies from August where the industry agreement was implemented.

Create shareholder value

1. Adjusted ROCE, %

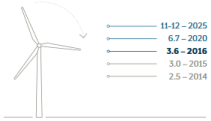
In 2016, ROCE was extraordinarily high due to completed renegotiations and divestment gains.



Address profound societal challenges

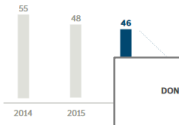
2. Installed offshore wind capacity, GW

We have an ambition of increasing the installed capacity to 11-12GW at the end of 2025. Following the completion of Hornsea 1, we will exceed our original target of installing 6.5GW of offshore wind capacity by 2020 by 0.2GW.



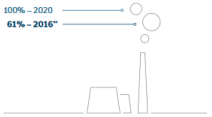
3. Coal share of fuels used for thermal power and heat generation, %

We have decided to stop using coal altogether at our power plants from 2023.



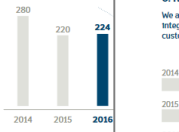
4. Sourcing of certified biomass, %
(wood pellets and wood chips)

The phase-in of the Danish industry agreement runs until 2019, by which time the target is for 90% of the sustainable biomass to be certified. Our ambition is for all our biomass to be certified by 2020.



5. Carbon emissions*, g

We have reduced our 2020 tar
which represents a halving of
have also defined a target of r
kwh in 2023.



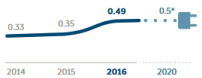
Serve the energy needs of our customers

6. Reputation, scale (0-100)

We are working to improve our reputation by ensuring a high level of integrity in our business, continuing the green transformation, helping our customers to save energy and being an attractive place to work.

7. Security of supply,
Power outage per customer

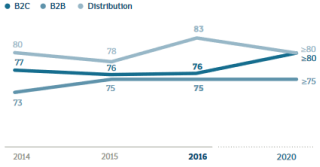
Our level of security of supply is still very high, although it decreased in 2016.



* Average security of supply in Denmark in 2015. Our ambition is to offer a level of security of supply which is higher than or on a par with the Danish average.

8. Customer satisfaction, scale (1-100)

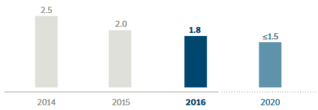
We are constantly working to improve our customers' experience. We are seeing a growing demand for integrated, green energy solutions, and our ambition is to spearhead this development. Our goal is that all our Danish power customers will have remote power meters before the end of 2020.



Be a great and safe place to work

9. Safety, LTIF

The target for 2020 is expected to be met by maintaining a constant focus on safety and by involving our suppliers in contributing to a safe working environment for the whole of DONG Energy.

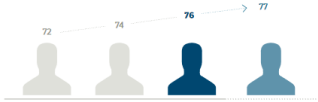


10. Safety, fatalities

We have not had any fatal accidents since December 2012.

11. Employee satisfaction, scale (0-100)

To achieve our 2020 targets, we have introduced a number of initiatives to promote employee satisfaction and motivation, including focus on management, various health initiatives and an internal initiative to strengthen our corporate identity.



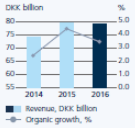
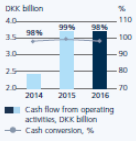
CORPORATE RELATIONS

#TARGETS **ISS**

PERFORMANCE HIGHLIGHTS 2016

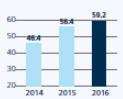
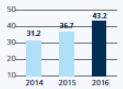
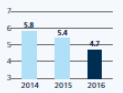
We measure Group performance using the KPIs set out below. We believe that in combination they give us the best picture of whether we are driving the business forward in the desired direction and creating value for our shareholders.

Definitions of KPIs, see p. 13.

FINANCIAL KPIs	PERFORMANCE
ORGANIC GROWTH AND REVENUE 	**3.4%** Organic growth **79,137** DKKm Revenue • Organic growth supported by good performance in emerging markets and solid growth rates in all regions, driven by contract launches and strong demand for IFS, projects and non-portfolio work • All regions delivered positive organic growth, despite notable negative organic growth in Australia and Brazil • Revenue down 1% mainly due to impact from currency effects in Northern Europe, mainly GBP • IFS up 14% in local currencies, now representing 37% of Group revenue or DKK 29.3 billion Group performance, see p. 16 Regional performance, see pp. 20–23
OPERATING MARGIN AND PROFIT 	**5.8%** Operating margin **4,566** DKKm Operating profit before other items • Operating margin up by 0.1%-point, improving for the third consecutive year • Improvement supported by GREAT including procurement savings, efficiency gains and good performances in Continental Europe and Asia & Pacific • Operating profit before other items up by 1% to the highest level in ISS history • Corporate costs amounted to 0.8% of revenue, in line with our expectations Group performance, see p. 16 Regional performance, see pp. 20–23
CASH CONVERSION AND CASH FLOW 	**98%** Cash conversion **3,690** DKKm Cash flow from operating activities • Strong cash conversion supported by continued focus on cash performance across the Group • Cash flow from operating activities in line with last year, driven by higher cash outflow from changes in working capital offset by lower interest paid, net • Investments in intangible assets and property, plant and equipment, net of DKK 805 million represented 1.0% of Group revenue Group performance, see p. 16

"In 2016, we continued our good performance. Our results come from providing great service to our customers today while implementing our strategy for tomorrow"

JEFF GRAVENHORST
Group CEO

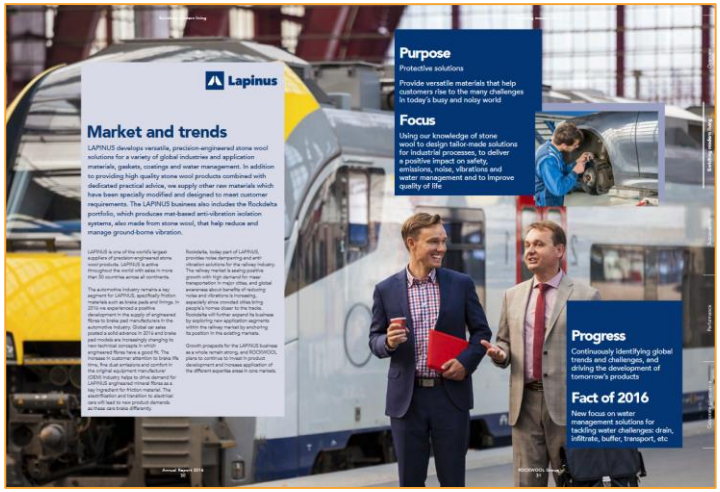
NON-FINANCIAL KPIs	PERFORMANCE
EMPLOYEE NET PROMOTER SCORE 	**59.2** eNPS • Measures the loyalty of our employees • Up by 2.8 points – the fourth consecutive year of improvement • Supported by roll-out of our Key Account Manager Certification (KAMC) and Service with a Human Touch training programmes • We carried out our fifth global employee engagement survey with 241,487 employees responding across 45 countries. The response rate increased to approximately 73% (2015: 72%) Group performance, see p. 16
CUSTOMER NET PROMOTER SCORE 	**43.2** cNPS • Measures the loyalty of our customers • Up by 6.5 points – the fourth consecutive year of improvement, reflecting our continued efforts under GREAT to drive customer focus, especially on our key accounts • Supported by our efforts to implement account development plans and improve employee engagement, through the roll-out of our KAMC and Service with a Human Touch training programmes • We carried out our sixth customer experience survey with 6,941 customers invited, covering almost 80% of Group revenue and enjoyed a response rate of 82% Group performance, see p. 16
LOST TIME INJURY FREQUENCY 	**4.7** LTIF • Improved by almost 65% from the baseline figure of 13 in 2010 – the sixth straight year of improvement • Driven by our systematic approach to managing risks, including the implementation of the Group HSE Management System and our global campaigns to stay focused on Health, Safety and Environment (HSE) Group performance, see p. 16

CORPORATE RELATIONS

4

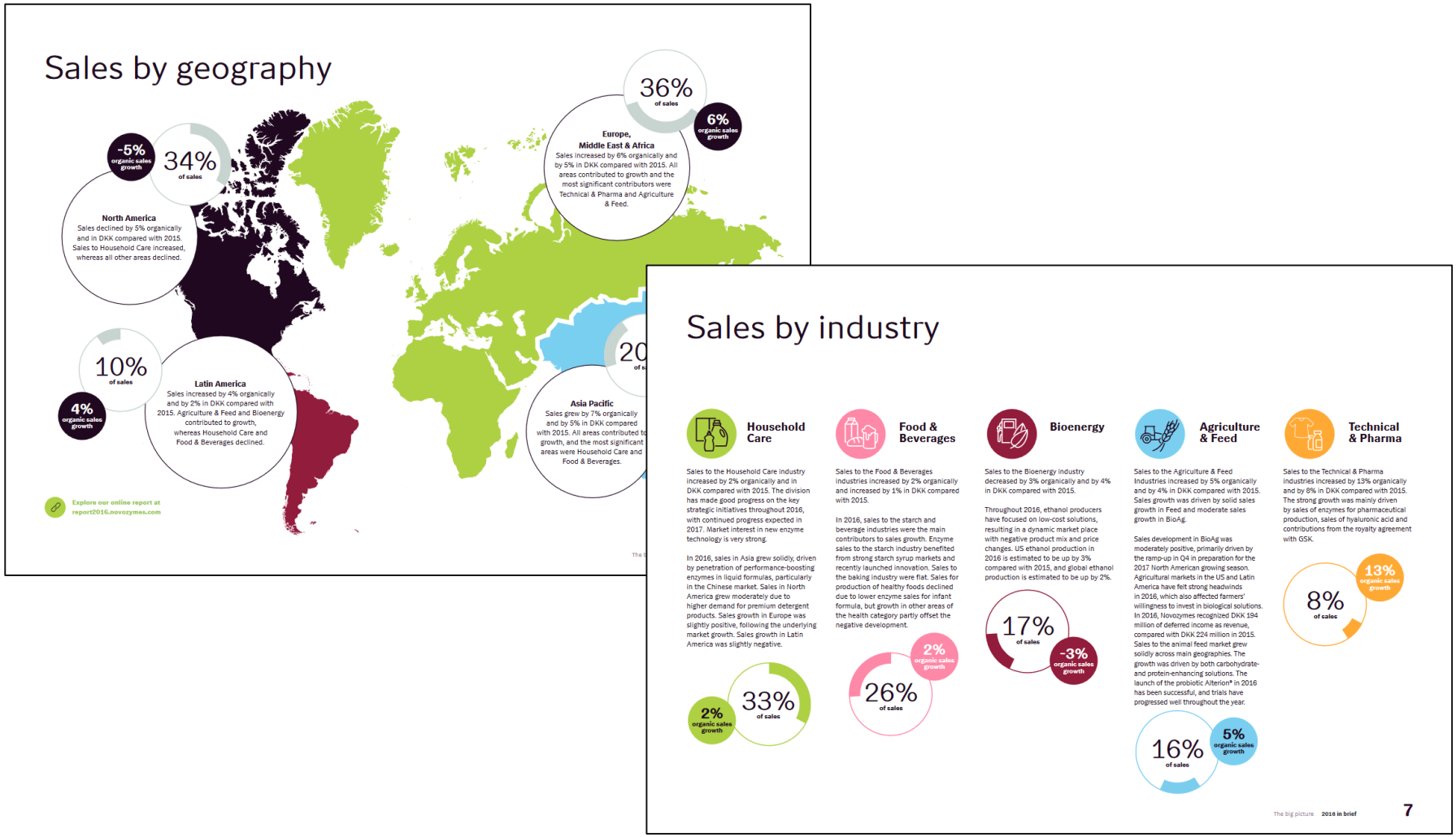
#markets
#products
#innovation
#pipeline

#PRODUCTS **ROCKWOOL**



CORPORATE RELATIONS

#MARKETS **NOVOZYMES**



CORPORATE RELATIONS

#MARKETS **DANFOSS**

Products sold in more than 100 countries around the world

Western Europe

21 factories
Sales companies in **17** countries
9,858 employees

Western Europe represents the largest share of Group sales and continues to hold interesting growth opportunities, as the EU is pushing for improved energy efficiency. Germany is the largest market in the region, but countries like Italy, France, Denmark, and Sweden are also among the top markets of Danfoss.

Eastern Europe

15 factories
Sales companies in **12** countries
4,426 employees

Russia, Poland, and the Czech Republic are the top three markets in Eastern Europe. The fairly cold climate and a large number of district energy systems represent growth opportunities for Danfoss, supported by the EU's ambitious plans to improve energy efficiency in Europe, including Eastern European countries.

North America

14 factories
Sales companies in **2** countries
3,675 employees

The US is
strong pc
is the wo
for many
in buildin
are major
potential

Asia-Pacific

15 factories
Sales companies in **11** countries
5,809 employees

China, India, and South Korea are the top three markets in the Asia-Pacific region, which is otherwise a significant region in terms of sourcing and production. The region holds significant growth opportunities for Danfoss, especially within the build-up of the food cold chain, air-conditioning markets, and urban district energy projects.

Latin America

3 factories
Sales companies in **5** countries
1,281 employees

Brazil and Mexico are the two largest countries in terms of sales in Latin America, where Danfoss has sales companies in all the main countries. In this region, Danfoss mainly delivers solutions for the air-conditioning market and for the food chain, ranging from production and processing to refrigerated transportation and storage. The region represents a growth opportunity for Danfoss, especially within improvement and expansion of the infrastructure.

Africa-M

1 factory
Sales com
243 emp

Generally
growing
more effi
in power
represent
economi
volatile m

Business segments

Danfoss **Power Solutions**

Employees
6,404

Factories worldwide
20

Sales offices worldwide
>20

Leading player and industry pioneer in the mobile hydraulics market.

