

# **Statutory report on Corporate Governance 2015, cf. section 107b of the Danish Financial Statements Act**

Statutory report on the recommendations from the Committee on Corporate Governance.

This statutory report constitutes part of the management's report to the Annual Report for Columbus A/S. This statutory report covers the fiscal year 1 January 2015 to 31 December 2015.

Columbus' management model and organization are adapted on an ongoing basis to ensure we are equipped to manage to our utmost all obligations to shareholders, customers, employees, authorities, as well as other interested parties. In this process, Columbus uses the corporate governance recommendations from NASDAQ Copenhagen A/S as an important source of inspiration. The recommendations can be found at [www.corporategovernance.dk](http://www.corporategovernance.dk).

The Board of Directors is fundamentally in agreement with the Danish Recommendations on Corporate Governance as adopted by NASDAQ Copenhagen in its Rules for Issuers of Shares. Columbus endeavors to follow the relevant recommendations for the Company, which support the business and ensure value for the Company's interested parties.

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

## **Shareholders**

The communication between Columbus and shareholders primarily takes place via company announcements, conference calls after publication of financial statements and at the company's annual General Meeting. 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.

The General Meeting has the final authority over the 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.

## **Board of Directors**

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.

The Board of Directors in Columbus A/S consists of four members: Ib Kunøe, Jørgen Cadovius, Sven Madsen and Peter Skov Hansen. 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. Half of the 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 26.

The Board of Directors holds at least eight meetings a year according to a meeting schedule planned one year in advance on the Board meeting in December. Extraordinary Board meetings are held according to need. In 2015 13 Board meetings were held. Group management 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.

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 and the CFO, 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 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 one person, CEO, Thomas Honoré.

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. The Rules of Procedure for the Executive Board are reviewed and approved annually.

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**

In April 2009, the Company appointed an Audit Committee, the purpose of which is to consider accounting, audit, risk and controlling issues. The Audit Committee consists of Peter Skov Hansen (Chairman) and Sven Madsen.

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 2015, four meetings were held.

### **Remuneration of Board of Directors and Executive Board**

In accordance with Section 139b of the Danish Companies Act, the Board of Directors of a listed company must, before entering into a specific incentive agreement with a member of the Board of Directors or the Executive Board, specify overall guidelines for the company's incentive programs for the Board of Directors and Executive Board.

The overall guidelines must be considered and adopted by the general meeting of the company before being put into practice in specific agreements with the concerned executives.

The present guidelines thus include the general guidelines concerning incentive programs for the Board of Directors and the Executive Board of Columbus A/S and its subsidiaries (Columbus). "The Executive Board" means the executives registered as executives of Columbus A/S with the Danish Business Authority or of domestic or foreign subsidiaries.

The guidelines for incentive programs were adopted at the general meeting on 27 April 2012.

### *General principles*

The principles of Columbus Group's remuneration policy reflect the objective regarding a proper go-vernance process and a lasting and long-term value creation for the Group's shareholders. In order to encourage common goals for the company's shareholders, the Executive Board and the management 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.

Such incentive programs may comprise any form of variable remuneration, including share-based in-struments such as share options, warrants and phantom shares as well as non share-based bonus schemes - both ongoing, single-based and event-based. Where Columbus wants to enter into a specific incentive agreement with members of the Executive Board, such specific agreement will be subject to these guidelines.

Whether an incentive program is established – and which agreements to specifically conclude – will depend on whether the Board of Directors considers it expedient in order to encourage common goals for Columbus's management and shareholders. In addition, historic and expected performance of the management, motivation and loyalty concerns and the general situation and development of the company will also be taken into consideration.

The Board of Directors may change or terminate one or more incentive programs introduced according to these guidelines. When assessing whether to terminate incentive programs the criteria on which the establishment of the program was based will be included. However, such changes can only take place within the framework of these guidelines. Any further changes must be adopted by the general meeting.

