

Information on corporate governance 19 March 2021

Statutory statement for corporate governance cf. §107 b in the Financial Statements Act

Corporate governance is about the way a company is managed and controlled and about the general principles and structures regulating the interaction between the company's managing bodies, its owners and other stakeholders.

Based on external recommendations and statutory requirements the Board of Directors in SKAKO A/S has developed a number of internal procedures to ensure an active, reliable and profitable management as well as operation of the company – and not least continuous maintenance and update of these procedures.

Below see the Recommendations on corporate governance from the Committee on Corporate Governance from November 2018, related to the policy of SKAKO A/S.

Both Recommendations on corporate governance and the policies of SKAKO A/S are changed continuously. The below update is published once a year in connection with the publication of the annual report.

The statement regards the accounting period 01.01.2020 – 31.12.2020.

The report concerns the financial year **01.01.2020 - 31.12.2020**

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
<b>1. Communication and interaction by the company with its investors and other stakeholders</b>				
<i>1.1. Dialogue between company, shareholders and other stakeholders</i>				
<p>1.1.1. The Committee <b>recommends</b> that the board of directors ensure ongoing dialogue between the company and its shareholders, so that the shareholders gain relevant insight into the company and in order for the board of directors to be aware of the shareholders' views, interests and opinions in relation to the company.</p>	X			<p><i>The Board of Directors aims at maintaining a seamless and efficient communication and dialogue with its shareholders and other stakeholders. It is the opinion of the Board of Directors that a high degree of openness by presenting information about the development of the company supports the company's work and a fair valuation of the company's shares. Dialogue with shareholders and stakeholders takes place through publication of quarterly announcements and other announcements from the company. All announcements include information on whom to contact with questions regarding the specific announcement.</i></p>

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				<p><i>All shareholders are welcome to ask the Board of Directors and the Management questions at the company's general meeting. In addition, within the time limit stated in the articles of association the shareholders have the possibility of making proposals to be discussed at the general meeting.</i></p> <p><i>Shareholders and stakeholders may obtain updated information from the company website <a href="http://www.skako.com">www.skako.com</a> and in a simple way establish contact with the company. Quarterly announcements and other announcements are available on the company website immediately after publication at NASDAQ OMX Copenhagen A/S.</i></p> <p><i>It is the view of the Board of Directors that openness and transparency are essential conditions for the view of the company and consequently valuation of the company's shares.</i></p>
1.1.2. The Committee <b>recommends</b> that the board of directors adopt policies on the company's relationship with its stakeholders, including	X			<p><i>The company has adopted policies on the company's relationship with its stakeholders.</i></p>

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shareholders, and that the board of directors ensure that the interests of the stakeholders are respected in accordance with company policies.				
1.1.3. The Committee <b>recommends</b> that the company publish quarterly reports	X			<i>The company publishes quarterly reports at NASDAQ OMX and on the company's website.</i>
<b>1.2. General meeting</b>				
1.2.1. The Committee <b>recommends</b> that in organising the company's general meeting, the board of directors plans the meeting to support active ownership.	X			<p><i>The company's articles of association determine the time limits to be observed in connection with summoning of a general meeting.</i></p> <p><i>The date of the ordinary general meeting is published in connection with the announcement of the company's financial calendar.</i></p> <p><i>From the date of the summoning of the general meeting relevant documents for the general meeting may be downloaded from the company's website.</i></p>
1.2.2. The Committee <b>recommends</b> that proxies or votes by post for the general meeting allow shareholders to consider each individual item on the agenda.	X			<i>Shareholders who are not present at general meetings may exercise their influence by way of proxy to another person, including to the Board of Directors.</i>

