

# STATUTORY CORPORATE GOVERNANCE STATEMENT

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cf. Section 107 b of the Danish Financial Statements Act - 2022-2023

## Introduction

Gabriel Holding A/S (Gabriel) has prepared the statutory statement on corporate governance as per section 107 b of the Danish Financial Statements Act covering the period from 1 October 2022 to 30 September 2023. Further information about the company's management structure is contained in this statement on corporate governance being part of the annual report.

The statement includes:

- A description of the management structure
- The element of the internal controls and risk management systems in relation to the financial reporting
- An annual review of the company's position on the Danish Recommendations on Corporate Governance

## Management and board committees

Gabriel has a two-tier management structure consisting of the Board of Directors (Board) and Executive Management. The two bodies are separate, and no one serves as a member of both.

The Board participates in determining the company strategy and supervises the performance of the company and ensures adequate management and organisation. Executive Management has the responsibility for the company's daily operations.

### Board of Directors

At the annual general meeting in December 2022, the Board was expanded from six to seven members, five of whom are elected by shareholders at general meetings and two by employees in Denmark.

The Board's collective profile can be characterised as having possession of broad and international business experience with professional skills including within strategy, production, innovation, sales, finance, IT, design, and marketing estimated to cover the Group's needs. The Board regularly assesses the need for any changes in its collective expertise. Board members keep themselves actively advised about Gabriel and the industry in general.

In December 2022 the shareholders elected and re-elected the following members to the Board:

- Jørgen Kjær Jacobsen (chair of the Board since 2010, member of the Acquisition Committee, Audit Committee and the Governance, Remuneration & Nomination Committee – not considered independent, as Jørgen has been a member of the Board for more than 12 years)
- Søren Mygind Eskildsen (vice chair of the Board since 2022, chair of the Acquisition Committee, member of the Audit Committee and the Digitalisation & Cybersecurity Committee – considered independent)
- Hans Olesen Damgaard (member of the Board since 2015 and chair of the Governance, Remuneration & Nomination Committee, member of the Digitalisation & Cybersecurity Committee and the Acquisition Committee – considered independent)
- Søren B. Lauritsen (member of the Board since 2010, chair of the Digitalisation & Cybersecurity Committee – not considered independent, as Søren has been a member of the Board for more than 12 years)
- Randi Toftlund Pedersen (member of the Board since 2022 and chair of the Audit Committee – considered independent)

The shareholder elected board members are elected annually at the annual general meeting. At the constituent board meeting following the annual general meeting held in December 2022, the Board reappointed Jørgen Kjær Jacobsen as chair and elected Søren Mygind Eskildsen as vice chair and appointed the board committees.

In addition to the shareholder elected members two employee representatives are on the Board. Election of employee representatives to the Board is a right enjoyed by Danish employees under Denmark's company law. The board members elected by the employees must comprise half the number of board members elected by the general meeting. The board members elected by the employees act under the same terms as the other board

members, but under company law they are elected for four years at a time. The terms of office are on a rolling basis to ensure continuity.

- Quinten Xerxes van Dalm (member of the Board since 2014 and member of the Digitalisation & Cybersecurity Committee – employee representative) – up for election in December 2024
- Rikke Lyhne Jensen (member of the Board since 2018 and member of the Governance, Remuneration & Nomination Committee – employee representative) - up for election in December 2026

For a further presentation of the board members above, refer to the management commentary section of the annual report.

In 2022/23 the Board held 6 meetings. The attendance rate for the year was 95%.

### **Annual Board review**

The chair of the Board is responsible for conducting an annual review of the Board's performance, addressing the effectiveness of the Board, Executive Management, individual board members contributions and the chair's performance. Each board member and member of Executive Management also receives feedback from all the other board members and Executive Management about their individual performance.

The task of preparing the annual self-evaluation of the individual members of the Board and Executive Management is executed by the Governance, Remuneration & Nomination Committee. Every three years, the evaluation is facilitated by external consultants – next time in 2025.