The adoption of the guidelines for incentive programs by the general meeting have been included in the Articles of Association of the company, cf. section 69b, subsection 2 of the Danish Companies Act.

If the general meeting decides to change these guidelines in the future, the revised guidelines will also, without undue delay, be published on the company's website ([www.columbusglobal.com](http://www.columbusglobal.com)) with statement of date of adoption of changes.

Incentive pay for members of Columbus's Board of Directors and Executive Board appears from the annual report.

### *Share-based instruments*

The value of the share-based instruments granted in a given financial year may be up to 50% of the fixed annual remuneration of the individual executive. For the Board of Directors the total number of warrants granted cannot exceed 60,000 per year per board member.

The estimated present value of the share-based incentive programs that are subject to these guidelines is calculated in accordance with the International Financial Reporting Standards (IFRS).

The exercise price of the share-based instrument cannot be less than the share price of the company's share at the time of the allotment. The executive will not pay for the share-based instrument unless the Board of Directors specifically decides otherwise.

The allotment may take place on tax conditions which means that the board member's or the executive's capital gain is subject to a tax rate lower than normal provided that the company is not granted any tax deduction for the expenses related to the allotment.

The Board of Directors may decide that share-based instruments must be earned over a period of three years from the time of the allotment.

Where, as part of a share-based incentive program, Columbus has to obtain shares in order to meet its obligations under the incentive program, such shares may be obtained through issuance of warrants, a buyback of own shares and through Columbus's holding of own shares.

### *Non share-based instruments*

A non share-based instrument, most often in the form of a bonus scheme or a performance contract typically has a term of one or several years and/or may be subject to a specific event occurring in relation to Columbus. Non share-based instruments may also include retention bonus, loyalty bonus or the like. Bonus payments are conditional upon compliance in full or in part with the terms and targets defined in the agreement. These may comprise personal targets linked to the performance of the executive in question, Columbus's results, the results of one or more business units under Columbus or the occurrence of a relevant event.

Ongoing bonus schemes for the Executive Board allow members to receive a bonus per financial year of up to 70% of the member's fixed annual remuneration.

Where circumstances are deemed to be quite extraordinary by the Board of Directors, Executive Board members may receive a bonus of up to 100% of the fixed annual remuneration.

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

Columbus endeavors to continuously enhance the open and active dialogue with shareholders and other stakeholders. Thus, in 2014, Columbus started hosting conference calls after publication of financial statements. The calls can be followed directly via the Company's website, and webcasts are available at the website after the conference calls. During these conference calls participants have the opportunity to ask questions to the Group management.

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

Columbus A/S' internal control system ensures that that significant risks identified in the financial reporting are eliminated or mitigated, 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 Executive Board.

#### *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 considerable 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 considers it unnecessary to establish an independent internal executive audit board.

As part of the risk management, Columbus A/S has established a whistle blower function for expedient and confidential notification of possible or suspected wrongdoing.

***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.

The report concerns the financial year **1 January – 31 December 2015**

## 1. Corporate Governance

Recommendation	The company complies	The company does not comply	The explanation for complying/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 in order for the shareholders to gain relevant insight into the company's potential and policies, and in order for the board of directors to be aware of the shareholders' views, interests and opinions on the company.</p>	X		<p>Columbus endeavors to provide a high and consistent level of information to our shareholders and other interested parties. A company goal is to have an open and active dialogue with shareholders, share analysts, the press and the public in order to ensure that they gain the necessary insight and thereby the best possibility to evaluate the company. This will be obtained in accordance with rules and legislation for companies listed on NASDAQ Copenhagen and in accordance with Columbus' Investor Relations and Information policy. Communication with interested parties takes place via the ongoing publication of notifications, investor presentations and individual meetings.</p> <p>The website <a href="http://www.columbusglobal.com">www.columbusglobal.com</a> is the primary source of information for interested parties. It is updated constantly with new information about Columbus' results, activities and strategy.</p> <p>After publication of financial statements, Columbus hosts a conference call which can be followed directly via the company's</p>

