

# Corporate Governance

Statutory report on Corporate Governance 2018, cf.  
Section 107b of the Danish Financial Statements Act

# Content

Corporate Governance in Columbus	3
Shareholders	3
Management and Board Committees	3
Evaluation of performance	4
Remuneration	4
Dialogue with shareholders and other stakeholders	5
Internal controls and risk management related to financial reporting	5
Recommendations for Corporate Governance	7

# Corporate Governance in Columbus

This statutory report constitutes part of the management's report to the Annual Report 2018 for Columbus A/S, cf section 107b of the Danish Financial Statements Act. This statutory report covers the fiscal year 1 January 2018 to 31 December 2018.

Columbus is committed to follow the Danish Recommendations on Corporate Governance of 23 November 2017, issued by the Danish Committee on Corporate Governance. Accordingly, the Board of Directors continuously considers the recommendations in order to determine which are relevant for Columbus, considering the size, ownership structure, nature of the Company and the Company's business model.

Columbus A/S:

- Complies with 35 of the recommendations
- Does not comply with 10 of the recommendations; 1.1.3, 1.3.1, 3.4.2, 3.4.6, 3.4.7, 3.4.8, 4.1.3, 4.2.1, 4.2.2 and 4.2.3. Complies partly with two of the recommendations: 4.1.2. and 3.5.1. Deviations are described under "Recommendations on Corporate Governance" on page 7, according to the "comply and explain" principle.

This report is not covered by the auditor's remarks about the management's report.

## Shareholders

The shareholders have the final authority over the Company and exercise their right to make decisions at general meetings. At the Annual General Meeting, shareholders approve the Annual Report, any amendments to

the Company's Articles of Association and elect Board members and state-authorized public accountant company.

The Board of Directors emphasize that the shareholders are given detailed information and an adequate basis for the decisions to be made by the General Meeting. The date for the General Meeting is announced in the Company's financial calendar. Notice of the General Meeting occurs electronically with at least three weeks' and at the most, five weeks' notice. All shareholders have the right to participate and vote at the General Meeting, cf. the Articles of Association. Shareholders have the opportunity to vote by proxy. Votes by proxy allow shareholders to consider each individual item on the agenda. The Board of Directors encourages shareholders to ask questions at the General Meeting, and shareholders may submit proposals that are requested to be handled at the General Meeting before a given deadline.

Resolutions to amend the Articles of Association require that at least half of the share capital is represented at the General Meeting, and the resolutions must be approved by at least 2/3 of the votes cast and 2/3 of the registered voting share capital. Proposals presented or recommended by the Board of Directors may, however, always be passed with at least 2/3 of both the votes cast and the voting

share capital represented, regardless of the amount of the share capital represented. If less than 50% of the share capital is represented at the General Meeting but the resolution has been passed with 2/3 of both the votes cast and the registered voting share capital represented, a new General Meeting must be called within three weeks, where the resolution may be passed with 2/3 of both the votes cast and the registered voting share capital represented, irrespective of whether 50% of the share capital is represented.

## Management and Board Committees

Columbus has a unified management structure consisting of a Board of Directors and an Executive Board. The two bodies are separate, and no one serves as members of both.

## Board of Directors

The Board of Directors is responsible for the overall management of the Company on behalf of the shareholders and supervises the Company and ensures adequate management of the Company in compliance with legislation and Articles of Association. Together with the Executive Board, the Board of Directors determines goals and strategies, and approves budgets and action plans.

The Board of Directors makes decisions about acquisitions, large investments and divestments, size and composition of capital base, long-term debt, controlling, auditing and considerable operational circumstances.

The Board of Directors in Columbus A/S consists of four members: Ib Kunøe, Sven Madsen, Peter Skov Hansen and Karina Kirk. The board members are elected for one year at a time with the

option for re-election. The number of board members is considered adequate by the Board of Directors, and likewise the composition of the Board is considered appropriate in terms of professional experience and relevant special competences to perform the tasks of the Board of Directors. Two out of the four members elected by the General Meeting are independent members, and none of the Board members participates in the day-to-day operation of the Company.