In 2023, an internally facilitated board evaluation process was conducted, focusing, among other things, on the recommendations on corporate governance, covering the Board's work, efficiency, independence, composition, and organisation. Topics included:

- the composition of the Board with focus on competencies and diversity,
- the Board and the individual member's contribution and results,
- the cooperation on the Board and between the Board and the Executive Management,
- the chair's leadership of the Board,
- the committee structure and the work in the committees,
- the organisation of the work of the Board and the quality of the material provided to the Board,
- the Board members' preparation for and active participation in the meetings of the Board,
- the Board members' number of other managerial duties; and
- an assessment of the Board's overall competencies in relation to those that best support Gabriel's strategy.

The results of the assessment were presented to the Board in August 2023 by the chair of the Governance, Remuneration & Nomination Committee. The main conclusions and outcomes of the board evaluation were, that the Board and the board committees through 2022/23 maintains a positive development by the dedication, required key competencies and sparring offered by and among the board and committee members, including in the relationship between the Board and Executive Management. In addition, the evaluation also concluded that the Board continues to have in-depth industry knowledge and competencies that support Gabriel's business and strategic goals.

In this year's evaluation, there has been a special focus on the chair of the Board and the role of the chair. In this context, the Board is aware that the chair has held his post for more than 12 years and has previously been CEO of the company. In this year's evaluation, a unanimous Board expresses an unconditional and great recognition, support, and respect for the very professional and efficient way in which the chair leads the work of the Board.

This is supported by the board evaluation, which is carried out every 3 years with external assistance – and in which the chair's ability to lead the work of the Board and be the link between the Board and the Executive Management is valued very highly.

### **The duties and responsibility of the Board**

There are rules of procedure for Gabriel's Board. These are reviewed once a year by the Board with a view to updating. The rules of procedure specify inter alia guidelines for the relationship between the Board and the Executive Management, and the duties and responsibilities of the chair and vice chair of the Board.

The Board has established the following committees:

### **The Audit Committee**

The Audit Committee consists of three board members and holds a minimum of four meetings a year. The members are elected by and among the board members.

The Audit Committee's overall tasks are:

- to monitor the financial reporting process
- to monitor the effective functioning of the company's internal control and risk management systems
- to monitor the statutory audit of the financial statements etc.
- to monitor and check the auditor's independence
- to review the internal insider policy and procedures, ensuring capital market compliance

The specific tasks of the committee are described in the charter approved by the Board and is available on the company website.

The composition of the committee was changed in 2023 and the majority of its members are independent. In 2022/23, the Audit Committee focused on the company's monthly and quarterly reporting, planning and monitoring of the statutory audit of the annual report, as well as monitoring the effective functioning of the company's internal control systems.

In 2022/23 the Audit Committee held 6 meetings. The attendance rate for the year was 95%.

### **The Governance, Remuneration & Nomination Committee**

The Governance, Remuneration & Nomination Committee consists of three board members. The members are elected by and among the board members. The majority of the members are not independent.

The role of the Governance, Remuneration & Nomination Committee is to make recommendations to the Board, and otherwise to assist the Board with its oversight responsibilities, in relation to:

- review and positions on the recommendations on Corporate Governance
- recruitment and remuneration strategies and policies in relation to Executive Management and the Board
- performance evaluation, and appointments, re-appointments and succession planning, in relation to the Board, its committees, and Executive Management

The specific tasks of the committee are described in the charter approved by the Board and is available on the company website.

The committee meet at least twice a year. In 2022/23 the Governance, Remuneration & Nomination Committee held 2 meetings, and in addition to the fixed tasks, the primary focus was the upcoming reporting requirements in CSRD and the preparation of the remuneration report, which will be presented for indicative vote at the general meeting. The attendance rate for the year was 59%.

### **The Acquisition Committee**

The Acquisition Committee currently consists of the chair of the Board, vice chair, a board member and an external committee member. The members are elected by the board members. The majority of the members are not independent.