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				<i>Detailed rules for the holding of the general meeting are described in the articles of association of SKAKO A/S which can be downloaded from the company's website.</i>
<b>1.3. Takeover bids</b>				
1.3.1. The Committee <b>recommends</b> that the company set up contingency procedures in the event of takeover bids, from the time that the board of directors has reason to believe that a takeover bid will be made. The contingency procedures should establish that the board of directors should not without the acceptance of the general meeting, attempt to counter the takeover bid by making decisions which, in reality, prevent the shareholders from deciding on the takeover bid themselves.	x			<i>SKAKO has formulated a takeover manual.</i>
<b>2. Tasks and responsibilities of the board of directors</b>				
<b>2.1. Overall tasks and responsibilities</b>				
2.1.1. The Committee <b>recommends</b> that at least once annually the board of directors consider the matters that should be included in the board's performance of its work.	x			<i>In connection with the Annual General Meeting, the Board of Directors plans the board meetings for the coming year and determines its most substantial tasks for the year.</i>

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<p>2.1.2. The Committee <b>recommends</b> that at least once annually the board of directors consider the overall strategy of the company with a view to ensuring value creation in the company.</p>	x			<p><i>The Board of Directors follows the recommendation by reviewing, assessing and revising, if necessary, the company's strategy plan and reporting procedures at least once a year.</i></p>
<p>2.1.3. The Committee <b>recommends</b> that the board of directors ensure that the company has a capital and share structure which supports that the strategy and long-term value creation of the company are in the best interest of the shareholders and the company, and that the board of directors explain this in the management commentary and/or on the company's website.</p>	x			<p><i>The Board of Directors follows especially the capital structure in relation to planned activities and considers hereunder capital increases.</i></p>
<p>2.1.4. The Committee <b>recommends</b> that the board of directors annually review and approve guidelines for the executive board; this includes establishing requirements for the executive board's reporting to the board of directors.</p>	x			<p><i>At least once a year, the Board of Directors evaluates the company's rules of procedure and adjusts, if necessary.</i></p> <p><i>The Board of Directors is informed in detail every quarter through review of quarterly reports. In addition, the Board of Directors receives reporting and information on the company and other substantial activities at the board meetings. The Chairman of the Board receives continually additional information which is passed on to the other board member, if relevant.</i></p>

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				<i>It is the responsibility of the Executive Board to ensure that the Board of Directors continually receives information about the company activities required by the Board of Directors. Special and/or actual questions that cannot await the regular reporting are reported immediately.</i>
2.1.5. The Committee <b>recommends</b> that at least once annually, the board of directors discuss the composition, developments, risks and succession plans of the executive board.	x			<i>As part of the Board of Directors' annual plan, the composition of the Executive Board as well as developments, risks and succession plans are discussed once a year at a board meeting.</i>
<b>2.2. Corporate social responsibility</b>				
2.2.1. The Committee <b>recommends</b> that the board of directors adopt policies on corporate social responsibility.	x			<i>The company has adopted a policy in Corporate Social Responsibility. The policy is reflected in the annual report.</i>
<b>2.3. Chairman and vice-chairman of the board of directors</b>				
2.3.1. The Committee <b>recommends</b> appointing a vice chairman of the board of directors, who will assume the responsibilities of the chairman in the event of the chairman's absence, and who will also act as effective sparring partner for the chairman.	x			<i>Immediately after the Annual General Meeting the Board of Directors elects from its own members a Chairman and at least one Vice Chairman.</i>

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				<p><i>At the constitution the Board of Directors determines its internal division of work hereunder handling of the current contact with the Executive Board. In case nothing else has been adopted and registered these tasks are handled by the Chairman of the Board of Directors.</i></p> <p><i>In the absence of the Chairman of the Board of Directors, the Vice Chairman or the Vice Chairmen will take over his duties and authorities. In case the Chairman of the Board of Directors or the Vice Chairmen resign or will be unable to work for a long period, a renewed constitution will take place.</i></p>
<p>2.3.2. The Committee <b>recommends</b> that, if the board of directors, in exceptional cases, asks the chairman of the board of directors or other board members to perform special activities for the company, including briefly participating in the day-to-day management, a board resolution to that effect should be passed to ensure that the board of directors maintains its independent, general management and control function. Resolutions on the chairman's or other board members' participation in day-to-day management and the expected duration hereof should be publicly announced.</p>	x			<p><i>The Board of Directors has currently not asked the Chairman or other members of the Board of Directors to undertake special tasks for the company. If this becomes relevant, it will take place in accordance with this recommendation.</i></p>