Products and solutions
Engineered hydraulic and electronic components optimized for total machine management:
- Hydrostatic transmissions
- Mobile electronics/software
- Orbital motors
- Steering components
- Proportional valves

The components are part of applications such as tractors, road graders, cranes, lawn mowers, and more, helping to lift, push, pull, etc.

Customers and industries
- Original equipment manufacturers (OEMs)
- Distributors

Operating within, e.g., agricultural, construction, road building, material handling, turf care, and specialty markets.

Danfoss **Cooling**

Employees
6,025

Factories worldwide
11

Sales offices worldwide
>100

Market leader and industry front-runner in the air-conditioning and refrigeration industry.

Products and solutions
Components for cooling control solutions:
- Compressors and high-pressure pumps
- Valves and controllers
- Sensors
- Heat exchangers
- Condensing units

The components are part of applications such as chillers, rooftop air-conditioning systems, and cold storage solutions, used in residential and commercial buildings, e.g. hotels, airports, supermarkets, shopping malls, and more.

Customers and industries
- Original equipment manufacturers (OEMs)
- Wholesalers, distributors and contractors
- Installers and end-users

Operating within, e.g., air conditioning, commercial and industrial refrigeration (food & beverage processing, transportation, storage), and water treatment incl. reverse osmosis.

Danfoss **Drives**

Employees
4,653

Factories worldwide
9

Sales offices worldwide
>80

Leading player in the market for low-voltage AC drives.

Products and solutions
AC drives enable optimal process and speed control of electric motors:
- Low- and medium-voltage AC drives
- Stacks and power modules

The components are used to provide optimal operation of pumps, fans, chillers, conveyors, shafts, energy management (hybrid), and power conversion.

Customers and industries
- Original equipment manufacturers (OEMs)
- Distributors and system integrators
- Installers and end-users

Operating within, e.g., machine manufacturing, water treatment, food & beverage, building automation, marine and offshore, mining, renewable energy generation, heating, ventilation, and air-conditioning (HVAC) systems.

Danfoss **Heating**

Employees
5,146

Factories worldwide
31

Sales offices worldwide
>100

Market leader within residential and commercial heating and district energy.

Products and solutions
Advanced components and service for:
- Heating/cooling systems
- Radiator valves and thermostats
- Floor heating and heat pumps
- Heat cost allocators
- Heat exchangers

The components are used in buildings such as single or multi-family houses, schools, office buildings, and more.

Customers and industries
- Original equipment manufacturers (OEMs)
- Distributors and designers
- Installers and end-users

Operating within, e.g., heating, ventilation, and air-conditioning (HVAC) systems, hydronic balancing, and district energy.

CORPORATE RELATIONS

#PIPELINE **BAVARIAN NORDIC**

OUR VACCINE PIPELINE

Product	Indication	Commercial Rights	Status
Infectious diseases			Phase 1 / Phase 2 / Phase 3
IMVAMUNE liquid-frozen*	Smallpox	Bavarian Nordic	Phase 3
IMVAMUNE freeze-dried	Smallpox	Bavarian Nordic	Phase 2
MVA-BN Filo monovalent**	Ebola	Janssen	Phase 3
MVA-BN Filo multivalent	Ebola/Marburg	Janssen	Phase 1
MVA-BN RSV	Respiratory Syncytial Virus	Bavarian Nordic	Phase 2
MVA-BN HPV	Chronic HPV Infection	Janssen	Phase 1
Cancer Immunotherapy			
PROSTVAC monotherapy	Prostate cancer (mCRPC)	Bristol-Myers Squibb	Phase 3
PROSTVAC combinations***	Prostate cancer (localized and metastatic)	Bristol-Myers Squibb	Phase 2
CV301 + nivolumab	Lung cancer (NSCLC)	Bavarian Nordic	Phase 2
MVA-BN Brachyury	Solid Tumors	Bavarian Nordic	Phase 1

* Approved in Canada and the European Union (marketed as IMVANEX® in the EU). Phase 3 ongoing in the U.S.
** Multiple Janssen-sponsored Phase 1, 2 and 3 clinical studies ongoing
*** Multiple NCI-sponsored Phase 2 clinical studies ongoing

CORPORATE RELATIONS

#MARKETS **DONG ENERGY**

DONG Energy Annual report 2016 Summary

Offshore wind has global potential

Offshore wind plays an important role in the green transformation and is now beginning to see growth in regions outside Europe. At DONG Energy, we have contributed significantly to developing offshore wind to what it is today – for instance by reducing the price considerably.

We installed offshore wind turbine no. 1,000 in autumn 2016. We are the first company to reach that milestone. Towards 2020, we will continue to build a number of large offshore wind farms that will increase our total installed capacity to 6.7GW. Our ambition is to install 11-12GW offshore wind by 2025 – the equivalent of around 30 million people's annual power consumption.

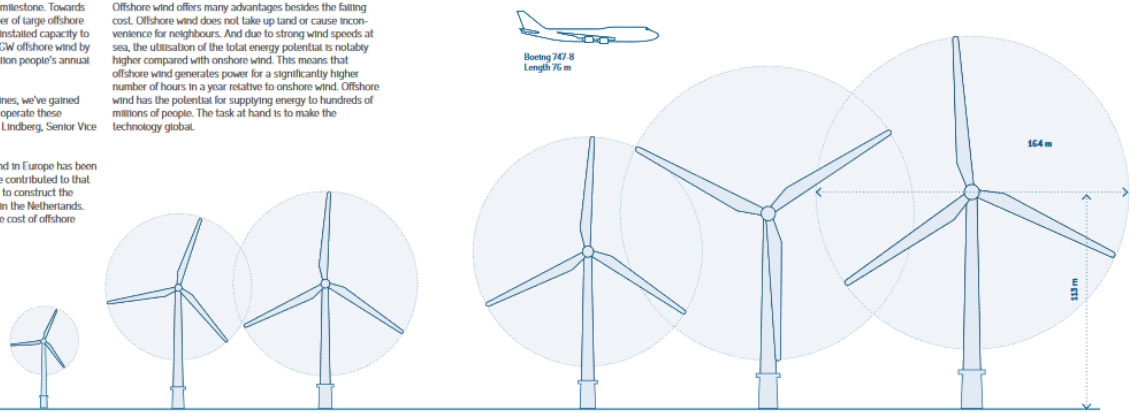
"By installing 1,000 offshore wind turbines, we've gained unique experience in how to build and operate these offshore 'power stations'," says Anders Lindberg, Senior Vice President, Wind Power.

The cost of electricity from offshore wind in Europe has been reduced by around 50% since 2012. We contributed to that milestone in 2016 by winning the right to construct the Borssele 1 and 2 Offshore Wind Farms in the Netherlands. We previously set a target to reduce the cost of offshore wind to EUR 100/MWh by 2020; we surpassed that target in 2016 – four years ahead of schedule.

Anders Lindberg elaborates: "Our standard concept for offshore wind farms is one of the factors helping us to reduce cost. The concept provides economies of scale and contributes to optimum utilisation of wind turbine capacity. Another case in point is that our engineers have designed lighter foundations that require less steel, making them less costly."

Offshore wind offers many advantages besides the falling cost. Offshore wind does not take up land or cause inconvenience for neighbours. And due to strong wind speeds at sea, the utilisation of the total energy potential is notably higher compared with onshore wind. This means that offshore wind generates power for a significantly higher number of hours in a year relative to onshore wind. Offshore wind has the potential for supplying energy to hundreds of millions of people. The task at hand is to make the technology global.

We would like to contribute to this. We are developing projects on the east coast of the USA and in 2016, we opened an office in Taiwan to explore the Asian market. Expanding outside Europe puts new demands on us. We must get to know the new communities that we will become part of. We must also, to some degree, build up local supply chains in collaboration with the rest of the industry to support efficient sourcing and keep the cost down.



Rapid technological development
Significant advances are being seen within offshore wind power technology at the moment, resulting in markedly lower costs.

Vindeby
Year: 1991
Diameter: 35 m
Height: 35 m
Capacity: 0.45MW

Middelgrunden
Year: 2001
Diameter: 76 m
Height: 64 m
Capacity: 2.00MW

Horns Rev 2
Year: 2010
Diameter: 93 m
Height: 65 m
Capacity: 2.30MW

Anholt
Year: 2013
Diameter: 120 m
Height: 82 m
Capacity: 3.60MW

Westermost Rough
Year: 2015
Diameter: 154 m
Height: 102 m
Capacity: 6.00MW

Burbo Bank Extension
Year: 2017
Diameter: 164 m
Height: 113 m
Capacity: 8.00MW

CORPORATE RELATIONS

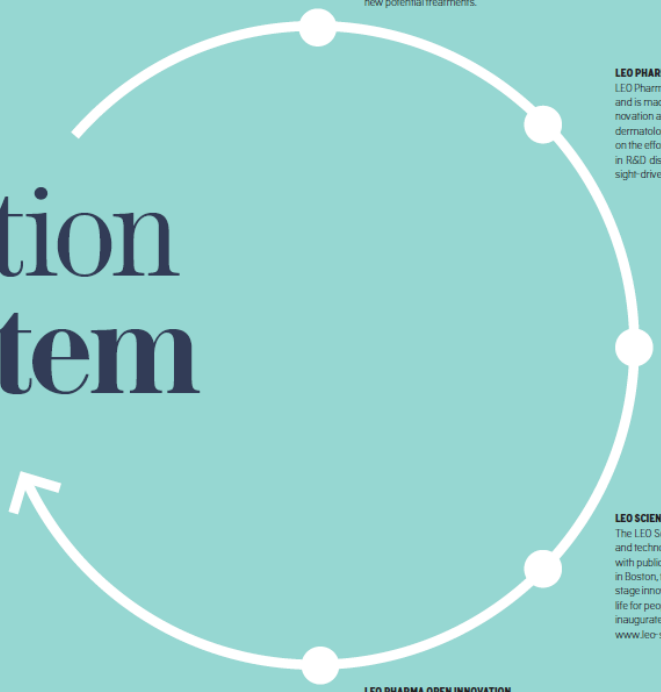
#INNOVATION **LEO PHARMA**

Our innovation ecosystem

At LEO Pharma, we are committed to developing great solutions through innovation. We believe that being truly innovative requires global ambitions, significant investments and a diverse approach where multiple initiatives go hand in hand.

Five important elements make up LEO Pharma's unique innovation ecosystem: our internal R&D capabilities, partnerships and acquisitions, open innovation, the LEO Innovation Lab and the LEO Science & Tech Hub.

Collaboration and co-creation are the glue that binds our ecosystem together, advancing science and technology to fuel the development of new treatment solutions.



PARTNERSHIPS
LEO Pharma's commitment to research and development is strengthened by extensive collaborations between the R&D organisation and more than 400 academic and institutional research centres and industry partners worldwide, making the world our lab. By collaborating with scientific experts globally, LEO Pharma aims to enhance its knowledge of skin diseases and explore new potential treatments.

LEO PHARMA R&D
LEO Pharma's R&D organisation is located at headquarters in Ballerup, Denmark, and is made up of more than 700 scientists and specialists. Through internal innovation and external partnerships, the R&D organisation pioneers advances in dermatology care. Research and development projects are increasingly based on the efforts of multidisciplinary project teams integrating advanced knowledge in R&D disciplines with expertise in clinical practice and therapeutic needs. Insight-driven innovation propels all product development.

LEO INNOVATION LAB
The LEO Innovation Lab is LEO Pharma's separate innovation unit that develops non-pharmaceutical solutions in order to improve the lives of people with skin diseases. With satellites in Denmark, France, the UK, the US and Canada, the LEO Innovation Lab develops apps, digital platforms and other initiatives to support people with skin diseases in areas such as diet and nutrition, health, fitness, dialogue with doctors and mental health. The LEO Innovation Lab was established in 2015 for an initial period of three years with EUR 60 million in funding. More than 50 people work at the LEO Innovation Lab.
www.leoinnovationlab.com

LEO SCIENCE & TECH HUB
The LEO Science & Tech Hub in Boston, US, explores cutting-edge science and technology opportunities with relevance to dermatology. By partnering with public and private institutions in the world's leading life science cluster in Boston, the LEO Science & Tech Hub acts as a catalyst to transform early-stage innovations and technologies into solutions that will improve quality of life for people with skin diseases. The LEO Science & Tech Hub was officially inaugurated in September 2016.
www.leo-scitech.com

LEO PHARMA OPEN INNOVATION
LEO Pharma Open Innovation is a platform for exploring opportunities for drug discovery with external partners. It allows external partners to submit compounds for testing using the unique research tools at LEO Pharma's laboratories. To ensure compound confidentiality, we do not ask for the structures of confidential compounds. All the data generated by testing a partner's compounds are reported to that partner. Promising results can lead to a collaboration or business partnership.
www.openinnovation.leo-pharma.com

CORPORATE RELATIONS

#PRODUCTS **MAERSK**

TRANSPORT & LOGISTICS

BUSINESS STRUCTURE

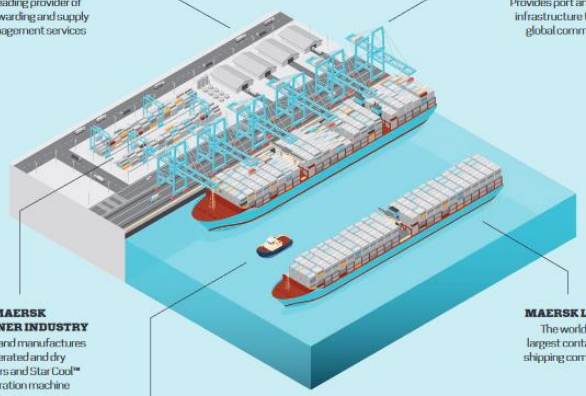
Operating as one integrated company, with one company structure and multiple brands, focused on strengths in global shipping, ports and logistics.