The role of the Acquisition Committee is to make recommendations to the Board, and otherwise to assist the Board with its oversight responsibilities, in relation to:

- review and recommend merger and acquisition transactions proposed by the company's management;
- review and recommend strategic investment transactions proposed by the company's management;
- Propose the assessment of potential acquisitions and mergers

The Acquisition Committee's task is to evaluate potential acquisition targets supporting the growth strategy of the Group. The specific tasks of the committee are described in the charter approved by the Board and is available on the company website.

The committee held 4 meetings in 2022/23. The attendance rate for the year was 100%.

### **The Digitalisation & Cybersecurity Committee**

The committee was established by the Board in 2021 and now consists of four board members. Members are elected by and among the members of the Board. The majority of the members are not independent.

The task of the Digitalisation & Cybersecurity Committee is to assist the Board with its efforts and supervisory tasks in relation to the digitalisation, IT and cyber area, including:

- Continuously assess and discuss possible digitalisation initiatives
- Annually prepare and recommend the Group's ambitions and guidelines for digitalisation for approval by the Board
- Annually prepare and set the Group's cyber strategy for the Board's approval
- Prepare and present an updated risk assessment at least twice a year to the Board
- Continuously monitor plans, processes, and preparedness, as well as prepare and present status reporting to the Board prior to each board meeting

The specific tasks of the committee are described in the charter approved by the Board and is available on the company website.

In 2022/23 the committee held 8 meetings. The attendance rate for the year was 97%.

### **Executive Management**

Executive Management is responsible for the overall day-to-day management of the company. Executive Management meets at least once a month, and often more frequently. The Board appoints members of Executive Management and determines their remuneration in view of the recommendations from the Governance, Remuneration & Nomination Committee. The Board reviews the performance of the executives.

As of 30 September 2023, Executive Management consisted of two members including the chief executive officer:

- Anders Hedegaard Petersen (chief executive officer (CEO))
- Claus Møller (chief commercial officer (CCO))

For a presentation of Executive Management, refer to the management commentary section in the annual report.

## **Internal control and risk management systems**

Gabriel's supreme governing body has general responsibility for the Group's risk management and internal controls in relation to financial reporting, including compliance with relevant legislation and other financial reporting regulations.

The Group's risk management and internal controls are designed to avoid any material misstatements and omissions during the financial reporting process. The Board /Audit Committee and Executive Management regularly assess risks and internal controls in connection with the Group's activities and any impact on the financial reporting process.

### **The control environment**

Management regularly assesses the organisational structure and staffing of the Group and lays down and approves overall policies, procedures and controls in relation to the financial reporting process, with emphasis on clear reporting policies and segregation of duties.

### **Risk assessment**

When the annual business plan is prepared, the most important business risks are identified, and against this background, management makes an overall risk assessment, including an assessment of the most important risks arising from the financial reporting process. As part of the risk assessment, management considers the risk of fraud and any other improper influence on the financial reporting process annually.

The Group's Risk Management policy strives to eliminate and/or reduce the risks identified based on an assessment of materiality and cost-benefit analyses.

The Board assesses Gabriel's IT security and insurance coverage annually.

The most important risks arising from the financial reporting process are disclosed in the Executive Management's review and notes to the financial statements, to which reference is made.

### **Control activities**

At the board meetings, Executive Management reports on the status of any risk factors attributable to strategy, organisation or major operations. The Group has a detailed internal reporting system comparing monthly reporting with the budget and regularly evaluating performance and the meeting of specific targets through Key Performance Indicators etc. The system provides a high level of transparency with respect to various activities in the company and helps to give management a comprehensive insight into and knowledge of matters which could be important in relation to the full process of presentation of accounts.

Each quarter, the Board is provided with a detailed account of financial performance compared with the budget and prior periods. The reporting also describes and assesses material balance sheet items, cash flows, forecast future activities and earnings and other matters with an impact on operations.

### **Information**

The Board lays down the general requirements for the result and the external financial reporting in accordance with relevant legislation and regulations. The Group also aims constantly to offer adequate, complete and precise information reflecting corporate performance.