Recommendation	The company complies	The company does not comply	The explanation for complying/not complying with the recommendation
			<p>website. During these conference calls, participants have the opportunity to ask questions to the management.</p> <p>All stock exchange releases are published via NASDAQ's news distribution system GlobeNewswire and are subsequently available for download on the company's website. Except for Annual Reports and Interim Reports, all announcements are published in Danish and in English. Annual Reports and Interim Reports are only announced in English, as adopted at the Annual General Meeting in April 2014.</p> <p>Columbus' shareholders may subscribe to Columbus' e-mail service and receive company announcements, financial statements as well as other news via e-mail.</p>
<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 shareholders and other investors, and that the board ensures that the interests of the shareholders are respected in accordance with company policies.</p>	X		<p>In April 2014 the Board of Directors adopted an amended Investor Relations and Information policy, which is available on <a href="http://www.columbusglobal.com">www.columbusglobal.com</a> under Investor.</p> <p>All information which is considered essential for shareholders and the financial market to assess the company and its activities are published as soon as possible in accordance with the rules of NASDAQ Copenhagen A/S. Immediately after publication the information is available on the company's website: <a href="http://www.columbusglobal.com">www.columbusglobal.com</a>.</p>
<p>1.1.3. The Committee <b>recommends</b> that the company publish quarterly reports</p>		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 about the development of the company and relevant markets, as well as a general description of the group and its financial position and results, cf. the rules laid down by NASDAQ</p>

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			<p>Copenhagen A/S. In the management's opinion the structure of the company, where peak seasons and volume historically have taken place in the second and fourth quarter, does not necessitate extensive reporting in the first and the third quarter.</p> <p>Besides from annual reports, interim reports and interim management statements, essential information of importance for how the shareholders and the financial markets evaluate the company is published separately.</p> <p>Annual reports are published via NASDAQ Copenhagen A/S and are subsequently available for download on the company's website.</p>
<p><b>1.2. General meeting</b></p>			
<p>1.2.1. The Committee <b>recommends</b> that when organizing the company's general meeting, the board of directors plans the meeting to support active ownership.</p>	<p>X</p>		<p>The general meeting has the final authority over the 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. At the general meetings e.g. the annual report and hereby also the overall guidelines for the remuneration of the Board of Directors and the Executive Board, and changes to the company's Articles of Association are approved. 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.</p> <p>The general meeting gives the shareholders the opportunity to ask questions to the Board of Directors and the Executive Board, just as before a given deadline, the shareholders can submit proposals that are requested to be handled at the general meeting. Annual report, agenda and other relevant material and information</p>

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			<p>regarding the annual general meeting will be available at <a href="http://www.columbusglobal.com">www.columbusglobal.com</a> under Investor.</p> <p>At present, the general meeting is held with physical attendance. However, according to the Articles of Association, general meetings can be held electronically when the Board of Directors finds it appropriate and technically feasible.</p>
<p>1.2.2. The Committee <b>recommends</b> that proxies granted for the general meeting allow shareholders to consider each individual item on the agenda.</p>	X		<p>Shareholders have the opportunity to vote by letter prior to the general meeting (postal vote), or they can vote by proxy in writing. Votes by letter and by proxy allow shareholders to consider each individual item on the agenda.</p> <p>Postal voting forms and proxy forms are available for the shareholders on the company's website: <a href="http://www.columbusglobal.com">www.columbusglobal.com</a> under Investor.</p>
<p><b>1.3. Takeover bids</b></p>			
<p>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. According to such contingency procedures, 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.</p>		X	<p>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 50.77% of the voting rights (including shareholder voting agreements). Therefore, no decision regarding takeover bid can be made without this one shareholder.</p>