Aiming to grow topline and earnings, to be an attractive investment for shareholders and to provide new opportunities for employees.

Providing simple solutions to customers' complex supply chain needs.

DAMCO
A world leading provider of freight forwarding and supply chain management services

APM TERMINALS
Provides port and inland infrastructure to drive global commerce



MAERSK CONTAINER INDUSTRY
Develops and manufactures refrigerated and dry containers and Star Cool™ refrigeration machine

MAERSK LINE
The world's largest container shipping company

SVITZER
Has provided safety and support at sea since 1833

A.P. MOLLER - MAERSK

Our Values

We have a distinctive set of Core Values which drive the way we do business. These five corporate values were ingrained into our operations by our founders and have remained guiding principles, governing the development of the company for over a century.

Constant Care I Humbleness I Uprightness I Our Employees I Our Name

HIGHLIGHTS

MAERSK LINE

Access to a wider and more effective network

Maersk Line reached an agreement on 1 December 2016 to acquire Hamburg Süd, the German container shipping line. Hamburg Süd is the world's seventh largest container shipping line and a leader in the North-South trades.

The acquisition is subject to final agreement expected early in Q2 2017 and to regulatory approvals expected by the end of 2017. The transaction is expected to be completed by the end of 2017.

Hamburg Süd will continue to operate as a separate brand and keep its local organisations and headquarters in Hamburg. Customers will benefit from having access to a wider and more effective network.

APM TERMINALS

Successful integration of TCB

APM Terminals proceeded with the integration of Grup Maritim TCB (TCB) according to plan. Volume continues to be strong in key terminals and the performance across the TCB portfolio has strengthened since the takeover in March.

While still subject to Senate approval, an agreement has been reached regarding the Terminal de Contenedores Quetzal (TCQ) concession in Guatemala.

In order to allow TCQ to start operating, APM Terminals will pay a total of USD 43m in reparations to the Guatemalan authorities regarding alleged irregularities dating back to before APM Terminals acquired the terminal.

DAMCO

Launching products to manage multi-party supply chains

Over the course of 2016, Damco embarked on a journey of transformation within its supply chain management product offering.

By launching a new service portfolio, Damco allows customers to manage complex multi-party supply chains called Supply Chain Orchestrator, delivering new integrated enterprise level business intelligence capabilities and launching a new digital application factory to support specific customer needs.

SVITZER

Growth in a troubled industry

Svitzer expanded into new markets, most notably in the Americas, with a new operation for gas terminals at two ports in Argentina as well as a new harbour towage service in the Port of Montreal providing full year service, with Canada a key growth market for the Americas region.

The beginning of the year also saw Svitzer signing a Memorandum of Understanding with Guangzhou Port Group with the intention of forming a joint venture providing towage and related marine services for the port. This agreement is a big step towards profitable growth in the rapidly growing Asian towage markets.

MAERSK CONTAINER INDUSTRY

Market share expansion

Maersk Container Industry gained significant market share in an overall bleak market and several new large customers placed repeat orders. A new digital application for the Star Cool™ refrigeration machine was launched, making Maersk Container Industry a market leader in energy performance.

The two Chinese factories, reefer and dry, successfully ramped up into two shift operations in the second half of 2016, delivering profitable operations in Q4. The new reefer factory in Chile has achieved steady state one shift operations and will continue production ramp up with safety and quality as the ongoing priorities.

CORPORATE RELATIONS

#PRODUCTS **GENMAB**

Multiple Sclerosis

Disease
MS
An inflammatory disease of the central nervous system

Ratio
85%
Relapsing remitting multiple sclerosis (RRMS) is characterized by unpredictable recurrent attacks and accounts for 85% of MS cases[1]

Prevalence
2.5M
Affects approximately 2.5 million people worldwide[2]

Incidence
37,718
Estimated number of new cases of MS in 2016 in the U.S. and 5 major EU markets[2]

Market
16.8B
MS market in the U.S. and 5 major EU markets was estimated at USD 16.8 billion in 2016 and USD 20.3 billion in 2023[3]

Sources: [1] Datamonitor. Multiple Sclerosis Treatment. Published August 2016. [2] GlobalData. EpiCast Report: Multiple Sclerosis - Epidemiology Forecast to 2024. Published September 2015. [3] Datamonitor. Multiple Sclerosis Forecast. Published January 2016.

Chronic Lymphocytic Leukemia

Disease
CLL
A cancer in which the bone marrow produces too many white blood cells called lymphocytes

Prevalence
Common
Most common form of leukemia in the western world[4] – no curative chemotherapy is available at present

Ratio
30%
Accounts for 30% of all adult leukemia and 25% of all non-Hodgkin's lymphoma[4]

Survival
64-83%
Relatively good prognosis with a 5-year survival rate of 64% to 83% in the U.S. & 5 major EU markets[4]

Incidence
40,035
Approximately 40,035 new cases of CLL forecast in the U.S. & 5 major EU markets in 2016, increasing to 45,683 new cases in 2023[4]

Market
3.0B
In 2016, branded sales for CLL in the U.S. and 5 EU were forecast to reach USD 3.0 billion, with anticipated growth to USD 3.6 billion in CLL by 2018[5]

Sources: [4] GlobalData. EpiCast Report: Chronic Lymphocytic Leukemia Epidemiology Forecast to 2023. Published May 2014. [5] GlobalData. OpportunityAnalyzer: Chronic Lymphocytic Leukemia - Opportunity Analysis and Forecasts to 2018. Published August 2014.

Follicular Lymphoma

Disease
FL
A slow growing cancer of the B-cells

Ratio
20%
Accounts for approximately 20% of all NHL and 70% of all indolent NHL[6]

Survival
62%
Median survival ranges from 8 to 15 years, with a 62% 10-year relative survival rate[6]

Incidence
29,126
Estimated number of new cases of FL in 2016 in the U.S. and 5 major EU markets, increasing to 33,756 in 2024[7]

Market
2.6B
In 2016 branded sales for indolent NHL, including FL and marginal zone lymphoma, were approximately USD 2.6 billion in the U.S. and 5 major EU markets, and anticipated to be USD 2.5 billion in 2024[6]

Sources: [6] GlobalData. Non-Hodgkin's B-Cell Lymphoma: Opportunity Analysis and Forecast to 2024. Published January 2016. [7] GlobalData. EpiCast Report: Non-Hodgkin's Lymphoma - Epidemiology Forecast to 2024. Published January 2016.

CORPORATE RELATIONS

5

#CSR
#governance
#risk
#management

#RISK **NETS**

Key risks

The risks described below are those currently considered the most material to our business.

The risks are the result of risk assessments and workshops within the different business units and group units in Nets. Top management review the risks and prioritise, approve and follow up on mitigation actions. The mitigants to the risks set out below are examples described in summary form to further the understanding of the risk in question and how it may be mitigated.

The risks described below are not listed in any particular order of priority as to significance or probability.

TECHNOLOGY INNOVATION

Description:
Global technology trends such as artificial intelligence, biometrics, blockchain, Internet of Things (IoT), Open APIs and the use of cloud technologies accelerate the development and implementation of new products, services and business models. These new products, services and business models could create new opportunities but also potentially challenge the Group's business.

Potential impact:
These risks could result in a loss of customers and market share and/or challenge Nets' business model and expose merchant and creditor relationships to intensified competitive pressures. The corporate brand could also be weakened.

Actions in 2016:
1. Increased focus on agile software development and business agility in all business areas
2. Set up a customer co-creation team with focus on mobile technologies and Open APIs
3. Established a Digital Innovation Lab to rapidly test out innovative concepts/products and create an entrepreneurial spirit at Nets
4. Arranged internal hackatons to strengthen prototyping and concept development
5. Participated in external fintech events
6. Created a Group user experience team (UX)
7. Established a Blockchain Lab and a proof of concept (PoC) for banks/merchants, as well as a partnership with a blockchain payment company (Coinify).

Mitigants:
1. Investment and development within a number of emerging technologies, such as
   - Mobility, tokenisation, e-commerce and digital identity
   - Blockchain, payments and asset management
   - PSD2 services, account-to-account, data aggregating
   - Artificial intelligence (AI), fraud prevention, robotics and data analytics
   - See also 'Actions 2' under 'Industry & market transformation'
2. Continued investment in Digital Innovation Lab, proofs of concepts, etc.
3. Revitalisation of company values, and strategic emphasis on "great ideas".

INDUSTRY & MARKET TRANSFORMATION

Description:
New technologies (as described above), market entrants and regulation (as described below) drive structural changes in the industry. Traditional payment methods are supplemented by methods represented by both new players and incumbents, positioning themselves towards a developing payments market. E-commerce, mobile commerce and digital products (app stores, streaming, in-app) are expected to drive a higher pace and growth rates, but could also be easier for competitors to capture when compared with in-store products and services due a to lack of new hardware. Further, consumers, merchants and corporates expect transparent, digitised and readily available services. Increased competition could also result in an increased price pressure on services delivered by Nets.

Potential impact:
If Nets fails to adapt to new technologies and structural changes it may lead to loss of business. Failure to deliver would also have an impact on our reputation as a leading payments company in the Nordics.

Actions in 2016:
1. Innnovative e-commerce and in-store product developments, card-linked services and launches (new card storage functionality, Storebox)
2. Betalingsservice app launched in Denmark
3. See also mitigants 1 and 2 under 'Technology innovation' above.

Mitigants:
1. Mobile strategy with focus on application launch and development
2. Customer service transformation programme
3. Mergers, acquisitions and joint ventures with leading innovators.

REGULATORY ENVIRONMENT

Description (general):
The Group is subject to a wide array of laws and regulations in the jurisdictions in which it operates. Further, regulatory bodies across Europe, including the Nordic region, are placing the financial industry, payment institutions and providers of digital products and services under increased regulatory scrutiny. Privacy and financial crime prevention require significant resources while local regulators adapt and define clear requirements for market participants. Anti-Money Laundering (AML) is one example where Nets must ensure that the requirements are being adhered to. As data processor and/or data controller, Nets must comply with strict data protection laws in the jurisdictions in which it operates. The

CORPORATE RELATIONS

#MANAGEMENT **NOVO NORDISK**

DOING BUSINESS THE NOVO NORDISK WAY

Through times of change, it is more important than ever to stand on solid ground. The Novo Nordisk Way including the Triple Bottom Line business principle remain the foundation of the company's vision, strategy and way of doing business.

"The Novo Nordisk Way describes the values-based management principle we've established and benefited from over many years," President and Chief Executive Officer (CEO) Lars Fruergaard Jørgensen explains. "In just one page, it outlines what we wish to achieve as an organisation, as well as the behaviours that are expected of all Novo Nordisk employees.

"In a fast-growing global organisation, our people have to make the right decisions on difficult matters on a daily basis – always bearing in mind what is best for patients, employees and shareholders in the long term. We need to provide clear and simple guidance to all employees that is consistently understood anywhere in the world. This is what the Novo Nordisk Way does."

The Novo Nordisk Way includes 10 Essentials that set out specific behaviours stakeholders can expect to see from Novo Nordisk and its employees. All employees are held accountable for putting them into practice by 'living the Novo Nordisk Way', and managers at every level are responsible for ensuring that they lead their units in adherence with the Novo Nordisk Way. This is assured through a rigorous internal audit process called facilitation (see box on p 19).

"It is well known that adherence to values, consistent behaviours and good governance are vital for high performance, and the value of a strong company culture should never be underestimated," says Lars Fruergaard Jørgensen.

"When we meet with investors, they want to understand the company's risks and how we pursue our strategy. They also ask about the quality of our management, whether we have the right management composition, and how we develop skills and nurture our people's talents. A strong corporate culture and stewardship are enablers for future performance."

CREATING VALUE IN A SUSTAINABLE WAY

The Triple Bottom Line principle, anchored in the company's Articles of Association and in the Novo Nordisk Way, is a lens for decision-making to ensure that effects on people, communities and the environment are accounted for and considered. The aim is to ensure long-term profitability by reducing risks related to business activities and to enhance the positive societal contributions from Novo Nordisk's global operations.

"The Triple Bottom Line principle reminds us how we do business: we always strive to conduct our activities in a financially, environmentally and socially responsible way, because we know this is a prerequisite for a sustainable business and long-term value creation," Lars Fruergaard Jørgensen explains.

"We have an interest in maintaining sustainable growth and contributing to a prosperous society. And Novo Nordisk has a lot to offer, in particular when it comes to addressing the UN Global Goals 'health and well-being for all, of all ages' and 'responsible production and consumption'. One example of how we're tackling these challenges is our partnership platform, Cities Changing Diabetes," says Lars Fruergaard Jørgensen (see pp 26–27).

CORPORATE RESPONSIBILITY

Novo Nordisk has global policies and programmes in place to ensure that: business is conducted ethically and responsibly at all times; activities or products do not harm people, communities or the environment; health and fair employment terms are safeguarded for employees of Novo Nordisk and suppliers; and the company meets its responsibilities as a corporate citizen through tax contributions and community support. Novo Nordisk adheres to the standards set by the UN Guiding Principles on Business and Human Rights and subscribes to the UN Global Compact's 10 principles of responsible business conduct. A detailed account of the company's performance can be found at novonordisk.com/annualreport.

Novo Nordisk continuously optimises business performance to make a positive contribution to sustainable development and to create and document shared value. For example, the company has the goal of all its production sites to be 100% powered by renewable energy by 2020 and has intensified focus on reducing its CO_2 footprint throughout the value chain. See more examples of how Novo Nordisk creates shared value through its presence in growth economies, such as Algeria and Indonesia, at novonordisk.com/sustainability.

Furthermore, Novo Nordisk supports the achievement of the UN Sustainable Development Goals. These are a platform for companies to engage stakeholders at local, national and international levels in the pursuit of business goals that have an implication for global sustainable development.