For more details about the members of the Board of Directors and the members of the Audit Committee, please see "Board of Directors and Executive Board" on page 38 in the Annual Report 2018.

The Board of Directors holds at least nine meetings a year according to a meeting schedule planned one year in advance at the Board meeting in December. Extraordinary Board meetings are held according to need. In 2018, 12 Board meetings were held. The Executive Board participates in Board meetings in order to ensure a direct dialogue and that the Board of Directors is well informed about the operation of the Company.

In 2018, the Board of Directors focused on the following areas:

- Financial reporting
- Capital and share structure
- Investor Relations and Information policies
- Organization and activities
- Strategy
- Risk management and internal controls
- Budgets

The general guidelines for the Board of Director's work are specified in the Rules of Procedure, which are reviewed at least once annually and are adapted to Columbus' needs.

### **Executive Board**

The Board of Directors appoints the Executive Board and determines the terms of employment. The Executive Board is responsible for the day-to-day operation of Columbus, including strategy, budgets and targets for the Company.

The Executive Board consists of two members: CEO & President, Thomas Honoré and Corporate CFO Hans Henrik Thrane.

The Board of Directors has adopted Rules of Procedure for the Executive Board, which describes the overall tasks and responsibilities of the Executive Board, reporting to the Board of Directors and authorities of the Executive Board.

Information from the Executive Board occurs systematically as well as at meetings and in written and verbal ongoing reporting. The reporting contains information about the financial development as well as profitability.

### **Audit Committee**

The purpose of the Audit Committee is to supervise accounting, audit, risk and controlling issues. The Audit Committee consists of Peter Skov Hansen (Chairman) and Sven Madsen. One of the two members of the Audit Committee (Peter Skov Hansen) is considered an independent member.

The tasks of the Audit Committee have been determined in a Terms of Reference, which has been approved by the Board of Directors. The Terms of Reference are available on the Company's website. The Committee determines the meeting frequency. In 2018, four meetings were held.

In 2018, the Audit Committee focused on the following areas:

- Audit planning
- Financial reporting and compliance

- Risk management and internal controls

### **Evaluation of performance**

The Chairman of the Board is responsible for conducting an annual evaluation of the competencies of the Board of Directors, the cooperation between the Board of Directors and the Executive Board and the performance and results of the Board of Directors and the Executive Board, including the areas operation, finance, strategy, organization and management.

The individual Board members and Executive Board members anonymously completes an online survey. The results of the evaluation are presented and discussed at the subsequent Board meeting.

Based on the evaluation, which was conducted in 2018, it was concluded that the work of the Board of Directors and Executive Board is efficient, and that the composition of the Board of Directors is appropriate in terms of professional experience and relevant special competences to perform the tasks of the Board of Directors.

### **Remuneration**

The Company has adopted a remuneration policy, including guidelines for incentive programs for members of the Board of Directors and the Executive Board. The overall objective with Columbus' remuneration policy is to ensure that Columbus will constantly be able to attract, motivate and retain qualified members of the Board of Directors and the Executive Board. Thus, the total remuneration must be competitive in terms of level and composition.

In order to encourage common interests for the company's shareholders, Board of Directors and the Executive Board and to meet short-term as well as long-term goals, Columbus considers it appropriate to

set up incentive programs for the Executive Board and the Board of Directors in Columbus in addition to the fixed remuneration. Columbus also considers incentive programs a considerable competitive parameter to attract and retain the best executives. Bonus schemes, performance contracts or similar schemes for the Executive Board are used in order to achieve short-term goals. Share-based instruments to the Board of Directors and Executive Boards as well as other incentive programs to the Executive Board are used to ensure achievement of long-term goals and to create common interests for Columbus' shareholders and management.

The guidelines, which are available on the Company's corporate website, were adopted by the general meeting in April 2018.