The Board emphasises that there must be open communication in the company within the framework for listed companies, and that each individual must know his or her role in the company's internal controls. The Group has chosen to divide operations and internal reporting into both geographically divided business areas, and in independent strategic business units. Both business areas and business units are run as independent profit centres with their own missions, visions, goals, strategies, action plans and budgets. This division ensures a high degree of delegation of expertise, following-up and delegation of responsibilities in the organisation and enables information on relevant matters to be communicated effectively and reliably throughout the system.

**Monitoring**

Gabriel monitors the functioning of its internal control and risk management system at all Group levels on a regular basis. The scope thereof is determined primarily based on the risk assessment and the effectiveness of controls and procedures.

Weaknesses, control failings or breaches of designated guidelines are reported based on their importance to Executive Management or the Board. The reporting is typically discussed at the next board meeting, at which the Board is informed of actual findings and recommendations on procedural changes etc.

In their long-form audit report to the Board, the auditors appointed by the annual general meeting report any material failings in the Group's internal control systems in relation to the financial reporting process.

The Board follows up on the implementation of any planned optimisation of risk and internal controls in relation to the financial reporting process.

**Deviations from Corporate Governance Recommendations**

As a company organised under Danish law and with a listing on Nasdaq Copenhagen, the company complies with Danish securities law and it is the company's intent to be guided by the Danish Corporate Governance Recommendations, announced by Nasdaq Copenhagen (prepared by the Danish Committee on Corporate Governance). The recommendations were last updated December 2020, and this statement is thus subject to the aforementioned recommendations. Nasdaq Copenhagen has required Danish companies to report on a "comply-or-explain" basis their compliance with these recommendations. Gabriel complies with 37 of the 40 Danish Corporate Governance Recommendations.

**The report constitutes a part of the management commentary on the annual report concerning the financial year:  
01.10.2022-30.09.2023**

Recommendation	The company <u>complies</u>	The company <u>explains</u> why how	
<b>1. Interaction with the company's shareholders, investors and other stakeholders</b>			
<b>1.1. Communication with the company's shareholders, investors and other stakeholders</b>			
1.1.1. <b>The Committee recommends</b> that the management through ongoing dialogue and interaction ensures that shareholders, investors and other stakeholders gain the relevant insight into the company's affairs, and that the board of directors obtains the possibility of hearing and including their views in its work.	X		
1.1.2. <b>The Committee recommends</b> that the company adopts policies on the company's relationships with its shareholders, investors and if relevant other stakeholders in order to ensure that the various interests are included in the company's considerations and that such policies are made available on the company's website.	X		
1.1.3. <b>The Committee recommends</b> that the company publishes quarterly reports.	X		
<b>1.2. The general meeting</b>			
1.2.1. <b>The Committee recommends</b> that the board of directors organises the company's general meeting in a manner that allows shareholders, who are unable to attend the meeting in person or are represented by proxy at the general meeting, to vote and raise questions to the management prior to or at the general meeting. The Committee recommends that the board of directors ensures that shareholders can observe the general meeting via webcast or other digital transmission.	X		
1.2.2. <b>The Committee recommends</b> that proxies and postal votes to be used at the general meeting enable the shareholders to consider each individual item on the agenda.	X		

Recommendation	The company <u>complies</u>	The company <u>explains</u> why how	
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**1.3. Takeover bids**

<p><b>1.3.1. The Committee recommends</b> that the company has a procedure in place in the event of takeover bids, containing a “road map” covering matters for the board of directors to consider in the event of a takeover bid, or if the board of directors obtains reasonable grounds to suspect that a takeover bid may be submitted. In addition, it is recommended that it appears from the procedure that the board of directors abstains from countering any takeover bids by taking actions that seek to prevent the shareholders from deciding on the takeover bid, without the approval of the general meeting.</p>	X		
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**1.4. Corporate Social Responsibility**

<p><b>1.4.1. The Committee recommends</b> that the board of directors adopts a policy for the company’s corporate social responsibility, including social responsibility and sustainability, and that the policy is available in the management commentary and/or on the company’s website. The Committee recommends that the board of directors ensures compliance with the policy.</p>	X		
<p><b>1.4.2. The Committee recommends</b> that the board of directors adopts a tax policy to be made available on the company’s website.</p>	X		