"WE NEED TO PROVIDE CLEAR AND SIMPLE GUIDANCE TO ALL EMPLOYEES THAT IS CONSISTENTLY UNDERSTOOD ANYWHERE IN THE WORLD."

Lars Fruergaard Jørgensen
President and chief executive officer

Samira Sathi
Laboratory technician,
Global Research,
Denmark

NOVO NORDISK WAY

In 1923, our Danish founders began a journey to change diabetes. Today, we are thousands of employees across the world with the passion, the skills and the commitment to continue this journey to prevent, treat and ultimately cure diabetes.

- Our ambition is to strengthen our leadership in diabetes.
- We aspire to change possibilities in haemophilia and other serious chronic conditions where we can make a difference.
- Our key contribution is to discover and develop innovative biological medicines and make them accessible to patients throughout the world.
- Growing our business and delivering competitive financial results is what allows us to help patients live better lives, offer an attractive return to our shareholders and contribute to our communities.
- We never compromise on quality and business ethics.
- Our business philosophy is one of balancing financial, social and environmental considerations – we call it the Triple Bottom Line.
- We are open and honest, ambitious and accountable, and treat everyone with respect.
- We offer opportunities for our people to realise their potential.

Every day we must make difficult choices, always keeping in mind what is best for patients, our employees and our shareholders in the long run.

It's the Novo Nordisk Way.

ESSENTIALS

1. We create value by having a patient-centred business approach.
2. We set ambitious goals and strive for excellence.
3. We are accountable for our financial, environmental and social performance.
4. We provide innovation to the benefit of our stakeholders.
5. We build and maintain good relations with our key stakeholders.
6. We treat everyone with respect.
7. We focus on personal performance and development.
8. We have a healthy and engaging working environment.
9. We optimise the way we work and strive for simplicity.
10. We never compromise on quality and business ethics.

SAFEGUARDING ADHERENCE TO THE VALUES

Since 1997, Novo Nordisk has had a well-established process in place to ensure that the organisation adheres to the Novo Nordisk Way. Facilitations, which are a kind of values audit, measure how behaviours are conducted at unit level on an ongoing basis. Read more at novonordisk.com/about-novo-nordisk/novo-nordisk-way.html.

Facilitations cover more than one-third of the global organisation each year. A consolidated annual report on findings, trends and recommendations for improvement is presented to Executive Management and the Board of Directors. In 2016, the report, covering facilitations of 84 units and almost 25,000 employees, concluded that there was a consistent high level of compliance, with 60% of units rated 'high level' and 40% 'satisfactory level'. However, the report also points to areas that require attention – in particular ensuring focus on people management, simplicity and balancing available resources with a strong performance culture (see p 103).

CORPORATE RELATIONS

#MANAGEMENT **TRYG**

CORPORATE RELATIONS

#RISK DANFOSS

Risk management and compliance

This section provides an overview of the Danfoss risk management and compliance activities, its governance and identified Group risks.

In order to grow and stay profitable in increasingly complex business environments, Danfoss must manage risks and opportunities effectively. Danfoss takes a systematic and holistic approach to managing risk. Maintaining efficient risk management is a cornerstone at Danfoss as well as a prerequisite for running a profitable business and acting rapidly and flexibly, when conditions change.

Risk Governance

As per Board Procedure, the Danfoss Board of Directors performs risk oversight and the Audit Committee assesses the effectiveness of the Danfoss Risk Management. Overall, the Executive Committee is responsible for risk management at Danfoss. It ensures that risk management policies and processes are effective at all relevant levels. Responsibility for the actual performance of risk management activities lies with the company's respective managers and corporate functions.

For a detailed description of the internal controls and risk management structure in relation to financial reporting, reference is made to the statutory report on corporate governance, cf. Article 107b of the Danish Financial Statements Act. See www.danfoss.com > About > Financial information > Corporate Governance.

Risk management process

Risk management takes place at all managerial levels, which includes risk identification, assessment, treatment, and monitoring supported by documentation, communication, and reporting of risks:

CORPORATE RELATIONS

#GOVERNANCE **NORDEA**

Corporate Governance Report 2016

Strong corporate governance is about companies having clear and systematic decision-making processes, thus providing clarity about responsibilities, avoiding conflicts of interest and ensuring satisfactory internal control, risk management and transparency. Commitment to Nordea's mission and vision requires the integration of sound corporate governance practices into regular business activities in order to, attain – as far as possible – a company that is well governed and well managed.

This Corporate Governance Report is prepared in accordance with the requirements in the Swedish Annual Accounts Act and the Swedish Code of Corporate Governance (the Code). The main emphasis is on the Board of Directors in its role as the main decision-making body in Nordea's corporate governance structure, and the interaction with the other bodies to ensure sound corporate governance. Nordea's system for internal control and risk management regarding financial reporting is also covered.

Corporate governance at Nordea

Nordea Bank AB (publ) (the "Company") is a Swedish public limited company listed on the NASDAQ stock exchanges in Stockholm, Helsinki and Copenhagen. Corporate governance at Nordea follows generally adopted principles of corporate governance. The external framework that regulates corporate governance work includes the Swedish Companies Act, the Banking and Financing Business Act, the Annual Accounts Act, the Annual Accounts Act of Credit Institutions and Securities Companies, EU regulations for the financial industry, rules issued by relevant financial supervisory authorities, NASDAQ's rules for each stock exchange and the rules and principles of the Code. Nordea complies with the Code and has no deviations to report in 2016.

In 2016, the Company had neither any infringement of the applicable stock exchange rules nor any breach of good practice in the securities market reported by the relevant exchange's disciplinary committee or the Swedish Securities Council.

The Code is available at www.corporategovernanceboard.se.

Division of powers and responsibilities

The management and control of Nordea is divided among the shareholders (at the General Meeting), the Board of Directors and the President and CEO, pursuant to the provisions of the external framework, the Articles of Association and the internal instructions set forth by the Board of Directors.

General Meetings (1)

The General Meeting is the Company's highest decision-making body, at which shareholders exercise their voting rights. At the General Meeting, decisions are taken regarding matters such as the annual accounts, dividend, election of the Board of Directors and auditors, remuneration for Board members and auditors and guidelines for remuneration for executive officers.

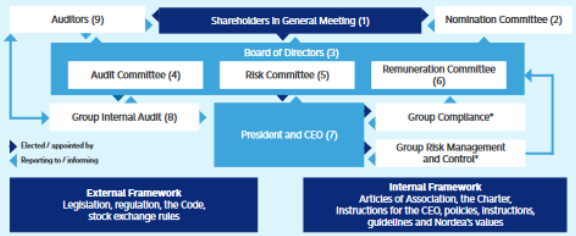
General Meetings are held in Stockholm. The minutes of the Annual General Meeting (AGM) 2016, are available at www.nordea.com.

The AGM 2017 will be held on Thursday 16 March 2017.

Voting rights

According to the Articles of Association, shares may be issued in two classes, ordinary shares and C-shares. All shares in Nordea carry voting rights, with each ordinary share entitled to one vote and each C-share entitled to one tenth of one vote at General Meetings. At General Meetings, each shareholder is entitled to vote for the full number of shares that he or she owns or represents. Nordea is not entitled to vote for its own shares at General Meetings. More information about the Nordea share is presented in the section "The Nordea share and ratings" on page 29 and in the "Financial Review 2016" on page 38.

Corporate Governance Structure



The numbers within brackets are references to the various subsections in the Corporate Governance Report 2016

* Group Risk Management and Control as well as Group Compliance are described in the section "Risk, Liquidity and Capital Management" on page 43.

	Board of Directors	Board Audit Committee	Board Risk Committee	Board Remuneration Committee	Independence in relation to the Company*	Independence in relation to the major shareholders*
Number of meetings: (of which per capsulam)	19(5)	10(1)	6(0)	9(3)		
Meetings attended:						
Elected by AGM						
Björn Wahlroos[2]	19	-	-	9	Yes	No
Marie Ehrling[3]	19	-	-	9	Yes	Yes
Tom Knutzen	19	10	-	-	Yes	Yes
Robin Lawther	19	-	6	-	Yes	Yes
Lars G Nordström	18	-	6	-	Yes	Yes
Sarah Russell	19	10	-	-	Yes	Yes
Silvija Seres	19	10	-	-	Yes	Yes
Kari Stadigh	19	-	6	-	Yes	No
Birger Steen[4]	19	-	4	-	Yes	Yes
Appointed by employees						
Lars Oddestad[5] (deputy 1 Nov 2015–30 April 2016)	15	-	-	-	No	Yes
Toni H Madsen (deputy 1 May 2016–31 Oct 2016)	19	-	-	-	No	Yes
Kari Ahola (deputy 1 Nov 2016–30 April 2017)	18	-	-	-	No	Yes
Hans Christian Riise	19	-	-	-	No	Yes
Gerhard Olsson[6]	4	-	-	-	No	Yes

1) For additional information, see Independence on page 60.
2) Chairman from AGM 2011.
3) Vice Chairman from AGM 2011.
4) Committee member from AGM 2016.
5) Board member until 30 Sept. 2016.
6) Board member from 1 Oct 2016.

At least annually, the BRC follows up on the application of the Nordea Remuneration Policy and underlying instructions through an independent review by the GIA, and exercises an assessment of the Nordea Remuneration Policy and remuneration system with the participation of appropriate control functions. The BRC also has the duty of annually monitoring, evaluating and reporting to the Board on the programmes for variable remuneration for GEM, as well as the application of the guidelines for remuneration for executive officers. At the request of the Board, the BRC also prepares other issues of principle for the consideration of the Board.

Members of the BRC are Marie Ehrling (chairman) and Björn Wahlroos. Generally, the CEO and the Chief People Officer are present at the meetings and are entitled to participate in discussions, but not in decisions. Neither the CEO nor the Chief People Officer participates in considerations regarding his/her respective employment terms and conditions.

According to the Code, the members of the BRC are to be independent of the Company and the executive management of the Company. Nordea complies with this rule.

Further information regarding remuneration at Nordea is presented in the separate section "Remuneration", on page 66 and in Note G7, on page 110.

Meetings, attendance and Independence

The table above shows the number of meetings held by the Board of Directors and its Committees as well as the attendance of the individual Board members. It also shows the independence of the individual Board members in relation to the Company as well as to the major shareholders.

The CEO and Group Executive Management (7)

Nordea's President and CEO is charged with the day-to-day management of Nordea Bank AB and the Nordea Group's affairs in accordance with the external and internal framework. The internal framework regulates the division of responsibilities and the interaction between the CEO and the Board. The CEO works closely with the Chairman of the Board in relation to the planning of Board meetings.

The CEO is accountable to the Board for the management of the Nordea Group's operations and he is also responsible for developing and maintaining effective systems for internal control within the Group. Further information regarding the control environment for risk exposures is presented in the section; "Risk, Liquidity and Capital management", on page 43. The CEO works together with certain senior officers within the Group in GEM. Presently, GEM consists of nine members and the CEO. GEM meets regularly and whenever necessary upon request by the CEO. These meetings are chaired by the CEO, who reaches decisions after consulting with the other members of GEM. Notes of meetings, verified by the CEO, are kept. Further information regarding the CEO and GEM is presented in the section "Group Executive Management", on page 234.

Internal control process

The Internal Control Process is carried out by the Board of Directors, management and other staff at Nordea and is designed to provide reasonable assurance regarding objective fulfilment in terms of effectiveness and efficiency of operations, reliability of financial and non-financial reporting, compliance with external and internal regulations, safeguarding of assets as well as sufficient management of risks in the operations. The Internal Control Process is based on five main components: Control Environment, Risk Assessment, Control Activities, Information & Communication and Monitoring.

The framework for the Internal Control Process aims to create the necessary fundamentals for the entire organisation

CORPORATE RELATIONS

#RISK **NNIT**

RISK MANAGEMENT

NNIT operates in a highly competitive and rapidly changing global marketplace. Risk management is essential for profitable growth, and NNIT has adopted a structured approach to address this area.

NNIT believes that efficient risk management requires a structured method applied consistently across the organization. At NNIT, risk management consists of four elements: risk identification, risk assessment, identification of mitigating actions and risk reporting.

NNIT identifies risk appiying a combination of a bottom-up and a top-down approach. Key risks are initially identified within each divisional area and reported to Group Management together with information on what has been done and what is intended to be done.

High risks are aggregated and a broad list presented in an annual risk report and challenged by Group Management and finally by the Audit Committee of the Board as well as the Board of Directors. Group Management continuously follows up and reports monthly on risk development and mitigating actions to the Board of Directors.

Below is an overview in random order of the key risks important to NNIT's business including root causes and the mitigating actions undertaken by the company.

A more detailed description can be found on the following two pages.