#### **Board of Directors**

Members of the Board of Directors receive a fixed annual basic remuneration, which is approved at the Annual General Meeting for the previous year when approving the Annual Report. The Chairman of the Board receives triple basic remuneration. The Chairman of the Audit Committee receives an additional remuneration of 50% of the basic remuneration, and other members of the Audit Committee receives an additional remuneration of 25% of the basic remuneration.

In addition, the Board of Directors may allot share-based instruments, if the Board of Directors considers it expedient in order to encourage common goals for Columbus' management and shareholders. The Board of Directors were granted a warrant program in July 2016 and in December 2017.

The basic remuneration fees are assessed annually, and it is ensured that the remuneration of the members

of the Board of Directors is in accordance with the general practice in the market and reflects the efforts required.

#### **Executive Board**

The Executive Board members receive a fixed remuneration. In addition to the fixed remuneration, other benefits such as pension contribution, company car, insurances and other normal benefits related to local conditions may be agreed to cover the Executive Board member's daily performance.

In addition to the fixed remuneration, incentive programs may be allotted. Incentive programs may comprise any form of variable remuneration, including share-based instruments such as share options, warrants and phantom shares as well as non share-based bonus schemes - both ongoing, single-based and event-based. The Company does not pay severance pay exceeding two years of remuneration.

Once a year the remuneration is assessed based on performance. The Board of Directors decides the remuneration of the Executive Board.

For details about the total remuneration paid to the Board of Directors and Executive Board, please see note 5 in the Annual Report 2018.

#### **Dialogue with shareholders and other stakeholders**

Columbus endeavors to continuously enhance the open and active dialogue with shareholders and other stakeholders. The communication between Columbus and shareholders primarily takes place via company announcements, at the Company's Annual General Meeting and via conference calls after publication of financial statements. These calls can be followed directly via the Company's website, and webcasts are available at the website after the conference calls for one year. During these conference

calls participants have the opportunity to ask questions to the Executive Board.

The Company's website is constantly updated with published information. Columbus' shareholders may subscribe to Columbus' e-mail service and receive company announcements, interim management statements, interim reports and annual reports as well as other news via e-mail.

#### **Internal controls and risk management related to financial reporting**

The intention with Columbus A/S' internal control system is to eliminate or mitigate significant risks identified in the financial reporting, and that material errors and inconsistencies in the financial reporting process are identified and corrected.

#### **Overall control environment**

The Board of Directors has the overall responsibility for Columbus A/S' internal controls and has approved Group policies related to internal controls, standards and procedures for financial reporting.

The Board of Directors has appointed the Audit Committee to assist the Board of Directors with supervising the financial reporting process and monitoring the effectiveness of the internal controls and risk management system.

The responsibility for maintaining efficient internal controls and a risk management system in connection with the financial reporting lies with the Executive Board which in cooperation with the Board of Directors evaluate the control system of the Group annually. Responsibilities, authorities and procedures relating to essential areas are defined in a Group policy which is approved by the Board of Directors.

**Risk assessment**

The Board of Directors and the Executive Board assess the risks that Columbus A/S is exposed to, including risks related to the financial reporting process annually.

On an ongoing basis, the Audit Committee monitors the effectiveness of the internal controls for financial reporting and reviews and discusses material and relevant changes to accounting principles, including implementation of these.

**Control activities and monitoring**

All companies in the Columbus Group report financial and operational data to the head office on a monthly basis. The reporting includes comments to the financial and business development. Based on this reporting the Group's financial statements are consolidated and reported to the Group management. As part of this process, monthly business reviews and controlling meetings are held, and control visits to all operational companies in the Group are performed on an ongoing basis in order to ensure that material errors in the financial reporting are discouraged, discovered and corrected.

The need for an internal audit is considered annually by the Audit Committee. However, due to the size of the Company and the established control activities the Audit Committee so far considers it unnecessary to establish an independent internal executive audit board.

**Information and communication**

Columbus A/S has implemented a formalized reporting process for monthly, quarterly and annual reporting as well as for budgeting and forecasting.