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<b>3. Composition and organisation of the board of directors</b>				
<i>3.1. Composition</i>				
<p>3.1.1. The Committee <b>recommends</b> that the board of directors annually evaluate and in the management commentary account for</p> <ul style="list-style-type: none"> <li>• the competencies that it must have to best perform its tasks,</li> <li>• the composition of the board of directors, and</li> <li>• the special competencies of each member.</li> </ul>	x			<p><i>The Board of Directors has identified the competences and professional experience required by the total Board of Directors to be able to support the long-term growth of the Group.</i></p> <p><i>At least once a year, the Board of Directors will assess if the development of the Group has resulted in a need for changed competences of the Board of Directors.</i></p> <p><i>The board members' profiles, individual competences and other directorships appear from the company website.</i></p>
<p>3.1.2. The Committee <b>recommends</b> that the board of directors annually discuss the company's activities to ensure relevant diversity at management levels and prepare and adopt a policy on diversity. The policy should be published on the company's website.</p>	x			<p><i>The policy is part of the company's CSR reporting in the annual report.</i></p>
<p>3.1.3. The Committee <b>recommends</b> that the selection and nomination of candidates for the board of directors be carried out through a careful and</p>	x			<p><i>The company follows the recommendation by assessing continuously whether the</i></p>

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<p>transparent process approved by the board of directors. When assessing its composition and nominating new candidates, the board of directors should, in addition to the need for competencies and qualifications, take into consideration the need for integration of new talent and diversity.</p>				<p><i>composition of the Board of Directors reflects relevance and competence hereunder diversity in relation to age and gender. Members of the Board of Directors have been selected because of qualifying professional business experience primarily within international management, finance and law.</i></p>
<p>3.1.4. The Committee <b>recommends</b> that the notice convening a general meeting where the agenda includes the election of members to the board of directors, include (in addition to the statutory requirements) a description of the qualifications of nominated candidates, including information about the candidates’</p> <ul style="list-style-type: none"> <li>• other executive functions, including positions on executive boards, boards of directors and supervisory boards, including board committees, in Danish and foreign enterprises, and</li> <li>• demanding organisational tasks.</li> </ul> <p>Furthermore, it should be indicated if the candidates to the board of directors are considered independent.</p>	x			<p><i>Included in the convening of the general assembly.</i></p>
<p>3.1.5. The Committee <b>recommends</b> that members of the company’s executive board be not members of the board of directors and that a resigning chief executive officer be not directly elected as chairman or vice chairman for the same company.</p>	x			<p><i>No former or present executives are elected as board members.</i></p>

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3.1.6. The Committee <b>recommends</b> that members of the board of directors elected by the general meeting be up for election every year at the annual general meeting.	x			<i>Members for the Board of Directors are up for election every year.</i>
<b>3.2. Independence of the board of directors</b>				
<p>3.2.1. The Committee <b>recommends</b> that at least half of the members of the board of directors elected by the general meeting be independent persons, in order for the board of directors to be able to act independently of special interests.</p> <p>To be considered independent, this person may not:</p> <ul style="list-style-type: none"> <li>• be or within the past five years have been a member of the executive board, or senior staff member in the company, a subsidiary or an associated company,</li> <li>• within the last five years, have received significant remuneration from the company/group, a subsidiary or an associated company in a different capacity than as member of the board of directors,</li> <li>• represent or be associated with a controlling shareholder,</li> <li>• within the past year, have had significant business relations (e.g. personally or indirectly as partner or employee, shareholder, customer, supplier or member of management in companies with corresponding connection) with the company, a subsidiary or an associated company.</li> <li>• be or within the past three years have been employed or been a partner in the same company as the auditor elected by the general meeting,</li> <li>• be part of the executive management in a company with cross-management representation in the company,</li> </ul>	x			<p><i>Two board members elected at the general meeting, Jens Wittrup Willumsen and Christian Herskind Jørgensen, is considered not to be independent due to their ownership of Frederik2 ApS. The other board members elected at the general meeting are all independent.</i></p> <p><i>The annual report includes a description of the present Board of Directors hereunder the individual member's Executive Board positions and directorships in Danish companies.</i></p> <p><i>In addition, the annual report holds information about the individual board member's shareholding in the company.</i></p> <p><i>The Executive Board is not a member of the Board of Directors.</i></p>