Recommendation	The company complies	The company does not comply	The explanation for complying/not complying with the recommendation
<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 a year the board of directors take a position on the matters related to the board's performance of its responsibilities.	X		<p>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.</p> <p>On a Board meeting each year in December the meeting calendar for the coming year is decided, including fixed agenda items for each of the Board meetings, cf. rules of procedure and annual cycle of work. This way it is ensured that all matters related to the Board's performance are handled at Board meetings during the year.</p>
2.1.2. The Committee <b>recommends</b> that at least once a year the board of directors take a position on the overall strategy of the company with a view to ensuring value creation in the company.	X		<p>Once a year, at a Board meeting, the Board of Directors and group management discuss and decide on the overall strategic management of the Group in order to ensure value creation in the company. The Board of Directors is also involved in the strategy work on an ongoing basis.</p>
2.1.3. The Committee <b>recommends</b> that the board of directors ensure that the company has a capital and share structure ensuring 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 presents this in the management commentary on the company's annual report and/or on the company's website.	X		<p>The Board of Directors and the Executive Board evaluates on an ongoing basis whether the group's capital and share structure is in accordance with the group's and the shareholders' interests. The overall objective is to ensure a capital and share structure that supports a long-term economic growth and simultaneously maximizes the return to the group's interested parties by optimizing the ratio between equity and debt.</p> <p>The group's overall strategy is unchanged in relation to earlier years.</p>

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			Capital and share structure is presented in the company's Annual Report.
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 on timely, accurate and adequate reporting to the board of directors.	X		<p>The Board of Directors has adopted rules of procedure for the Executive Board which describe the overall tasks and responsibilities of the Executive Board, reporting to the Board of Directors and authorities of the Executive Board.</p> <p>The rules of procedure for the Executive Board are reviewed and approved annually.</p>
2.1.5. The Committee <b>recommends</b> that at least once a year the board of directors discuss the composition of the executive board, as well as developments, risks and succession plans.	X		The Board of Directors discusses the composition of the Executive Board, as well as developments, risks and succession plans at least once a year.
2.1.6. The Committee <b>recommends</b> that once a year the board of directors discuss the company's activities to ensure relevant diversity at management levels, including setting specific goals and accounting for its objectives and progress made in achieving the objectives in the management commentary on the company's annual report and/or on the website of the company.	X		<p>The Board of Directors wants equal opportunities for all employees, independent of gender, age, race and religion, in the Company's executive management level and believes that diversity provides business value.</p> <p>In 2013 the Board of Directors adopted targets in order to increase the proportion of women in the Board of Directors and at management level. The targets and action plans are reviewed and updated once a year, cf. Annual Cycle of Work.</p> <p>When the Board of Directors determined the targets, women constituted 20% of the Board of Directors, and 12% at management level.</p> <p>In 2013 the Board of Directors determined the following targets for the gender distribution in Columbus:</p> <ul style="list-style-type: none"> <li>• To increase the proportion of women in the Columbus Board of Directors to a minimum of 40% in 2017</li> <li>• To increase the proportion of women at management level to a minimum of 20% globally by the end of 2015</li> </ul>

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			<p>In connection with nomination of new Board members, a careful assessment is made of the knowledge and professional experience required to ensure the presence of the necessary competencies in the Board of Directors. At the same time, the Board of Directors is working to ensure that the members supplement each other in the best possible way in terms of background, gender, etc.</p> <p>The Board of Directors also discusses diversity with respect to board composition. Diversity is discussed in connection with assessments of new board candidates. However, this goal must not compromise other recruitment criteria. Currently, there are no female members in the Board of Directors</p> <p>In connection with appointment of executives, a careful assessment is conducted of which knowledge and professional experiences are needed with a view to ensuring the presence of the necessary competences on all executive management levels. It is important that the greatest management talents, irrespective of gender, achieve the highest executive positions.</p> <p>By the end of 2015 the gender distribution at management level constituted 26% women and 74% men, and thereby the 2015 target was achieved. The future target set by the Board of Directors in December 2015 is to obtain a minimum of 30% female managers globally by the end of 2020.</p> <p>In 2014 the only female Board member left the Board of Directors. In this relation, the Board of Directors assessed that the composition and competencies of the Board of Directors with the remaining four Board members is such that constructive discussions and efficient decision-making process can be ensured during Board meetings. Thus, the female Board member has not been replaced.</p>