**2. The duties and responsibilities of the board of directors**

**2.1. Overall tasks and responsibilities**

<p><b>2.1.1. The Committee recommends</b> that the board of directors in support of the company’s statutory objects according to its articles of association and the long-term value creation considers the company’s purpose and ensures and promotes a good culture and sound values in the company. The company should provide an account thereof in the management commentary and/or on the company’s website.</p>	X		
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Recommendation	The company <u>complies</u>	The company <u>explains</u>	
		why	how
<b>2.1.2. The Committee recommends</b> that the board of directors at least once a year discusses and on a regular basis follows up on the company's overall strategic targets in order to ensure the value creation in the company.	X		
<b>2.1.3. The Committee recommends</b> that the board of directors on a continuously basis takes steps to examine whether the company's share and capital structure supports the strategy and the long-term value creation in the interest of the company as well as the shareholders. The Committee recommends that the company gives an account thereof in the management commentary.	X		
<b>2.1.4. The Committee recommends</b> that the board of directors prepares and on an annual basis reviews guidelines for the executive management, including requirements in respect of the reporting to the board of directors.	X		
<b>2.2. Members of the board of directors</b>			
<b>2.2.1. The Committee recommends</b> that the board of directors, in addition to a chair, appoints a vice chair, who can step in if the chair is absent and who can generally act as the chair's close sparring partner.	X		
<b>2.2.2. The Committee recommends</b> that the chair in cooperation with the individual members of the board of directors ensures that the members up-date and supplement their knowledge of relevant matters, and that the members' special knowledge and qualifications are applied in the best possible manner.	X		
<b>2.2.3. The Committee recommends</b> that if the board of directors, in exceptional cases, requests a member of the board of directors to take on special duties for the company, for instance, for a short period to take part in the daily management of the company, the board of directors should approve this in order to ensure that the board of directors maintains its independent overall management and control function. It is recommended that the company publishes any decision on allowing a member of the board of directors to take part in the daily management, including the expected duration thereof.	X		
<b>3. The composition, organisation and evaluation of the board of directors</b>			

Recommendation	The company <u>complies</u>	The company <u>explains</u> why how	
<b>3.1. Composition</b>			
<p><b>3.1.1. The Committee recommends</b> that the board of directors on an annual basis reviews and in the management commentary and/or on the company's website states</p> <ul style="list-style-type: none"> <li>• which qualifications the board of directors should possess, collectively and individually, in order to perform its duties in the best possible manner, and</li> <li>• the composition of and diversity on the board of directors.</li> </ul>	X		
<p><b>3.1.2. The Committee recommends</b> that the board of directors on an annual basis discusses the company's activities in order to ensure relevant diversity at the different management levels of the company and adopts a diversity policy, which is included in the management commentary and/or available on the company's website.</p>	X		
<p><b>3.1.3. The committee recommends</b> that candidates for the board of directors are recruited based on a thorough process approved by the board of directors. The Committee recommends that in assessing candidates for the board of directors – in addition to individual competencies and qualifications – the need for continuity, renewal and diversity is also considered.</p>	X		
<p><b>3.1.4. The Committee recommends</b> that the notice convening general meetings, where election of members to the board of directors is on the agenda - in addition to the statutory items - also includes a description of the proposed candidates'</p> <ul style="list-style-type: none"> <li>• qualifications,</li> <li>• other managerial duties in commercial undertakings, including board committees,</li> <li>• demanding organisational assignments and</li> <li>• independence.</li> </ul>	X		
<p><b>3.1.5. The Committee recommends</b> that members to the board of directors elected by the general meeting stand for election every year at the annual general meeting, and that the members are nominated and elected individually.</p>	X		

Recommendation	The company <u>complies</u>	The company <u>explains</u>	
		why	how