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<ul style="list-style-type: none"> <li>• have been a member of the board of directors for more than 12 years, or</li> <li>• be a close relative with persons who are not considered independent.</li> </ul> <p>Even if a member of the board of directors is not covered by the above criteria, certain conditions may exist that will lead the board of directors to decide that one or more members cannot be regarded as independent.</p>				
<p><i>3.3. Members of the board of directors and the number of other management functions</i></p>				
<p>3.3.1. The Committee <b>recommends</b> that each member of the board of directors assess the expected time commitment for each function so that the member does not take on more functions than he/she can complete at a satisfactory level for the company.</p>	<p>x</p>			<p><i>The company has laid down no absolute rules for the acceptable number of managerial offices held by a board member beside being a board member of the company. The company is of the opinion that the number of offices manageable for a board member is individual just as the workload related to a managerial office may vary considerably from one company to the other.</i></p> <p><i>The Board of Directors assesses continuously whether the individual candidates have been able to and will be able to reserve the necessary time and attention for the performance of the board duties in the company.</i></p>

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<p>3.3.2. The Committee <b>recommends</b> that the management commentary, in addition to the provisions laid down by legislation, includes the following information about the members of the board of directors:</p> <ul style="list-style-type: none"> <li>• the position of the relevant person,</li> <li>• the age and gender of the person in question,</li> <li>• the person’s competencies and qualifications that are relevant to the company</li> <li>• whether the member is considered independent,</li> <li>• the member’s date of appointment to the board of directors,</li> <li>• expiry of the current election term,</li> <li>• the member’s participation in the meetings on the board of directors and committee meetings,</li> <li>• other management functions, including memberships in executive boards, boards of directors, and supervisory boards, including board committees in Danish and foreign enterprises and demanding organisational tasks, and</li> <li>• the number of shares, options, warrants and similar owned by the member in the company and other group companies, as well as changes to the member’s portfolio of the mentioned securities which have occurred during the financial year.</li> </ul>	x			<p><i>The company informs in its annual report about the positions of the board members and the Executive Board, other managerial offices, age and gender. In addition, the number of shares held in SKAKO A/S and changes hereof since the previous annual report are informed.</i></p> <p><i>The time of the board members’ commencement in the Board of Directors appears from the annual report. This clearly indicates if the member has been re-elected and when the actual election period expires.</i></p> <p><i>The independence of the Board of Directors is continuously assessed and information hereof appears from the annual report of the company.</i></p>
<p>3.3.3. The Committee <b>recommends</b> that the annual evaluation procedure, cf. section 3.5, include an evaluation of what is regarded as a reasonable level for the number of other management functions, where the number, level and complexity of the other individual management functions are taken into account.</p>	x			<p><i>When assessing the composition of the Board of Directors the company also assesses if each member of the Board of Directors is able to perform the duties in the best interest of the company.</i></p>
<p><b>3.4. Board committees</b></p>				

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<p>3.4.1. The Committee <b>recommends</b> that the company publish the following on the company's website:</p> <ul style="list-style-type: none"> <li>the terms of reference of the board committees,</li> <li>the most important activities of the committees during the year and the number of meetings held by each committee, and</li> <li>the names of the members of each committee, including the chairmen of the committees, as well as information regarding which members are independent members and which members have special competencies.</li> </ul>	x			<p><i>Except from the audit committee, the Board of Directors has decided not to have other committees as the Board of Directors is of the opinion that a small operational board of directors makes it possible to have all essential discussions and decisions made by the total Board of Directors.</i></p> <p><i>The terms of reference of the audit committee appears from the company website. A description of the material activities of the audit committee during the year, the number of meetings and the names of the members appear from the Group Annual Report.</i></p>
<p>3.4.2. The Committee <b>recommends</b> that a majority of the members of a board committee be independent.</p>		x		<p><i>The audit committee consists of two members whereof the chairman is considered independent.</i></p>
<p>3.4.3. The Committee <b>recommends</b> that the members of the board of directors set up an <u>audit committee</u> and that a chairman is appointed who is not the chairman of the board of directors.</p>	x			<p><i>The Board of Directors has established an audit committee consisting of two board members. Terms of reference determine the areas of responsibility and competences of the audit committee. The Chairman of the Audit Committee is not also Chairman of the Board of Directors.</i></p>