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			<p>Consequently, the target for female members of the Board of Directors has been changed to 20%, equivalent to one person, by the end of 2018.</p> <p>Columbus aims to increase the proportion of women on all levels in Columbus.</p> <p>Columbus' targets and action plan on how to ensure a more equal gender distribution in the company are published on the company's website: <a href="http://www.columbusglobal.com">www.columbusglobal.com</a> under Investor.</p>
<p><i>2.2. Corporate social responsibility</i></p>			
<p>2.2.1. The Committee <b>recommends</b> that the board of directors adopt policies on corporate social responsibility.</p>	X		<p>Columbus has adopted a policy on corporate social responsibility. The CSR report describes the overall guidelines and standards in relation to responsible business conduct and how we wish to behave. The CSR report is published on <a href="http://www.columbusglobal.com">www.columbusglobal.com</a> under Investor Relations.</p> <p>In December 2012 Columbus joined the UN Global Compact and supports the ten general principles of corporate social responsibility.</p>
<p><i>2.3. Chairman and vice-chairman of the board of directors</i></p>			
<p>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.</p>	X		<p>Immediately following the general meeting the Board of Directors convenes and constitutes itself and elects a Deputy Chairman. The role of the Deputy Chairman is in accordance with the recommendations.</p> <p>The Board of Directors has elected Jørgen Cadovius as Deputy Chairman.</p>

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<p>2.3.2. The Committee <b>recommends</b> ensuring that, if the board of directors, in exceptional cases, asks the chairman of the board of directors to perform special operating activities for the company, including briefly participating in the day-to-day management, a board resolution to that effect be passed to ensure that the board of directors maintains its independent, overall management and control function. Resolutions on the chairman's participation in day-to-day management and the expected duration hereof should be published in a company announcement.</p>	X		<p>The Company will follow this recommendation if relevant which it has not yet been.</p>
<h3>3. Composition and organization of the board of directors</h3>			
<h4>3.1. Composition</h4>			
<p>3.1.1. The Committee <b>recommends</b> that the board of directors annually accounts for</p> <ul style="list-style-type: none"> <li>• the skills it must have to best perform its tasks,</li> <li>• the composition of the board of directors, and</li> <li>• the special skills of each member.</li> </ul>	X		<p>Once a year, of the Annual Cycle of Work and the meeting calendar, the Board of Directors assesses whether the size, composition and competencies of the Board of Directors is such that constructive discussions and efficient decision-making process can be ensured during Board meetings.</p> <p>A description executive functions and special competencies of the individual Board members is included on the company's Annual Report and is available on the company's website: <a href="http://www.columbusglobal.com">www.columbusglobal.com</a> under Investor.</p>
<p>3.1.2. The Committee <b>recommends</b> that the selection and nomination of candidates for the board of directors be carried out through a thoroughly transparent process approved by the overall board of directors. When assessing its composition and nominating new candidates, the board of directors must take</p>	X		<p>With nomination for election at the general meeting, the Board of Directors publishes a description of the individual candidates' background, relevant competences as well as management experience prior to the meeting, just as the Board of Directors substantiates the nomination.</p>