RISK MANAGEMENT

RISK \ ROOT CAUSE	Customer insolvency	Competitors	Market changes	Failure to grow organically/ through acquisitions	Complex contract regimes	Unauthorized access	Regulations	MITIGATING ACTIONS
Loss of existing business	●	●	●					• Stay close to customers • Pursue early contract extensions • Be price competitive through delivery model and operational excellence • Develop new offerings
Ability to generate new business	●	●	●	●				• Be price competitive through delivery model and operational excellence • Ensure flexible delivery model • Develop new offerings • Have focused go-to-market strategy within international life sciences
Operation and delivery			●		●	●	●	• Improve contract management • Develop security roadmap • Continue to monitor legal framework • Adapt service offerings to General Data Protection Regulation • Ensure that relevant procedures, audits and training are in place
Not attracting/retaining sufficient talent		●	●					• Use employer branding and ensure an attractive working environment • Ensure market-conform compensation packages and long-term incentive programs • Use non-Danish delivery centers to mitigate shortage of qualified IT professionals • Run graduate programs
Currency exposure			●					• Hedge main currencies 14 months ahead • Aim to create natural hedges

RISK	ROOT CAUSES OF THE RISK	MITIGATING ACTIONS
Loss of existing business		
In 2016, NNIT's revenue of DKK 2,675m was generated from 199 customers. NNIT's single largest customer is the Novo Nordisk Group, which accounted for DKK 1,238m or 44.8%of NNIT's 2016 revenue. NNIT's top five customers accounted for 65% of NNIT's revenue in 2016 and the top ten customers accounted for 76%. NNIT relies on the IT spend of these customers, including the renewal and non-termination of existing contracts. Failure to renew contracts with existing customers, particularly the large outsourcing contracts, or renewals at notably different prices and terms will affect NNIT's business significantly. Specifically changes in buying behavior from Novo Nordisk will impact NNIT's business.	**Customers** Change in customer behavior impacts the risk of losing existing business. Such changes may be related, but are not limited, to: customer cost reductions, adoption of multivendor strategies, splitting up contracts into towers and insourcing strategies, which may remove existing business. Embedded price reductions built into contracts and benchmark standards increase the risk of price erosion on existing business. Change of decision-making power from IT to line of business and procurement involvement introduce new stakeholders, which increases the risk of changes to existing business. **Competition** A more aggressive behavior from existing competitors and/or entrance of new competitors increase the risk of losing existing contracts. **Market changes** Technology and market disruption change customers' preferences and needs, which could cause existing business to shrink or disappear. Changes in market technology could also introduce new competitors who have previously been technology partners or have previously operated in other industries.	NNIT maintains focus on staying competitive by offering high-quality solutions that match customer needs and requirements at market-conform prices. NNIT maintains close relationships with customers in order to gain continuous feedback and understanding of their business needs and NNIT is focused on extending or renegotiating existing contracts prior to expiry. In order to offer market-conform prices, NNIT is constantly focused on process optimization and automation as well as leverage the global delivery model. NNIT is currently conducting an operational excellence program within the IT operations area in order to design, optimize and lean delivery processes, accelerate automation and offshore usage and automate and standardize reporting NNIT continues to develop and strengthen offerings that match its customers' needs and requirements as well as building partnerships with some of the industry's leading technology providers. NNIT has a dedicated business development and technology unit focused on investigating and gathering the newest market trends while developing and managing offering initiatives and partnerships.
Ability to generate new business		
NNIT has a long-term strategic target of at least 5% revenue growth per year. Based on the projected growth rates in the Danish IT services market, NNIT must continue to win market share in the Danish market to meet its long-term strategic targets. The Danish IT services market is characterized by intense competition, from domestic and international players. Therefore, NNIT must continuously improve productivity and efficiency in order to meet the market price and maintain margins. Outside Denmark, NNIT strategically pursues the life sciences market. NNIT has strong domain knowledge and primarily delivers relatively small projects. To grow further NNIT needs to win larger projects and outsourcing agreements.	**Potential customers** Customer behavior impacts the amount of contracts in the market. This behavior can relate to the willingness to outsource or shifting to insourcing strategies or to change buying patterns, thereby shifting buying power from IT to line of business and procurement. **Competition** More aggressive behavior from existing competitors and/or entry of new competitors could make the market more competitive. **Market changes** Technology and market disruption change customer preferences and needs, which could influence buying behavior. **Failure to grow internationally** While NNIT is a major player in the Danish IT service market, internationally NNIT is a niche player. Thus size, relations and presence are more challenging factors internationally than they are in Denmark.	In order to attract and win new business, NNIT continues to develop and strengthen its offerings matching customer needs and requirements as well as building partnerships with some of the industry's leading technology providers. In order to offer market-conform prices, NNIT is persistently focused on process optimization and automation and on leveraging the global delivery model. The company's presence in countries within the EU (Denmark and the Czech Republic), as well as in non-EU locations (China and the Philippines), allows NNIT to offer a delivery setup that matches customer preferences. In order to be a leading IT partner to the life sciences industry, NNIT must persistently be at the forefront of regulatory development within selected areas of the life sciences value chain. NNIT is focused on proximity to international life sciences customers matching NNIT's size within selected geographies. NNIT continues to use partnerships with leading software providers in the life sciences industry to gain access to new life sciences customers.
Operation and delivery		
NNIT's ability to deliver the agreed quality of services is crucial. This includes operational stability, backup and fast restoring of data, keeping agreed security levels and delivering projects on time and according to scope.	**Complex contract regimes** Increased use of complex contract schemes dictated by customers' legal advisors increase the risk of disputes that could lead to arbitration with negative cost impact and reputational damage.	NNIT has initiated a contract management improvement program in order to ensure a structured governance model for contract management. This will include training of relevant employees and assigning contract managers to major accounts.

RISK	ROOT CAUSES OF THE RISK	MITIGATING ACTIONS
Operation and delivery (continued)		
Inadequate operational stability, quality or security controls involve the risk of reduced client satisfaction and loyalty as well as the risk of damaging NNIT's market reputation. Changes to applicable laws and regulations, particularly regulations on data protection and anti-offshoring legislation, might increase costs or threaten NNIT's ability to continue to serve customers from certain global locations. NNIT's business involves a significant amount of estimation and planning e.g. when bidding for fixed price projects and when estimating transition projects as part of outsourcing agreements. Estimating scope and efforts correctly as well as forecasting the required capabilities is crucial. Failure to estimate correctly could have significant negative cost impact. NNIT's growth strategy enhances business conducted inside and outside of Denmark. This increases the use of sub-contractors and partnerships thereby increasing the risk of business ethics misconduct.	**Unauthorized access** Cybercrime, including unauthorized access, is a growing risk. This may impact confidentiality, integrity and availability of critical systems and/or data resulting in breach of regulatory requirements as well as reputational damage. **Regulations** Changes in regulation, such as General Data Protection Regulation, which significantly increases the level of fines, imposes a potential risk that customers will be reluctant to accept processing of personal data in certain countries, leading to a weaker competitive position in the market	NNIT is implementing a security roadmap with 12 identified initiatives. This includes monitoring the ongoing threats, mapping security requirements to the services delivered as well as access management. NNIT has an established bid process for all bids above DKK 2m. This includes a critical assessment on cost estimates, contract terms and whether to bid at all and involves relevant finance, legal, sales and line of business functions. NNIT constantly monitors the legal frameworks and any changes to these. NNIT's presence in countries within the EU (Denmark and the Czech Republic) as well as non-EU locations (China and the Philippines), allows the company to offer a flexible delivery setup. NNIT is currently implementing General Data Protection Regulation in order to adapt NNIT's services to meet the regulatory requirements. NNIT has established business ethics procedures, spending policies, responsible sourcing standards and are rigidly imposing segregation of duties. All NNIT employees are trained and NNIT conducts internal audits as well as compliance reviews at HQ and affiliates.
Not attracting/retaining sufficient talent		
NNIT's business is founded on the expertise and innovation of IT specialists. NNIT's ability to maintain and renew existing customer contracts and win new business depends on NNIT's ability to attract, retain and develop qualified IT professionals whose skills keep pace with the continuing changes in information technology, evolving industry standards and changing customer preferences. The shortage of, and significant competition for, qualified IT professionals with the advanced technology skills necessary to provide the services and solutions that NNIT offers constitute a risk for the company.	**Market** The number of university graduates with IT backgrounds impacts the supply of IT professionals. Technology and market disruption changes alter the need for skills. **Competition** More aggressive behavior by existing competitors and/or the entry of new competitors could increase demand and competition for the same qualified IT professionals.	NNIT has a good track record of attracting talented employees. Employer branding and an attractive working environment are tools used to ensure that we can continue to attract high-potential individuals. NNIT strives to maintain market-conform compensation packages and has established a long-term incentive program for senior executives and other key employees. NNIT actively uses delivery centers outside of Denmark as a means of mitigating any shortage of qualified IT professionals in the Danish IT services market. NNIT runs graduate programs for talented young IT professionals at corporate level and at affiliate level at the main delivery centers. The number of NNIT graduates has increased in 2016.
Currency exposure		
NNIT reports its operating results in Danish kroner. However, a proportion of revenue and costs are incurred in other currencies. Exchange rate fluctuations in the currencies in which NNIT earns revenue and incurs costs will influence reported results. The main net currency exposures are in Chinese yuan and in Euro. NNIT is also exposed to changes in the Philippine peso, the Czech koruna and the Swiss franc.	**Market changes** Changes in macro and political environments outside of NNIT's control will impact currencies, which could significantly increase the cost of operations at NNIT's operations centers in China, Czech Republic and Philippines as well as the cost level at the sales and delivery offices in Switzerland, United States, Germany and United Kingdom. Further, NNIT's revenue from currencies other than Danish kroner could be adversely affected.	To reduce the currency impact on the company's results, NNIT engages in currency hedging. NNIT currently hedges around 90% of the major foreign currency net exposure in Chinese yuan (hedged via the offshore Chinese yuan CNH) and the Czech koruna 14 months ahead. NNIT also aims to create natural hedges by balancing revenue and costs in the main exposed currencies. For a more detailed description of NNIT's currency risks, see note 4.3 to the Group consolidated financial statements.