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				<i>The Board of Directors is of the opinion that the members of the audit committee possess the necessary expertise and experience as to solve the tasks and functions in a company whose shares are admitted to trading on a regulated market.</i>
<p>3.4.4. The Committee <b>recommends</b> that, prior to the approval of the annual report and other financial reports, the audit committee monitor and report to the board of directors about:</p> <ul style="list-style-type: none"> <li>• significant accounting policies,</li> <li>• significant accounting estimates,</li> <li>• related party transactions, and</li> <li>• uncertainties and risks, including in relation to the outlook for the current year.</li> </ul>	x			<i>The audit committee continuously monitors the process of financial reporting and the effectiveness of the internal control and risk management systems and the statutory audit. Besides, the audit committee monitors and checks the independence of the external auditor.</i>
<p>3.4.5. The Committee <b>recommends</b> that the audit committee:</p> <ul style="list-style-type: none"> <li>• annually assesses the need for an internal audit function and, in such a case, presents mandates and recommendations on selecting, appointing and removing the head of any internal audit function and on the budget of the internal audit function,</li> <li>• ensure that if an internal audit has been established, a description of its functions is available and approved by the board of directors,</li> <li>• ensure that if an internal audit has been established, adequate resources and competencies are allocated to carry out the work, and</li> <li>• monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function.</li> </ul>	x			<i>Once a year, the audit committee evaluates the need for an internal audit function. Due to the size of the company the Board of Directors sees no need for an actual internal audit function. However, internal procedures have been made in order to separate performing and controlling functions in the Finance dept.</i>

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<p>3.4.6. The Committee <b>recommends</b> that the board of directors establish a <u>nomination committee</u>, which is at least, responsible for the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>• describing the qualifications required by the board of directors and the executive board and for a given position, indicating the time expected to be spent carrying out a specific position, as well as assessing the competencies, knowledge and experience found in the two governing bodies,</li> <li>• annually assessing the structure, size, composition and results of the board of directors and the executive board and recommend any changes to the board of directors,</li> <li>• annually assessing the competencies, knowledge, experience and succession of the individual members of management and report to the board of directors in this respect,</li> <li>• recommending candidates for the board of directors and the executive board, and</li> <li>• proposing an action plan to the board of directors on the future composition of the board of directors, including proposals for specific changes.</li> </ul>			x	<p><i>The company has not established a nomination committee as the Board of Directors finds it most suitable that the total Board of Directors takes care of the tasks itself.</i></p>
<p>3.4.7. The Committee <b>recommends</b> that the board of directors establish a <u>remuneration committee</u>, which is at least, responsible for the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>• recommending the remuneration policy (including the “General Guidelines for incentive-based Remuneration”) to the board of directors and the executive board for approval by the board of directors prior to approval by the general meeting,</li> </ul>			x	<p><i>The company has not established a remuneration committee as the Board of Directors finds it most suitable that the total Board of Directors takes care of the tasks itself.</i></p>