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<p>into consideration the need for integration of new talent and diversity in relation to age, international experience and gender.</p>			<p>When nominating new members the knowledge and professional experience needed to ensure the necessary competencies in the Board of Directors are carefully assessed. Gender, age and nationality are not qualifications alone, but are part of the total assessment of the competencies of a board candidate.</p> <p>In 2015, the company determined new targets for management diversity, which include the Board of Directors.</p>
<p>3.1.3. The Committee <b>recommends</b> that a description of the nominated candidates' qualifications, including information about the candidates'</p> <ul style="list-style-type: none"> <li>• other executive functions, e.g. memberships in executive boards, boards of directors, and supervisory boards, including board committees in foreign enterprises, be accompanied by the notice convening the general meeting when election of members to the board of directors is on the agenda.</li> <li>• demanding organizational tasks, and information</li> <li>• about whether candidates to the board of directors are considered independent.</li> </ul>	X		<p>With nomination for election at the general meeting, the Board of Directors publishes a description of the individual candidates' background, relevant competences as well as management experience prior to the meeting, just as the Board of Directors substantiates the nomination.</p> <p>The composition of the Board of Directors seeks to explore different competencies. Information about the members of the Board of Directors is available in the annual report for 2015 as well as on the Company's website.</p> <p>From the Annual Report it appears which Board members are considered independent, and it also appears whether new candidates are considered independent.</p>
<p>3.1.4. The Committee <b>recommends</b> that the company's articles of association stipulate a retirement age for members of the board of directors.</p>		X	<p>Columbus has no age limit for the Board of Directors as the Company believes that what is crucial is each member of the body's commitment, efforts and competencies – not the age of the member.</p>
<p>3.1.5. 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>The members of the Board of Directors are elected by the general meeting for one year at the time with the possibility of re-election.</p>

Recommendation	The company complies	The company does not comply	The explanation for complying/not complying with the recommendation
<p><b>3.2. Independence of the board of directors</b></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. 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 member of the executive board, or senior staff member in the company, a subsidiary undertaking or an associate,</li> <li>• within the past five years, have received larger emoluments from the company/group,</li> <li>• a subsidiary undertaking or an associate in another capacity than as member of the</li> <li>• board of directors,</li> <li>• represent the interests of a controlling shareholder,</li> <li>• within the past year, have had significant business relations (e.g. personal or indirectly as partner or employee, shareholder, customer, supplier or member of the executive management in companies with corresponding connection) with the company, a subsidiary undertaking or an associate.</li> <li>• be or within the past three years have been employed or partner at the external auditor,</li> <li>• have been chief executive in a company holding cross-memberships with the company,</li> <li>• have been member of the board of directors for more than 12 years, or</li> <li>• have been close relatives with persons who are not considered independent.</li> </ul>	<p>X</p>		<p>Two of the four members elected by the general meeting are deemed as being independent; cf. recommendations from NASDAQ Copenhagen A/S. The independent Board members are Jørgen Cadovius and Peter Skov Hansen.</p> <p>A member of the Board of Directors elected by the general meeting, Sven Madsen, is CFO in Consolidated Holdings A/S, which is the main shareholder in the company and is therefore not considered independent. Finally, the member, Ib Kunøe, is not considered as being independent as he is the main shareholder in the company.</p> <p>The Board of Directors is presented in the Annual Report 2015 with the recommended information. This information is also available on the Company's website.</p> <p>Once a year in connection with the publication of the statutory report on corporate governance the Company lists the names of the members who are regarded as independent.</p>

Recommendation	The company complies	The company does not comply	The explanation for complying/not complying with the recommendation
<p><b>3.3. Members of the board of directors and the number of other executive functions</b></p>			
<p>3.3.1. The Committee <b>recommends</b> that each member of the board of directors assesses the expected time commitment for each function in order that the member does not take on more functions than he/she can manage satisfactorily for the company.</p>	X		<p>In connection with the general meeting each member assesses the extent of the member's workload as well as whether or not the duty can be carried out in a, for the Company, satisfactory manner.</p>
<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 relevant person,</li> <li>• whether the member is considered independent,</li> <li>• the date of appointment to the board of directors of the member,</li> <li>• expiry of the current election period,</li> <li>• other executive functions, e.g. memberships in executive boards, boards of directors, and supervisory boards, including board committees in foreign enterprises and demanding organizational tasks, and</li> <li>• the number of shares, options, warrants and similar in the company, and other group companies of the company, owned by the member, as well as changes in the portfolio of the member of the securities mentioned which have occurred during the financial year.</li> </ul>	X		<p>The company's Annual Report 2015 contains information in compliance with the recommendations. The information is also available at the Company's website.</p>