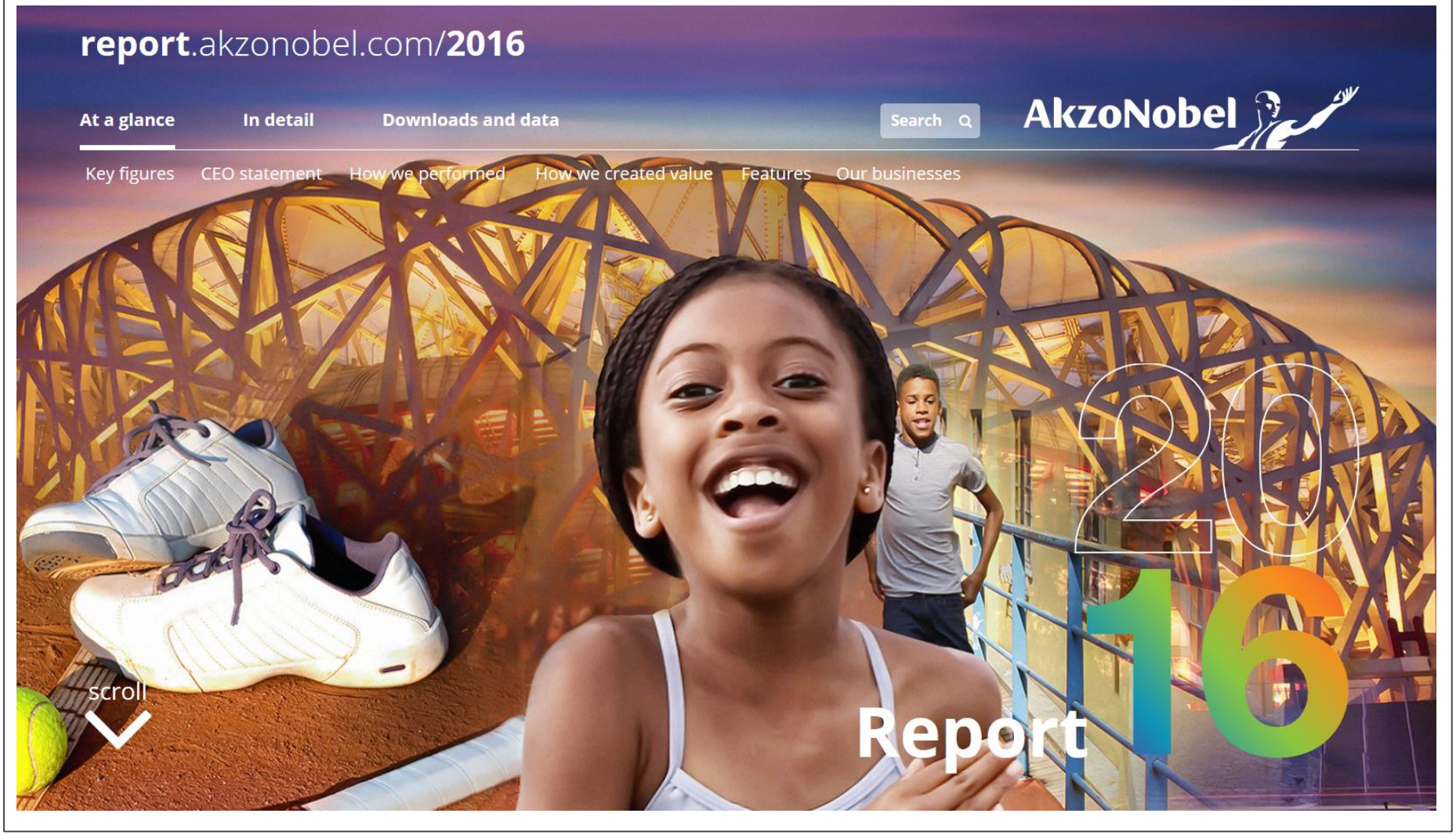
CORPORATE RELATIONS

6

#digital reporting

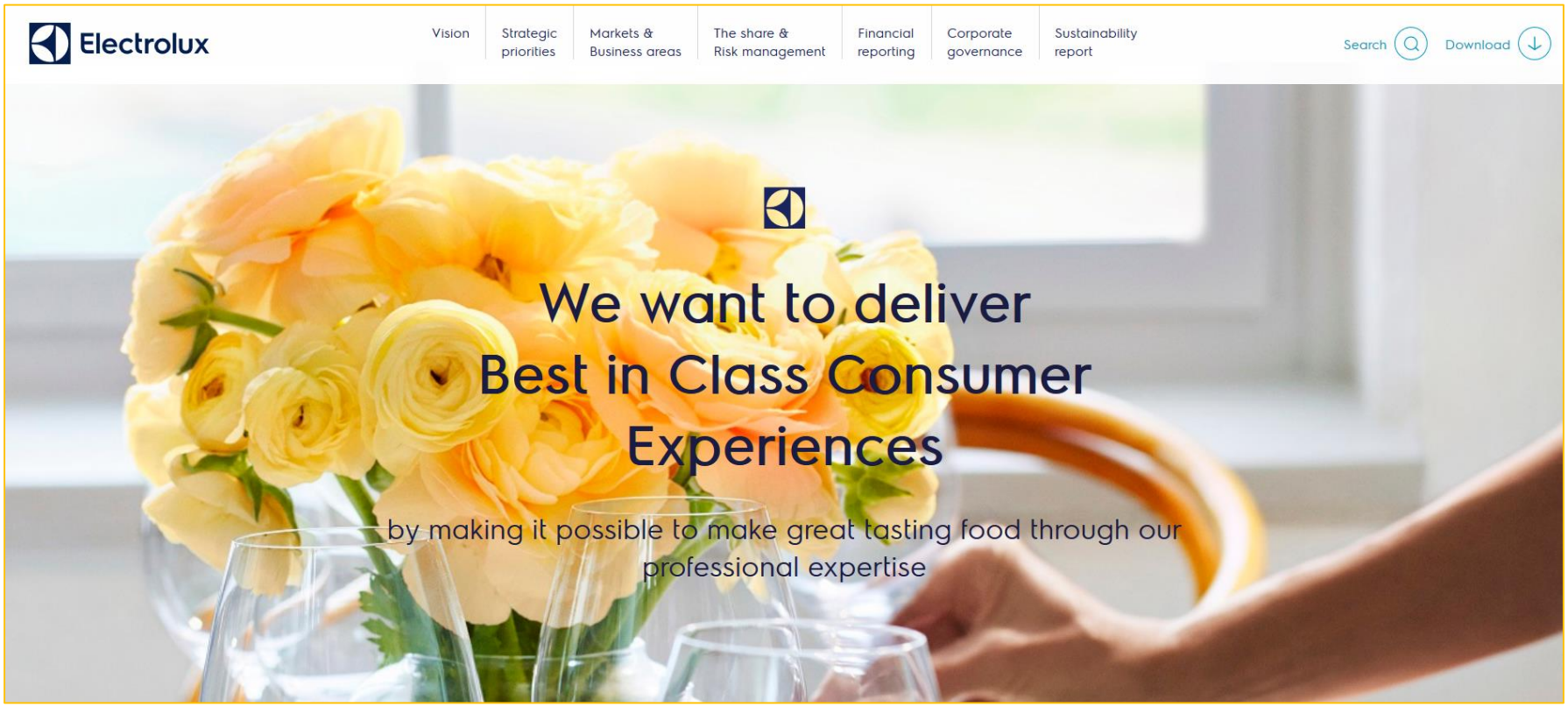
#international examples

#DIGITAL **AKZO NOBEL**



CORPORATE RELATIONS

#DIGITAL **ELECTROLUX**



CORPORATE RELATIONS

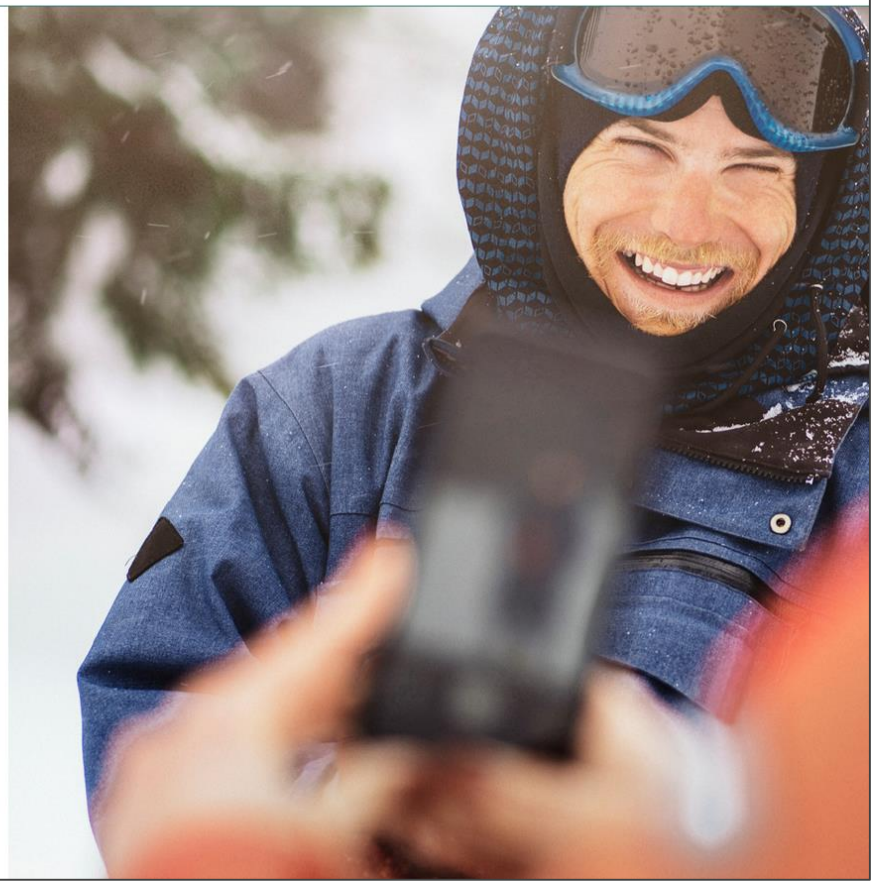
Business model

Fortum's business activities cover the production and sales of electricity and heat, waste-to-energy and other circular economy solutions as well as energy-sector expert services. Fortum is the 3rd largest power generator and the largest electricity retailer in the Nordic countries. Globally, we are one of the leading heat producers. As two thirds of our power production is hydro and nuclear, Fortum is also among the lowest-emitting generators in Europe.

Our ambition is to increase our CO_2-free power generation. We also have generation capacity based on fossil fuels, located mainly in Russia, and we have worked to increase its efficiency and reduce its specific emissions. We are focusing on increasing our solar and wind power capacity heavily over the coming years.

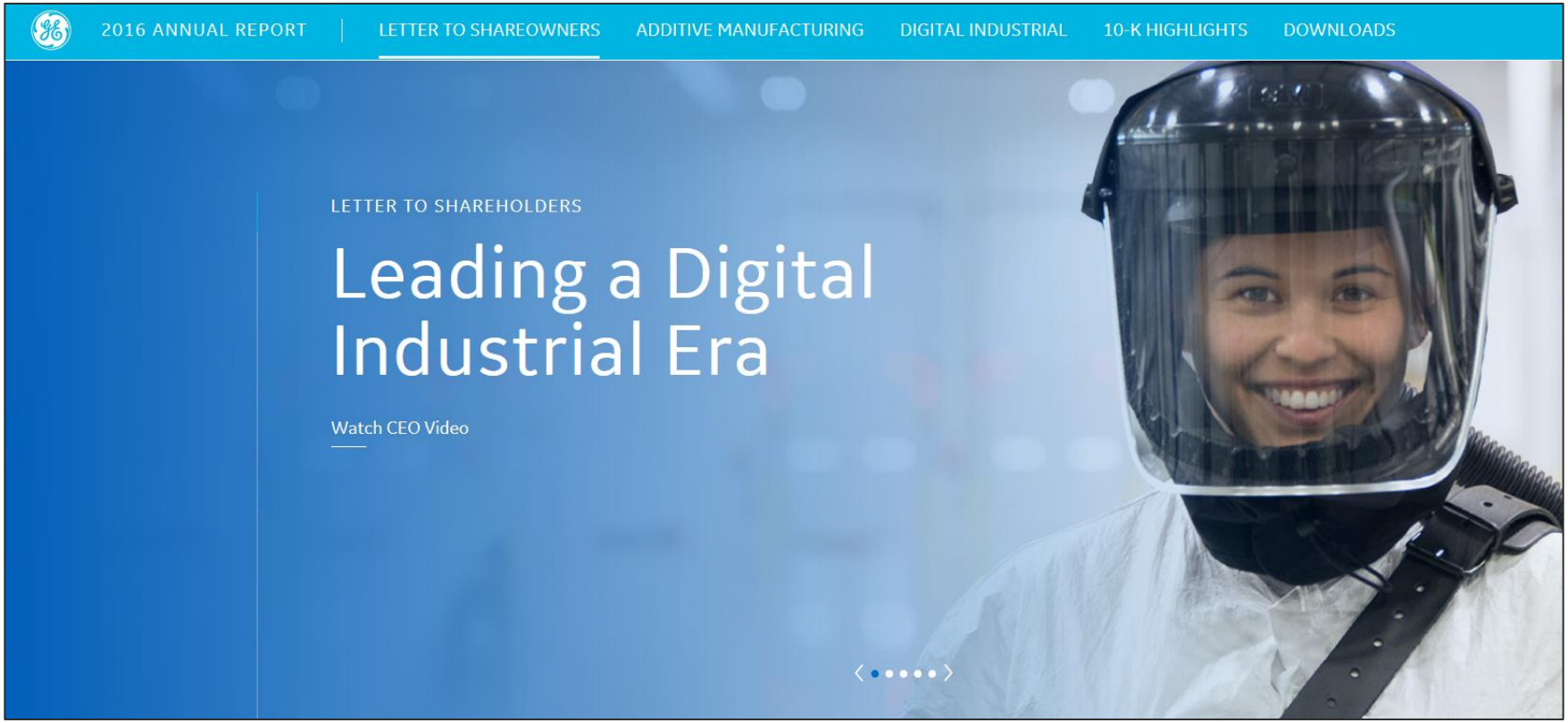
Fortum's organisation consists of three business divisions: Generation, City Solutions and Russia and two development units focusing on growing new businesses: Technology and New Ventures as well as M&A and Solar & Wind Development.

- Generation +
- City Solutions +
- Russia +
- Technology and New Ventures +
- M&A and Solar & Wind Development +