Columbus A/S's reporting manual and other reporting instructions are updated on an ongoing basis. All updates are communicated to the global finance organization. All employees have access to reporting manuals and instructions.

**Whistleblower function**

As part of the risk management, Columbus A/S has established a whistleblower function for expedient and confidential notification of possible or suspected wrongdoing. So far, no cases have been reported through the whistleblower scheme.

# Recommendations for Corporate Governance

The report concerns the financial year 1 January - 31 December 2018.

Recommendation	The company complies	The company partly complies	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>				
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.	X			
1.1.2. The Committee <b>recommends</b> that the board of directors adopt policies on the company's relationship with its stakeholders, including shareholders, and that the board of directors ensure that the interests of the stakeholders are respected in accordance with company policies.	X			
1.1.3. The Committee <b>recommends</b> that the company publish quarterly reports			X	<p>The company only publishes annual and interim reports in accordance with International Financial Reporting Standards (IFRS) as adopted by EU and additional Danish interim reporting requirements for listed companies as formulated by NASDAQ Copenhagen A/S.</p> <p>In the periods between publication of annual reports and interim reports, Columbus has chosen to publish interim management statements instead of quarterly reports. The interim management statements contain information about the development of the company and relevant markets, as well as a general description of the group and its financial position and</p>

Recommendation	The company complies	The company partly complies	The company does not comply	The explanation for complying partially/not complying with the recommendation
				results, cf. the rules laid down by NASDAQ Copenhagen A/S. It is the Board of Directors' opinion that the content of the interim management statements is sufficient for shareholders, analysts and other stakeholders to be able to evaluate the commercial and financial position of the Company.
<i>1.2. General meeting</i>				
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			
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>1.3. Takeover bids</i>				
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	If a third-party takeover bid is made public the Board of Directors will respond to this in accordance to legislation and the shareholders will be involved through the general meeting. Thus, the Board of Directors has decided not to set up contingency procedures, as one shareholder, Consolidated Holdings A/S owned by the Chairman of the Board holds 47.39% of the voting rights (including shareholder voting agreements). Therefore, no decision regarding takeover bid can be made without this one shareholder.
<b>2. Tasks and responsibilities of the board of directors</b>				
<i>2.1. Overall tasks and responsibilities</i>				
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			

Recommendation	The company complies	The company partly complies	The company does not comply	The explanation for complying partially/not complying with the recommendation
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.	X			
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.	X			
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.	X			
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>2.2. Corporate social responsibility</i>				
2.2.1. The Committee <b>recommends</b> that the board of directors adopt policies on corporate social responsibility.	X			
<i>2.3. Chairman and vice-chairman of the board of directors</i>				
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			
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	X			

Recommendation	The company complies	The company partly complies	The company does not comply	The explanation for complying partially/not complying with the recommendation
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.				
<b>3. Composition and organization of the board of directors</b>				
<i>3.1. Composition</i>				
3.1.1. The Committee <b>recommends</b> that the board of directors annually evaluate and in the management commentary account for <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			
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.	X			
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 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.	X			
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	X			

Recommendation	The company complies	The company partly complies	The company does not comply	The explanation for complying partially/not complying with the recommendation
<p>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> <li>• Furthermore, it should be indicated if the candidates to the board of directors are considered independent.</li> </ul>				
<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>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.</p>	X			
<p>3.2. <i>Independence of the board of directors</i></p>				
<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 large emoluments 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> </ul>	X			

Recommendation	The company complies	The company partly complies	The company does not comply	The explanation for complying partially/not complying with the recommendation
<ul style="list-style-type: none"> <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 the chief executive officer in a company with cross-memberships with the company,</li> <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>				
<i>3.3. Members of the board of directors and the number of other management functions</i>				
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.	X			
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: <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> </ul>	X			

Recommendation	The company complies	The company partly complies	The company does not comply	The explanation for complying partially/not complying with the recommendation
<ul style="list-style-type: none"> <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>				
<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>3.4. Board committees</p>				
<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			