Recommendation	The company complies	The company does not comply	The explanation for complying/not complying with the recommendation
<b>3.4. Board committees</b>			
<p>3.4.1. The Committee <b>recommends</b> that the company publish the following on the company's website:</p> <p>The terms of reference of the board committees,</p> <ul style="list-style-type: none"> <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 on which members are independent members and which members have special qualifications.</li> </ul>	X		<p>In 2009 the Board of Directors appointed an Audit Committee, the purpose of which is to supervise accounting, audit, risk and controlling issues. The Audit Committee consists of the members Sven Madsen and Peter Skov Hansen (Chairman of the Audit Committee) who is also an independent member of the Board of Directors. The tasks of the Audit Committee have been determined in a terms of reference which has been approved by the by the Board of Directors. The terms of reference is published on the Company's website (in Danish only). The committee determines the meeting frequency. In 2015 four meetings were held in the audit committee.</p> <p>The Board of Directors has decided not to add more independent Board members to the Audit Committee, as the two current members have the necessary experience and competencies within financial affairs to handle the tasks of the Audit Committee.</p> <p>Columbus has so far not found it necessary to form further committees under the Board of Directors</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>Half of the members of the Audit Committee (Peter Skov Hansen) are considered independent members. Columbus has so far not found it necessary to form further committees under the Board of Directors.</p>
<p>3.4.3. The Committee <b>recommends</b> that the board of directors set up a formal <u>audit committee</u> composed such that</p> <ul style="list-style-type: none"> <li>the chairman of the board of directors is not chairman of the audit committee, and</li> <li>between them, the members should possess such expertise and experience as to provide an updated insight into and experience in the financial, accounting and audit aspects of</li> </ul>	X		<p>In 2009 the Board of Directors appointed an Audit Committee, the purpose of which is to consider accounting, audit, risk and controlling issues. The Audit Committee consists of the Board members Sven Madsen and Peter Skov Hansen (Chairman of the Audit Committee).</p>

Recommendation	The company complies	The company does not comply	The explanation for complying/not complying with the recommendation
<p>companies whose shares are admitted to trading on a regulated market.</p>			<p>The Board of Directors appoints the Chairman of the Audit Committee who is independent and not Chairman of the Board at the same time.</p> <p>The Audit Committee consists of Sven Madsen who was the CFO of Columbus up to 31 December 2007, and Peter Skov Hansen who has worked as state authorized public accountant. Both members thus have vast experience and competencies within financial affairs.</p>
<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 monitors and reports 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		<p>Prior to the approval of the Annual Report, the Audit Committee monitors and reports 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</li> <li>• Uncertainties and risks, including in relation to the outlook for the current year</li> </ul> <p>The meetings in the Audit Committee are held in accordance with the Board of Director's meeting calendar.</p>
<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, and in such case, makes recommendations on selecting, appointing and removing the head of the internal audit function and on the budget of the internal audit function, and</li> <li>• monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function.</li> </ul>	X		<p>Due to the size of the Company the Audit Committee considers it unnecessary to establish an independent internal executive audit board. As a compensating control the Company has a group finance function which continuously performs controller visits at the Company's subsidiaries.</p> <p>The need for an internal audit is considered annually.</p>
<p>3.4.6. The Committee <b>recommends</b> that the board of directors establish a nomination committee chaired by the chairman of the board of directors with at least the following preparatory tasks:</p>		X	<p>Columbus has so far not found it necessary to form further committees under the Board of Directors. In cases about nomination decisions are made by the entire Board of Directors.</p>