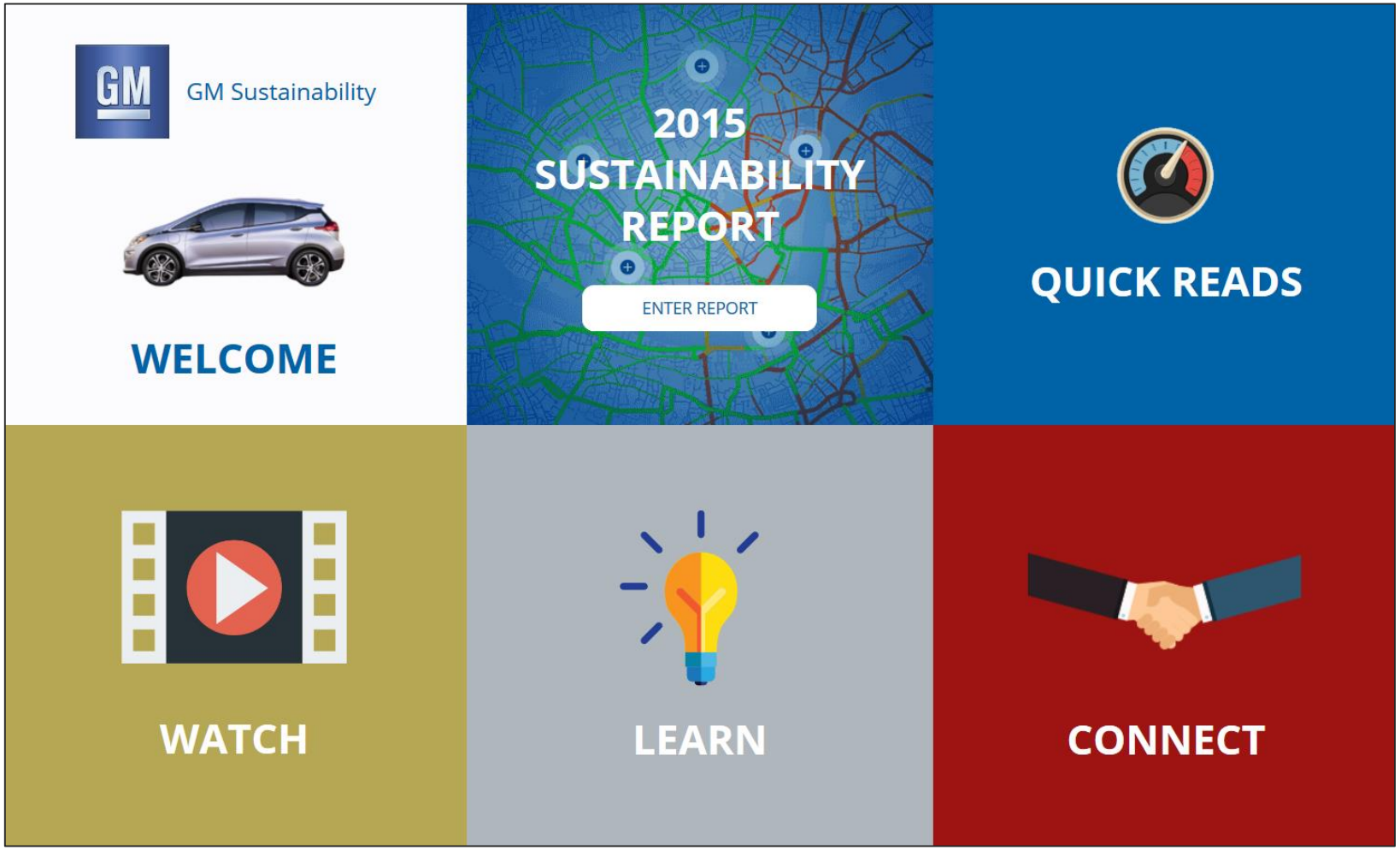
CORPORATE RELATIONS

#DIGITAL **GE**



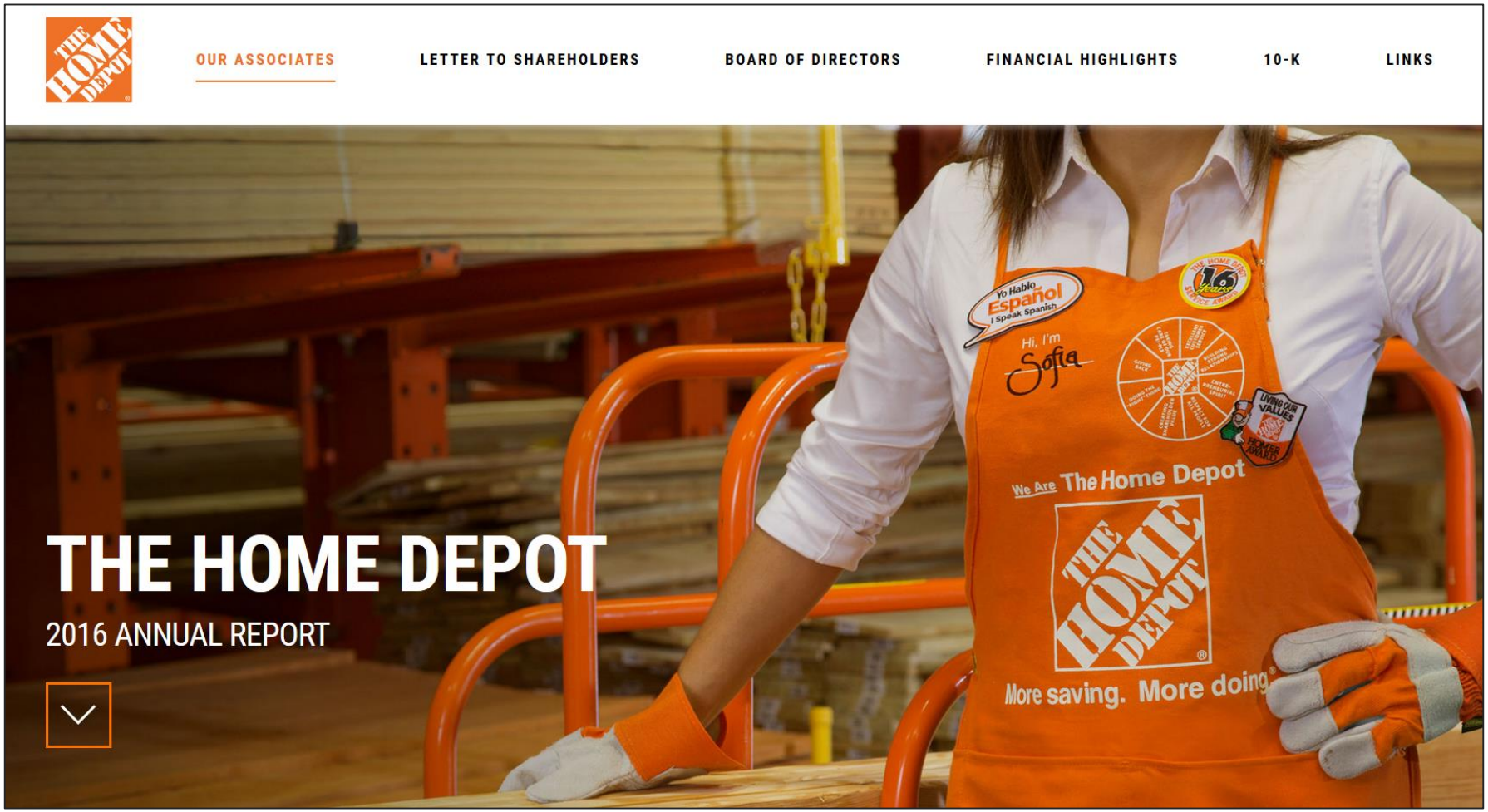
CORPORATE RELATIONS

#DIGITAL **GM**



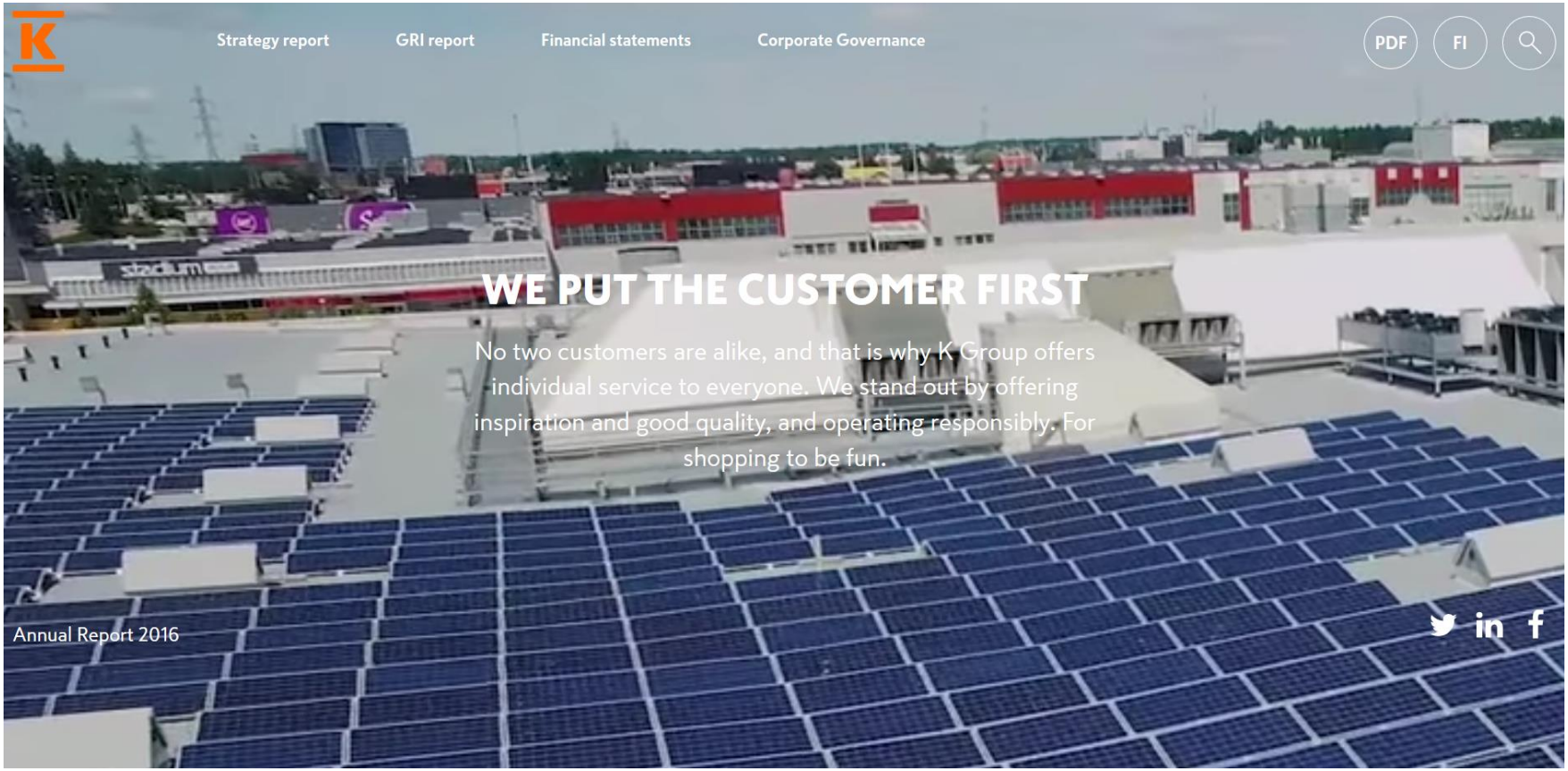
CORPORATE
RELATIONS

#DIGITAL **HOME DEPOT**



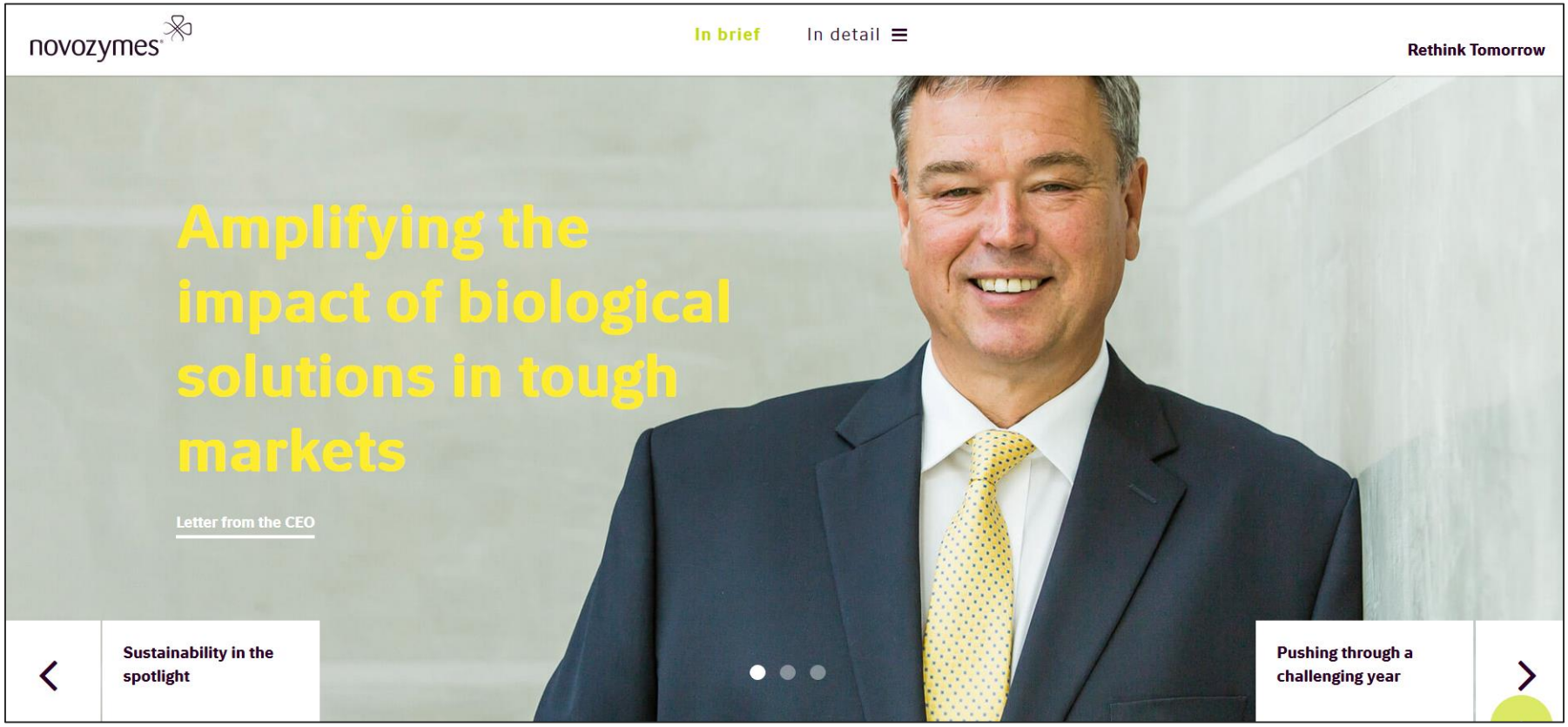
CORPORATE RELATIONS

#DIGITAL **KESKO**



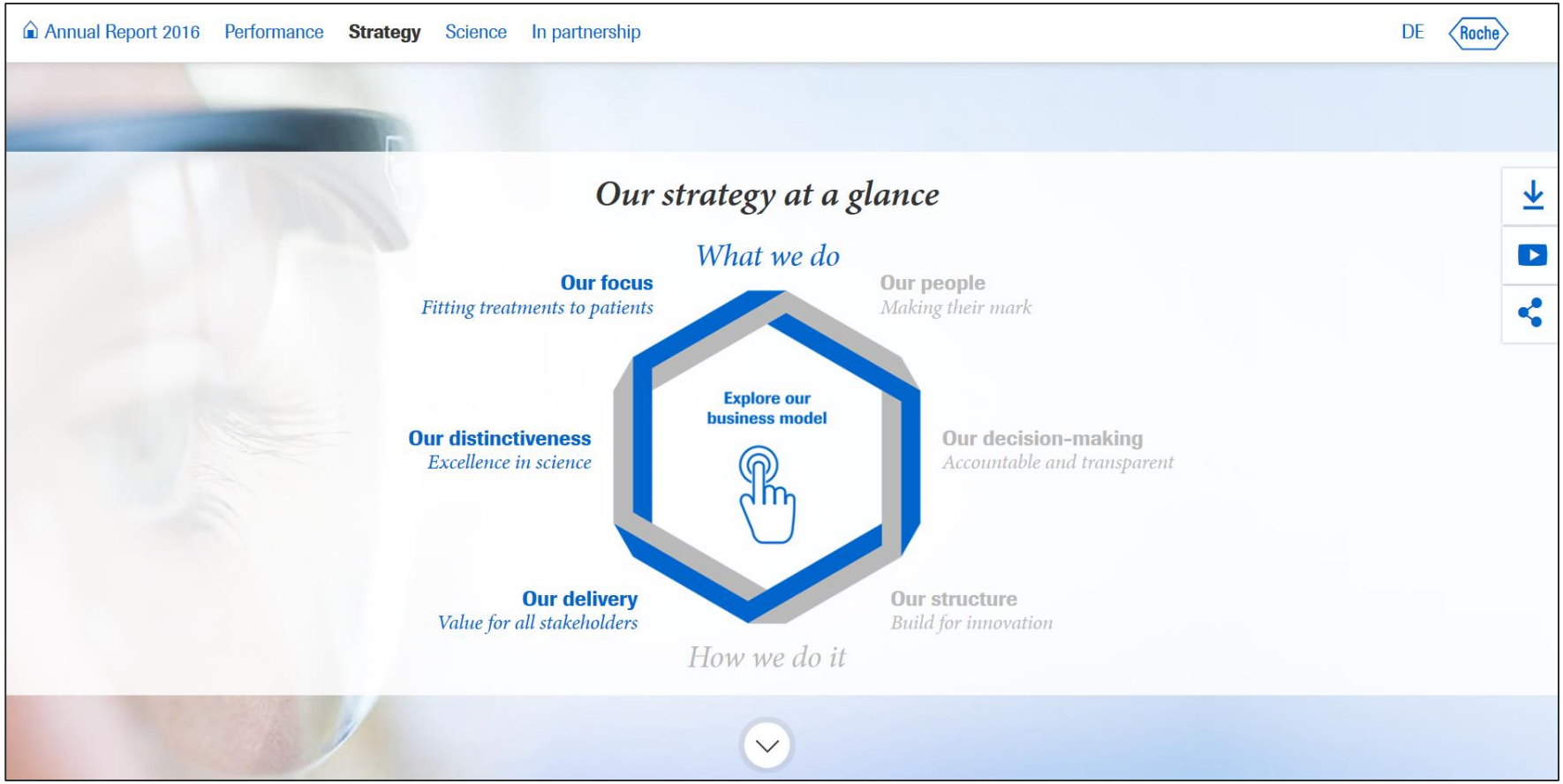
CORPORATE RELATIONS

#DIGITAL **NOVOZYMES**



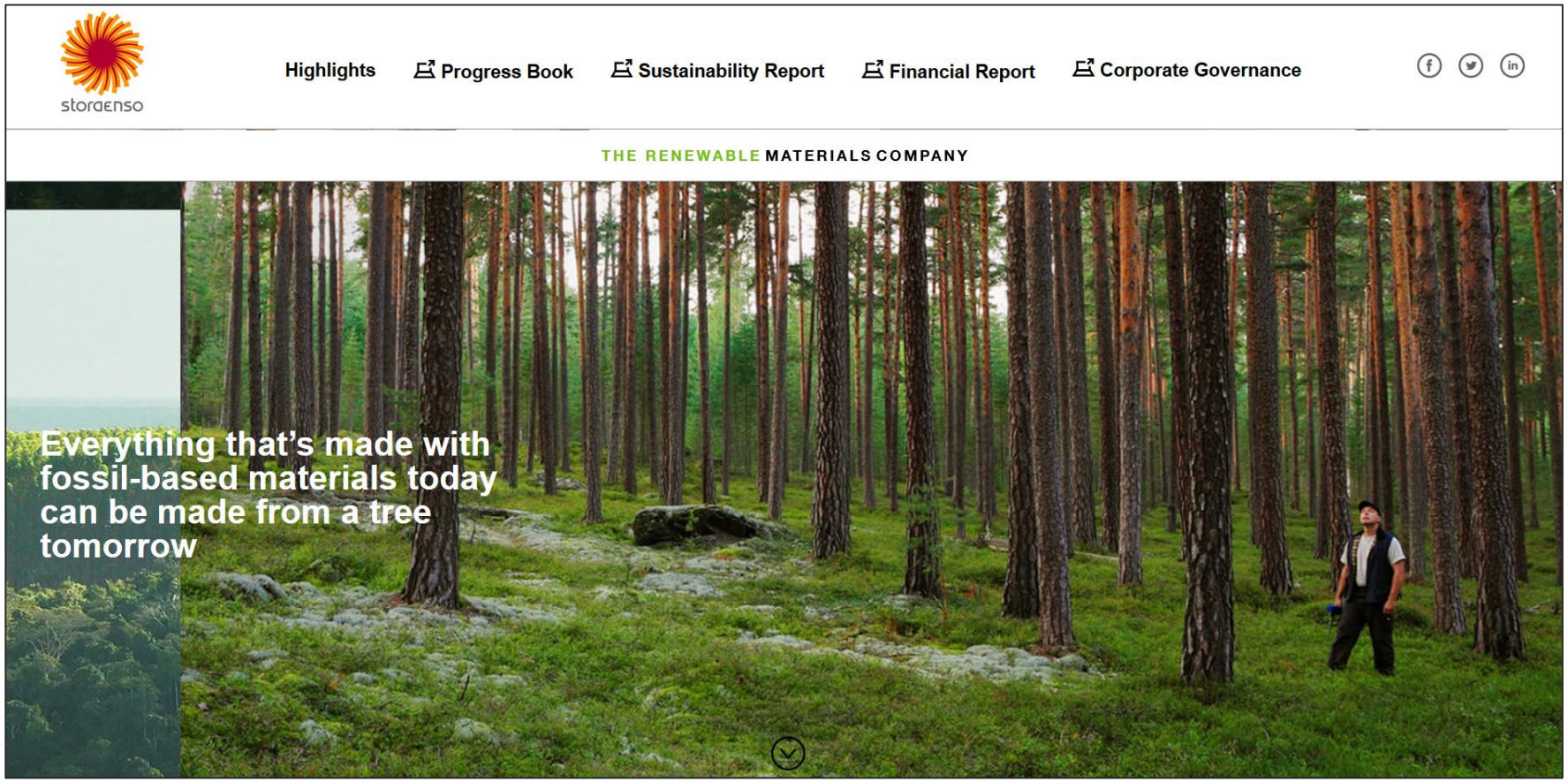
CORPORATE RELATIONS

#DIGITAL **ROCHE**



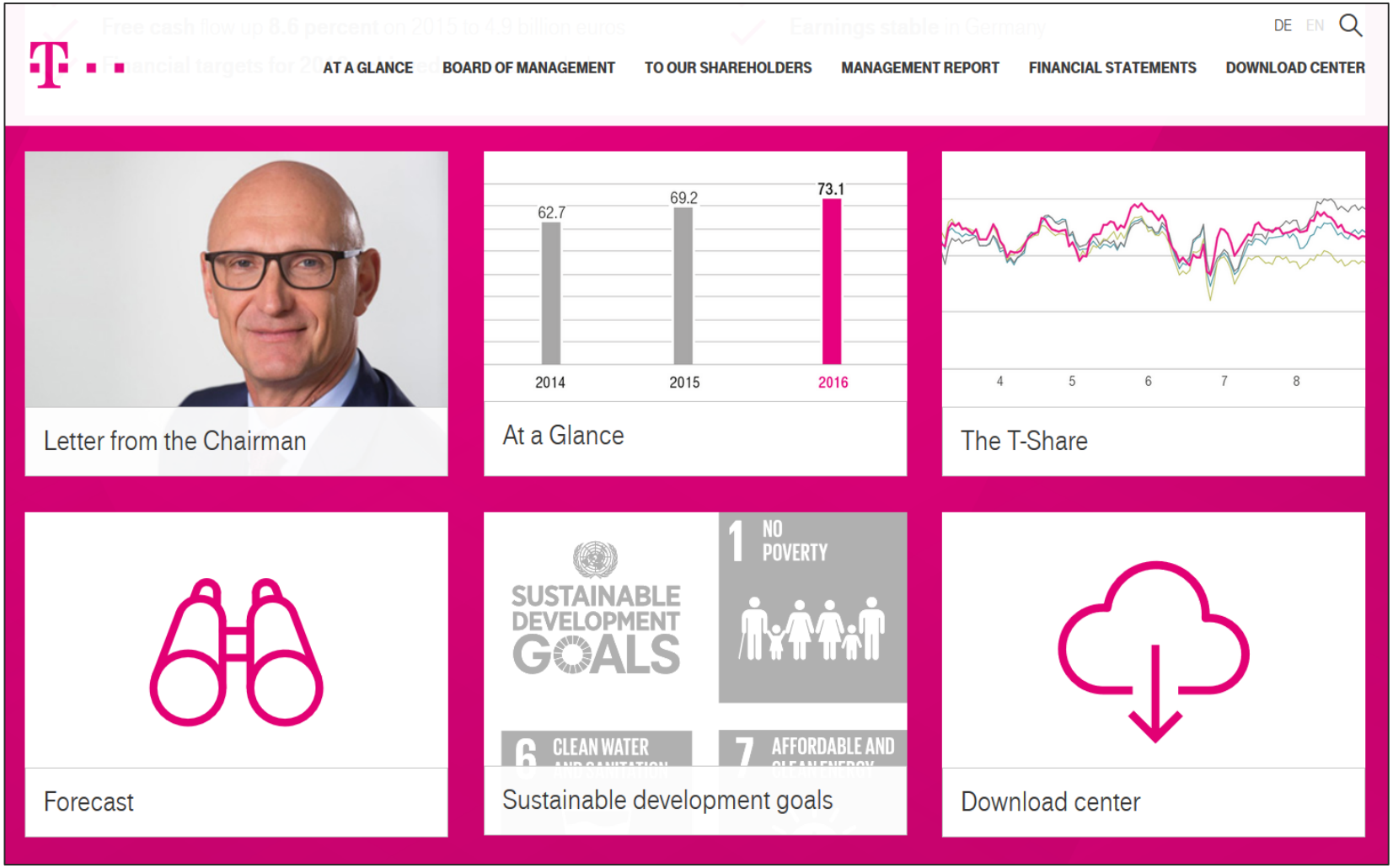
CORPORATE RELATIONS

#DIGITAL **STORA ENSO**



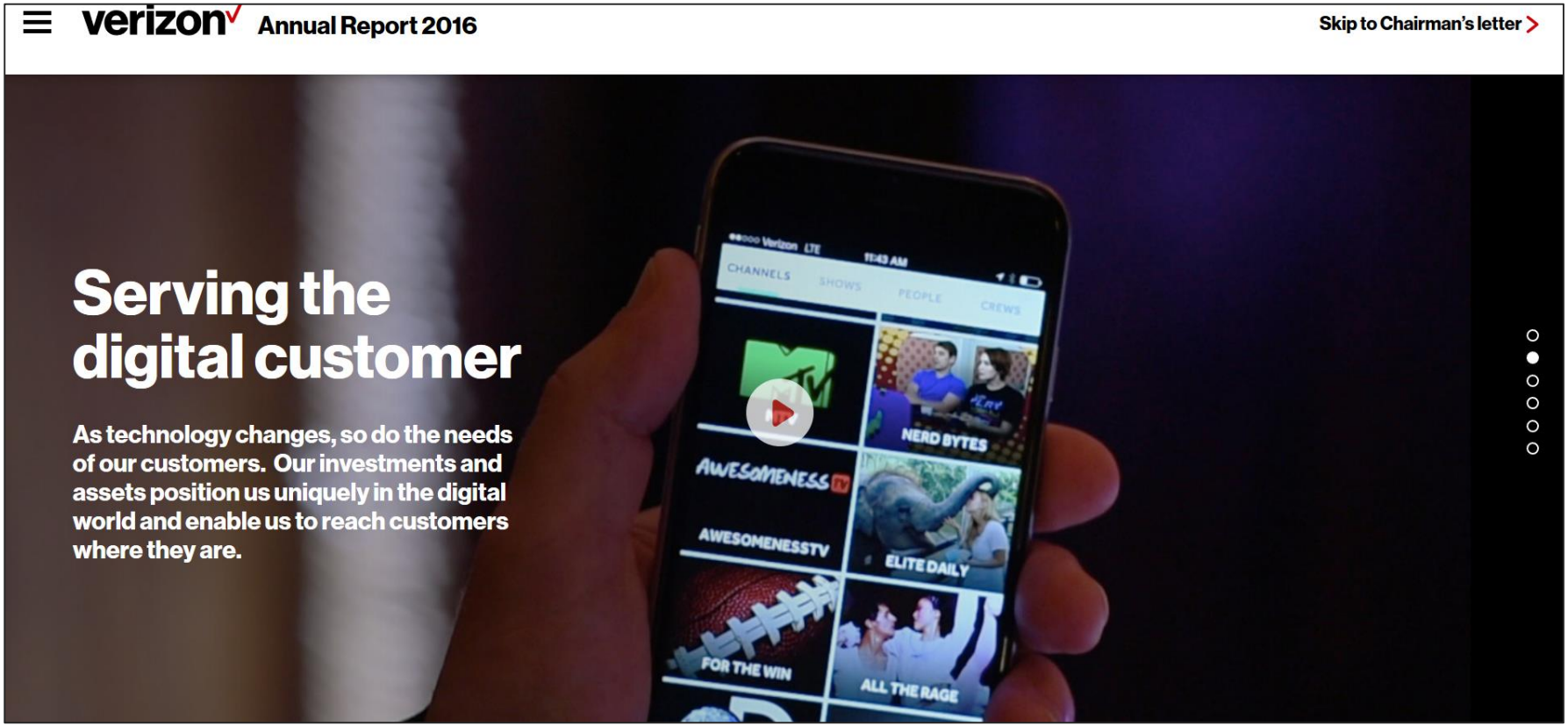
CORPORATE RELATIONS

#DIGITAL **DEUTCHE TELEKOM**



CORPORATE RELATIONS

#DIGITAL **VERIZON**



CORPORATE RELATIONS

#DIGITAL **VODAFONE**

CORPORATE RELATIONS

Success with the annual reporting process in five steps

1. Conduct an analysis of stakeholders' preferences and use of channels
2. Create a media and publication strategy Incl. timeline for development and launch
3. Create brief for consultancies with requirement specs and invite them for talks and offers
4. Assess priorities, competencies and resources - do not underestimate the value of effective project management
5. Get it done – test solutions evaluate feedback – make adjustments

Want to hear more?

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