**3.2. The board of director’s independence**

<p><b>3.2.1. The Committee recommends</b> that at least half of the members of the board of directors elected in general meeting are independent in order for the board of directors to be able to act independently avoiding conflicts of interests.</p> <p>In order to be independent, the member in question may not:</p> <ul style="list-style-type: none"> <li>• be or within the past five years have been a member of the executive management or an executive employee in the company, a subsidiary or a group company,</li> <li>• within the past five years have received large emoluments from the company/group, a subsidiary or a group company in another capacity than as member of the board of directors,</li> <li>• represent or be associated with a controlling shareholder,</li> <li>• within the past year have had a business relationship (e.g. personally or indirectly as a partner or an employee, shareholder, customer, supplier or member of a governing body in companies with similar relations) with the company, a subsidiary or a group company, which is significant for the company and/or the business relationship,</li> <li>• be or within the past three years have been employed with or a partner in the same company as the company’s auditor elected in general meeting,</li> <li>• be a CEO in a company with cross-memberships in the company’s management,</li> <li>• have been a member of the board of directors for more than twelve years, or</li> <li>• be closely related to persons, who are not independent, cf. the above-stated criteria.</li> </ul> <p>Even if a member of the board of directors does not fall within the above-stated criteria, the board of directors may for other reasons decide that the member in question is not independent.</p>	<p>X</p>		
<p><b>3.2.2. The Committee recommends</b> that members of the executive management are not members of the board of directors and that members retiring from the executive management does not join the board of directors immediately thereafter.</p>		<p>The company does not follow the recommendation, as the current chair of the board is a former CEO of the company.</p>	<p>As the current chair of the board and former CEO joined the board of directors back in 2010, it is considered that the company's executive</p>

Recommendation	The company <u>complies</u>	The company <u>explains</u>	
		why	how
			management has the opportunity to act independently of the former CEO.

### 3.3. Members of the board of directors and the number of other managerial duties

<p><b>3.3.1. The Committee recommends</b> that the board of directors and each of the members on the board of directors, in connection with the annual evaluation, cf. recommendation 3.5.1., assesses how much time is required to perform the board duties. The aim is for the individual member of the board of directors not to take on more managerial duties than the board member in question is able to perform in a satisfactory manner.</p>	X		
<p><b>3.3.2. The Committee recommends</b> that the management commentary, in addition to the statutory requirements, contains the following information on the individual members of the board of directors:</p> <ul style="list-style-type: none"> <li>• position, age and gender,</li> <li>• competencies and qualifications relevant to the company,</li> <li>• independence,</li> <li>• year of joining the board of directors,</li> <li>• year of expiry of the current election period,</li> <li>• participation in meetings of the board of directors and committee meetings,</li> <li>• managerial duties in other commercial undertakings, including board committees, and demanding organisational assignments, and</li> <li>• the number of shares, options, warrants, etc. that the member holds in the company and its group companies and any changes in such holdings during the financial year.</li> </ul>	X		

### 3.4. Board committees

<p><b>3.4.1. The Committee recommends</b> that the management describes in the management commentary:</p> <ul style="list-style-type: none"> <li>• the board committees' most significant activities and number of meetings in the past year, and</li> </ul>	X		
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Recommendation	The company <u>complies</u>	The company <u>explains</u> why how	
<ul style="list-style-type: none"> <li>the members on the individual board committees, including the chair and the independence of the members of the committee in question.</li> </ul> <p>In addition, it is recommended that the board committees' terms of reference are published on the company's website.</p>			
<p><b>3.4.2. The Committee recommends</b> that board committees solely consist of members of the board of directors and that the majority of the members of the board committees are independent.</p>		<p>The company follows the recommendation in the Audit Committee, but not in the Acquisition Committee, Governance, Remuneration &amp; Nomination Committee and the Digitalisation &amp; Cybersecurity Committee.</p>	<p>In the committee work, the company also wishes to benefit from the experience and competencies of the employee representatives by giving them the opportunity to sit on the Governance, Remuneration &amp; Nomination Committee and Digitalisation &amp; Cybersecurity Committee, respectively, and therefore the majority of the members are not independent, as the employee representatives are by definition not considered to be independent. Furthermore, the company does not follow the recommendation with regard to the Acquisition Committee, as the majority is not considered independent and one of the members is not part of the Board of the company.</p>
<p><b>3.4.3. The Committee recommends</b> that the board of directors establishes an audit committee and appoints a chair of the audit committee, who is not the chair of the board of directors. The Committee recommends that the audit committee, in addition to its statutory duties, assists the board of directors in:</p> <ul style="list-style-type: none"> <li>supervising the correctness of the published financial information, including accounting practices in significant areas, significant accounting estimates and related party transactions,</li> <li>reviewing internal control and risk areas in order to ensure management of significant risks, including in relation to the announced financial outlook,</li> </ul>	X		