Recommendation	The company complies	The company partly complies	The company does not comply	The explanation for complying partially/not complying with the recommendation
3.4.2. The Committee <b>recommends</b> that a majority of the members of a board committee be independent.			X	One of the two members of the Audit Committee (Peter Skov Hansen) is considered an independent member. Columbus has so far not found it necessary to form further committees under the Board of Directors.
3.4.3. The Committee <b>recommends</b> that the members of the board of directors set up an audit committee and that a chairman is appointed who is not the chairman of the board of directors.	X			
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: <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			
3.4.5. The Committee <b>recommends</b> that the audit committee: <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			

Recommendation	The company complies	The company partly complies	The company does not comply	The explanation for complying partially/not complying with the recommendation
<p>3.4.6. The Committee <b>recommends</b> that the board of directors establish a nomination committee, which is at least, responsible for the following preparatory tasks:</p> <ul style="list-style-type: none"> <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	Columbus has so far not found it necessary to form further committees, besides the Audit Committee, under the Board of Directors. In cases about nomination decisions are made by the entire Board of Directors.
<p>3.4.7. The Committee recommends that the board of directors establish a remuneration committee, which is at least, responsible for the following preparatory tasks:</p> <ul style="list-style-type: none"> <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> <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</li> </ul>			X	Columbus has so far not found it necessary to form further committees, besides the Audit Committee, under the Board of Directors. Decisions regarding remuneration are made by the entire Board of Directors.

Recommendation	The company complies	The company partly complies	The company does not comply	The explanation for complying partially/not complying with the recommendation
<p>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,</p> <ul style="list-style-type: none"> <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	Columbus has so far not found it necessary to form further committees, besides the Audit Committee, under the Board of Directors.
<p><i>3.5. Evaluation of the performance of the board of directors and the executive board</i></p>				
<p>3.5.1. The Committee recommends that the board of directors establish an evaluation procedure for an annual evaluation of the board of directors and the individual members. External assistance should be obtained at least every third year. The evaluation should inter alia include:</p> <ul style="list-style-type: none"> <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> <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>		X		The Company's main shareholder and Chairman of the Board has a long-standing experience with selection and recruitment of Executive and Board members. On this basis, the Company does not find external assistance with the evaluation process necessary.

Recommendation	The company complies	The company partly complies	The company does not comply	The explanation for complying partially/not complying with the recommendation
3.5.2. The Committee recommends that at least once annually, the board of directors evaluate the work and performance of the executive board in accordance with pre-defined criteria. Furthermore, the board of directors should evaluate the need for changes to the structure and composition of the executive board, in light of the company's strategy.	X			
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 formalized dialogue between the chairman of the board of directors and the chief executive officer, and that the outcome of the evaluation be presented to the board of directors.	X			
<b>4. Remuneration of management</b>				
<i>4.1. Form and content of the remuneration policy</i>				
<p>4.1.1. The Committee recommends that the board of directors prepare a 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			

Recommendation	The company complies	The company partly complies	The company does not comply	The explanation for complying partially/not complying with the recommendation
<p>4.1.2. The Committee recommends 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 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 components must have a vesting or maturity period of at least three years, and</li> <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>		X		<p>As a general rule, share-based incentive programs are granted with a maturity period of one to three years after allotment. Thus, 1/3 of the program matures and may be exercised one year after allotment, 1/3 matures after two years and may be exercised two years after allotment, and the last 1/3 matures after three years and may be exercised three years after allotment. Thus, the Company does not comply with the recommendation that long-term remuneration components must have a vesting or maturity period of at least three years. The maturity of the individual incentive programs is decided by the Board of Directors under the consideration that the incentive should be achievable within reasonable time, but also considering retention and loyalty as key parameters.</p>
<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>Cf. Section 5.1 in the Company's Articles of Association, the Board of Directors is authorized to issue warrants to members of the Board of Directors.</p> <p>The guidelines for incentive programs include warrant programs for the Board of Directors. The Board of Directors was granted warrant programs in May 2012, July 2016 and December 2017.</p> <p>Thus, the Company does not comply with this recommendation. The Board of Directors has in this case estimated that a warrant program for the board members, together with the basic level of remuneration reflect the objective of a motivated, lasting and long-term value creation for the Group's shareholders.</p>
<p>4.1.4. The Committee recommends that if, in relation to long-term incentive programmes, a share-based remuneration is used, the programmes should have a vesting or maturity period of at least three years after being allocated and should be roll-</p>	X			