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<ul style="list-style-type: none"> <li>making proposals to the board of directors on remuneration for members of the board of directors and the executive board, as well as ensuring that the remuneration is in compliance with the company's remuneration policy and the assessment of the performance of the persons concerned. The committee should have information on the total remuneration that members of the board of directors and the executive board receive from other companies in the group,</li> <li>recommending a remuneration policy applicable for the company in general and</li> <li>assisting with the preparation of the annual remuneration report.</li> </ul>				
<p>3.4.8. The Committee <b>recommends</b> that the remuneration committee do not consult with the same external advisers as the executive board of the company.</p>	x			<p><i>In case of questions related to remuneration the Board of Directors and the Executive Board will not consult the same external advisers.</i></p>
<p><b>3.5. Evaluation of the performance of the board of directors and the executive board</b></p>				
<p>3.5.1. The Committee <b>recommends</b> that the board of directors establish an evaluation procedure for an annual evaluation of the board of directors and the individual members. External assistance should be obtained at least every third year. The evaluation should inter alia include:</p> <ul style="list-style-type: none"> <li>contribution and results,</li> <li>cooperation with the executive board,</li> <li>the chairman's leadership of the board of directors,</li> <li>the composition of the board of directors (including competencies, diversity and the number of members),</li> <li>the work in the committees and the committee structure, and</li> <li>the organisation and quality of the material that is submitted to the board of directors.</li> </ul>	x			<p><i>An evaluation procedure has been established to evaluate annually the contributions and results of the total Board of Directors and the individual board members as well as the collaboration with the Executive Board. At least every third year external consultants are involved in the evaluation.</i></p>

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<p>The evaluation procedure and the general conclusions should be described in the management commentary and on the company's website. The chairman should account for the evaluation of the board of directors, including the process and general conclusions on the general meeting prior to the election of the board of directors.</p>				
<p>3.5.2. The Committee <b>recommends</b> that at least once annually, the board of directors evaluate the work and performance of the executive board in accordance with pre-defined criteria. Furthermore, the board of directors should evaluate the need for changes to the structure and composition of the executive board, in light of the company's strategy.</p>	x			<p><i>The Board of Directors evaluates the work and result of the Executive Board once a year.</i></p>
<p>3.5.3. The Committee <b>recommends</b> that the executive board and the board of directors establish a procedure according to which their cooperation is evaluated annually through a formalised dialogue between the chairman of the board of directors and the chief executive officer, and that the outcome of the evaluation be presented to the board of directors.</p>	x			<p><i>Once a year, the cooperation between the Board of Directors and the Executive Board is evaluated hereunder determination of requirements to the punctual, precise and adequate reporting by the Executive Board to the Board of Directors and to other communication between the Board of Directors and the Executive Board. This evaluation is integrated in the total evaluation of the Board of Directors.</i></p>
<h2>4. Remuneration of management</h2>				
<h3>4.1. Form and content of the remuneration policy</h3>				

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<p>4.1.1. The Committee <b>recommends</b> that the board of directors prepare a remuneration policy for the board of directors and the executive board, which includes</p> <ul style="list-style-type: none"> <li>• a detailed description of the components of the remuneration for members of the board of directors and the executive board,</li> <li>• the reasons for choosing the individual components of the remuneration,</li> <li>• a description of the criteria that form the basis for the balance between the individual components of the remuneration, and</li> <li>• an explanation for the correlation between the remuneration policy and the company's long-term value creation and relevant related goals.</li> </ul> <p>The remuneration policy should be approved by the general meeting at least every fourth year and upon any material amendments and it should be published on the company's website.</p>	x			<p><i>The board of directors have prepared such a policy that available on the company's website.</i></p>
<p>4.1.2. The Committee <b>recommends</b> that if the remuneration policy includes variable components,</p> <ul style="list-style-type: none"> <li>• limits be set on the variable components of the total remuneration package,</li> <li>• a reasonable and balanced composition be ensured between remuneration for members of management and the value creation for shareholders in the short and long term,</li> <li>• clarity be established about performance criteria and measurability for the award of variable components,</li> <li>• it is ensured that variable remuneration not only consists of short-term remuneration components, and that long-term remuneration</li> </ul>	x			<p><i>The recommended components are included in the remuneration policy.</i></p>