Recommendation	The company <u>complies</u>	The company <u>explains</u>	
		why	how
<ul style="list-style-type: none"> <li>• assessing the need for internal audit,</li> <li>• performing the evaluation of the auditor elected by the general meeting,</li> <li>• reviewing the auditor fee for the auditor elected by the general meeting,</li> <li>• supervising the scope of the non-audit services performed by the auditor elected by the general meeting, and</li> <li>• ensuring regular interaction between the auditor elected by the general meeting and the board of directors, for instance, that the board of directors and the audit committee at least once a year meet with the auditor without the executive management being present.</li> </ul> <p>If the board of directors, based on a recommendation from the audit committee, decides to set up an internal audit function, the audit committee must:</p> <ul style="list-style-type: none"> <li>• prepare terms of reference and recommendations on the nomination, employment and dismissal of the head of the internal audit function and on the budget for the department,</li> <li>• ensure that the internal audit function has sufficient resources and competencies to perform its role, and</li> <li>• supervise the executive management’s follow-up on the conclusions and recommendations of the internal audit function.</li> </ul>			
<p><b>3.4.4. The Committee recommends</b> that the board of directors establishes a nomination committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>• describing the required qualifications for a given member of the board of directors and the executive management, the estimated time required for performing the duties of this member of the board of directors and the competencies, knowledge and experience that is or should be represented in the two management bodies,</li> <li>• on an annual basis evaluating the board of directors and the executive management’s structure, size, composition and results and preparing recommendations for the board of directors for any changes,</li> <li>• in cooperation with the chair handling the annual evaluation of the board of directors and assessing the individual management members’ competencies, knowledge, experience and succession as well as reporting on it to the board of directors,</li> </ul>	X		

Recommendation	The company <u>complies</u>	The company <u>explains</u>	
		why	how
<ul style="list-style-type: none"> <li>• handling the recruitment of new members to the board of directors and the executive management and nominating candidates for the board of directors' approval,</li> <li>• ensuring that a succession plan for the executive management is in place,</li> <li>• supervising executive managements' policy for the engagement of executive employees, and</li> <li>• supervising the preparation of a diversity policy for the board of directors' approval.</li> </ul>			
<p><b>3.4.5. The Committee recommends</b> that the board of directors establishes a remuneration committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>• preparing a draft remuneration policy for the board of directors' approval prior to the presentation at the general meeting,</li> <li>• providing a proposal to the board of directors on the remuneration of the members of the executive management,</li> <li>• providing a proposal to the board of directors on the remuneration of the board of directors prior to the presentation at the general meeting,</li> <li>• ensuring that the management's actual remuneration complies with the company's remuneration policy and the evaluation of the individual member's performance, and</li> <li>• assisting in the preparation of the annual remuneration report for the board of directors' approval prior to the presentation for the general meeting's advisory vote.</li> </ul>	X		
<b>3.5. Evaluation of the board of directors and the executive management</b>			
<p><b>3.5.1. The Committee recommends</b> that the board of directors once a year evaluates the board of directors and at least every three years engages external assistance in the evaluation. The Committee recommends that the evaluation focuses on the recommendations on the board of directors' work, efficiency, composition and organisation, cf. recommendations 3.1.-3.4. above, and that the evaluation as a minimum always includes the following topics:</p> <ul style="list-style-type: none"> <li>• the composition of the board of directors with focus on competencies and diversity</li> <li>• the board of directors and the individual member's contribution and results,</li> </ul>	X		