Recommendation	The company complies	The company partly complies	The company does not comply	The explanation for complying partially/not complying with the recommendation
over programmes, i.e. the options should be granted periodically.				
4.1.5. The Committee recommends that the total value of the remuneration relating to the notice period, including severance pay, do not exceed two years of remuneration, including all components of the remuneration.	X			
<i>4.2. Disclosure of the remuneration</i>				
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.			X	<p>The remuneration of the entire Board of Directors and Executive Board for the previous year and for a comparative year is stated in note 5 of the Annual Report 2018. The General Meeting approves the Annual Report, and thereby also the remuneration of the Board of Directors for the previous year. In this way, the annual general meeting can determine whether the remuneration is reasonable. Unless special conditions apply, the Chairman of the Board will not elaborate on the guidelines for incentive programs in his report to the annual general meeting.</p> <p>The guidelines for incentive programs were adopted at the annual general meeting in 2018.</p>
4.2.2. The Committee recommends that shareholders at the general meeting consider proposals for approval of remuneration for the board of directors for the current financial year.			X	<p>The remuneration of the entire Board of Directors for the previous year and for a comparative year is stated in note 5 of the Annual Report 2018. In this way, the annual general meeting can determine whether the remuneration is reasonable.</p> <p>The Board of Directors' basic remuneration is set at a level that conforms to the market and which reflects the requirements to the members' competences and efforts seen in the light of the group's complexity, the scope of the work and the number of meetings.</p> <p>Unless proposals for significant changes in the remuneration of the Board apply, the Chairman of the Board will not mention</p>

Recommendation	The company complies	The company partly complies	The company does not comply	The explanation for complying partially/not complying with the recommendation
				remuneration to the Board for the current financial year in his report to the annual general meeting.
<p>4.2.3. The Committee recommends 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.</p> <p>The remuneration report should be published on the company's website.</p>			X	<p>So far the Company has not adopted recommendation to provide information about remuneration to individuals, as the Board of Directors has found that there is no useful or fair reason to publish information about remuneration to individuals.</p> <p>However, when the "EU Directive 23007/36/ED on the exercise of certain rights of shareholders in listed companies" will be implemented in Denmark in June 2019, the Company will naturally comply with legislation.</p>
<b>5. Financial reporting, risk management and audits</b>				
<i>5.1. Identification of risks and transparency about other relevant information</i>				
<p>5.1.1. The Committee recommends that the board of directors consider and in the management commentary account for the most important strategic and business-related risks, risks in connection with the financial reporting as well as for the company's risk management.</p>	X			
<i>5.2. Whistleblower scheme</i>				
<p>5.2.1. The Committee recommends that the board of directors establish a whistleblower scheme for expedient and confidential notification of serious wrongdoing or suspicions thereof.</p>	X			
<i>5.3. Contact to auditor</i>				
<p>5.3.1. The Committee recommends that the board of directors ensure regular dialogue and exchange of information between the auditor elected by the general meeting and the board of directors, including that the board of directors and the audit committee meet with the auditor elected by the general</p>	X			

Recommendation	The company complies	The company partly complies	The company does not comply	The explanation for complying partially/not complying with the recommendation
meeting at least once annually without the executive board present. This also applies to the internal auditor, if any.				
5.3.2. The Committee recommends that the audit agreement and 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			

For more information about Columbus visit  
[www.columbusglobal.com](http://www.columbusglobal.com)