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<p>components must have a vesting or maturity period of at least three years, and</p> <ul style="list-style-type: none"> <li>it be ensured that the company has the ability to reclaim, in full or in part, variable components of remuneration that were paid on the basis of information, which subsequently are found to be incorrect.</li> </ul>				
<p>4.1.3. The Committee <b>recommends</b> that remuneration of members of the board of directors does not include share options or warrants.</p>	x			<p><i>The Board of Directors receives a fixed annual remuneration.</i></p>
<p>4.1.4. The Committee <b>recommends</b> that if, in relation to long-term incentive programmes, a share-based remuneration is used, the programmes should have a vesting or maturity period of at least three years after being allocated and should be roll-over programmes, i.e. the options should be granted periodically.</p>	x			<p><i>All long term share based incentive programmes include a vesting period of at least three years.</i></p>
<p>4.1.5. The Committee <b>recommends</b> that the total value of the remuneration relating to the notice period, including severance pay, do not exceed two years of remuneration, including all components of the remuneration.</p>	x			<p><i>Agreements on termination payments shall not exceed two years annual remuneration.</i></p>
<p><b>4.2. Disclosure of remuneration</b></p>				
<p>4.2.1. The Committee <b>recommends</b> that the company's remuneration policy and compliance with this policy be explained and justified annually in the chairman's statement at the company's general meeting.</p>	x			<p><i>The remuneration policy is submitted for approval at the annual general meeting.</i></p> <p><i>The Chairman's statement at the Annual General Meeting includes information on the company's</i></p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
				<i>compliance with the general guidelines for incentive pay.</i>
4.2.2. The Committee <b>recommends</b> that shareholders at the general meeting consider proposals for approval of remuneration for the board of directors for the current financial year.	x			<i>The remuneration policy is submitted for approval at the annual general meeting.</i>
4.2.3. The Committee <b>recommends</b> that the company prepares a remuneration report that includes information on the total remuneration received by each member of the board of directors and the executive board from the company and other companies in the group and associated companies for the last three years, including information on the most important content of retention and resignation arrangements and that the correlation between the remuneration and company strategy and relevant related goals be explained.  The remuneration report should be published on the company's website.	x			<i>The Company prepares and publishes a report on remuneration for the Board of Directors and the Executive Board.</i>
<b>5. Financial reporting, risk management and audits</b>				
<i>5.1. Identification of risks and transparency about other relevant information</i>				
5.1.1. The Committee <b>recommends</b> that the board of directors consider and in the management commentary account for the most important strategic and business-related risks, risks in connection with the financial reporting as well as for the company's risk management.	x			<i>The Board of Directors estimates continuously and at least once a year the total business-related risks and the individual risk factors connected to the company activities.  The Board of Directors adopts guidelines for the key risk areas, follows the development and ensures</i>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
				<p><i>presence of plans to control the individual risk factors – hereunder business-related and financial risks as well as insurance and environmental conditions.</i></p> <p><i>The Board of Directors hereunder the Audit Committee and the Executive Board estimate currently material risks and internal controls in connection with the company activities and their possible influence on the financial reporting process.</i></p> <p><i>At least once a year the Audit Committee and the Executive Board make a general risk assessment of risks in connection with the financial reporting process.</i></p> <p><i>The material business-related risks connected to the realization of the company's short-term strategy and the general targets have been described briefly in the annual report.</i></p>
<p>5.2. Whistleblower scheme</p>				

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
5.2.1. The Committee <b>recommends</b> that the board of directors establish a whistleblower scheme for expedient and confidential notification of serious wrongdoing or suspicions thereof.	x			<i>A whistle blower scheme has been established.</i>
<b>5.3. Contact to auditor</b>				
5.3.1. The Committee <b>recommends</b> that the board of directors ensure regular dialogue and exchange of information between the auditor elected by the general meeting and the board of directors, including that the board of directors and the audit committee meet with the auditor elected by the general meeting at least once annually without the executive board present. This also applies to the internal auditor, if any.	x			<i>The Audit Committee holds regular meetings with the company auditor including meetings regarding the audit planning, performance and reporting.</i>
5.3.2. The Committee <b>recommends</b> that the audit agreement and auditor's fee be agreed by the board of directors and the auditor elected by the general meeting based on a recommendation from the audit committee.	x			<i>The audit agreement and auditors' fee are agreed on a yearly basis between the Board of Directors and the auditor based on a recommendation from the Audit Committee.</i>