Recommendation	The company <u>complies</u>	The company <u>explains</u>	
		why	how
<ul style="list-style-type: none"> <li>• the cooperation on the board of directors and between the board of directors and the executive management,</li> <li>• the chair's leadership of the board of directors,</li> <li>• the committee structure and the work in the committees,</li> <li>• the organisation of the work of the board of directors and the quality of the material provided to the board of directors, and</li> <li>• the board members' preparation for and active participation in the meetings of the board of directors.</li> </ul>			
<p><b>3.5.2. The Committee recommends</b> that the entire board of directors discusses the result of the evaluation of the board of directors and that the procedure for the evaluation and the general conclusions of the evaluation are described in the management commentary, on the company's website and at the company's general meeting.</p>	X		
<p><b>3.5.3. The Committee recommends</b> that the board of directors at least once a year evaluates the work and results of the executive management according to pre-established criteria, and that the chair reviews the evaluation together with the executive management. In addition, the board of directors should on a continuous basis assess the need for changes in the structure and composition of the executive management, including in respect of diversity, succession planning and risks, in light of the company's strategy.</p>	X		
<h2>4. Remuneration of management</h2>			
<h3>4.1. Remuneration of the board of directors and the executive management</h3>			
<p><b>4.1.1. The Committee recommends</b> that the remuneration for the board of directors and the executive management and the other terms of employment/service is considered competitive and consistent with the company's long-term shareholder interests.</p>	X		
<p><b>4.1.2. The Committee recommends</b> that share-based incentive schemes are revolving, i.e. that they are periodically granted, and that they primarily consist of long-term schemes with a vesting or maturity period of at least three years.</p>	Not relevant	The company does not apply share-based remuneration.	Remuneration to the executive management consists of fixed base salary, pension, short-term cash

Recommendation	The company <u>complies</u>	The company <u>explains</u>	
		why	how
			bonus, as well as other usual employee benefits.
<b>4.1.3. The Committee recommends</b> that the variable part of the remuneration has a cap at the time of grant, and that there is transparency in respect of the potential value at the time of exercise under pessimistic, expected and optimistic scenarios.	Not relevant	The company does not apply share-based remuneration.	Remuneration to the executive management consists of fixed base salary, pension, short-term cash bonus, as well as other usual employee benefits.
<b>4.1.4. The Committee recommends</b> that the overall value of the remuneration for the notice period, including severance payment, in connection with a member of the executive management's departure, does not exceed two years' remuneration including all remuneration elements.	X		
<b>4.1.5. The Committee recommends</b> that members of the board of directors are not remunerated with share options and warrants.	X		
<b>4.1.6. The Committee recommends</b> that the company has the option to reclaim, in whole or in part, variable remuneration from the board of directors and the executive management if the remuneration granted, earned or paid was based on information, which subsequently proves to be incorrect, or if the recipient acted in bad faith in respect of other matters, which implied payment of a too large variable remuneration.		It is not contractually guaranteed that the company has the option to reclaim, in whole or in part, variable remuneration if the remuneration granted, earned or paid was based on information, which subsequently proves to be incorrect, or if the recipient acted in bad faith in respect of other matters, which implied payment of a too large variable remuneration.	The company finds it reasonable to require repayment only in instances where such repayment obligation would follow from the generally applicable principles of Danish law.

## 5. Risk management

### 5.1. Identification of risks and openness in respect of additional information

<b>5.1.1. The Committee recommends</b> that the board of directors based on the company's strategy and business model considers, for instance, the most significant strategic, business, accounting and liquidity risks. The company should in	X		
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Recommendation	The company <u>complies</u>	The company <u>explains</u>	
		why	how
the management commentary give an account of these risks and the company's risk management.			
<p><b>5.1.2. The Committee recommends</b> that the board of directors establishes a whistleblower scheme, giving the employees and other stakeholders the opportunity to report serious violations or suspicion thereof in an expedient and confidential manner, and that a procedure is in place for handling such whistleblower cases.</p>	X		