Recommendation	The company complies	The company does not comply	The explanation for complying/not complying with the recommendation
<ul style="list-style-type: none"> <li>describe the qualifications required by the board of directors and the executive board, and for a specific membership, state the time expected to be spent on having to carry out the membership, as well as assess the competences, knowledge and experience of the two governing bodies combined,</li> <li>annually assess the structure, size, composition and results of the board of directors and the executive board, as well as recommend any changes to the board of directors,</li> <li>annually assess the competences, knowledge and experience of the individual members of management, and report to the board of directors in this respect,</li> <li>consider proposals from relevant persons, including shareholders and members of the board of directors and the executive board for candidates for the board of directors and the executive board, and</li> <li>propose an action plan to the board of directors on the future composition of the board of directors, including proposals for specific changes.</li> </ul>			
<p>3.4.7. The Committee <b>recommends</b> that the board of directors establish a remuneration committee with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>to recommend 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>make proposals to the board of directors on remuneration for members of the board of directors and the executive board, as well as ensure that the remuneration is in compliance with the company's remuneration policy and the assessment of the performance of the persons concerned.</li> </ul>		X	Columbus has so far not found it necessary to form further committees under the Board of Directors. In cases about remuneration, decisions are made by the entire Board of Directors.

Recommendation	The company complies	The company does not comply	The explanation for complying/not complying with the recommendation
<p>The committee should have information about the total amount of remuneration that members of the board of directors and the executive board receive from other companies in the group, and</p> <ul style="list-style-type: none"> <li>• recommend a remuneration policy applicable for the company in general.</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>Columbus has so far not found it necessary to form further committees under the Board of Directors.</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 where contributions and results of the board of directors and the individual members, as well as collaboration with the executive board are annually evaluated. Significant changes deriving from the evaluation should be included in the management commentary or on the company's website.</p>	X		<p>Once a year the Board of Directors in Columbus performs a formalized self-assessment. This also applies for the cooperation between the Executive Board and the Board of Directors.</p> <p>The Chairman is in charge of the evaluation and discusses the results with the Board of Directors. Possible significant changes deriving from the evaluation will be included in the management commentary or on the company's website.</p>
<p>3.5.2. The Committee <b>recommends</b> that in connection with preparation of the general meeting, the board of directors consider whether the number of members is appropriate in relation to the requirements of the company. This should help ensure a constructive debate and an effective decision-making process in which all members are given the opportunity to participate actively.</p>	X		<p>The Board of Directors assesses the size of the board every year in connection with the general meeting.</p> <p>Currently, the Board of Directors comprises four members with broad professional experience and relevant special competences elected by the general meeting which is considered adequate.</p>

Recommendation	The company complies	The company does not comply	The explanation for complying/not complying with the recommendation
3.5.3. The Committee <b>recommends</b> that at least once every year the board of directors evaluate the work and performance of the executive board in accordance with predefined clear criteria.	X		Once a year the Board of Directors in Columbus performs a formalized evaluation of the work and results compared to targets of the Executive Board.  The Chairman is in charge of the evaluation and discusses the results with the Board of Directors.
3.5.4. 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		Once a year the Board of Directors in Columbus performs a formalized evaluation of the cooperation between the Executive Board and the Board of Directors.  The Chairman is in charge of the evaluation and discusses the results with the Board of Directors.
<b>4. Remuneration of management</b>			
<i>4.1. Form and content of the remuneration policy</i>			
<p>4.1.1. The Committee <b>recommends</b> that the board of directors prepare a clear and transparent remuneration policy for the board of directors and the executive board, including</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, and</li> <li>• a description of the criteria on which the balance between the individual components of the remuneration is based.</li> </ul> <p>The remuneration policy should be approved by the general meeting and published on the company's website.</p>	X		<p>In 2012 guidelines for incentive programs were adopted by the general meeting. The guidelines cover the Company's overall guidelines for incentive programs for the Board of Directors, the Executive Board and its subsidiaries. The guidelines for incentive programs are in accordance with the recommendations. The guidelines for incentive programs are published at <a href="http://www.columbusglobal.com">www.columbusglobal.com</a> under Investor.</p> <p>It is ensured that the remuneration of the Board of Directors and Executive Board is in accordance with the general practice in the market and reflects the efforts required. The total remuneration paid to the Board of Directors appears from note 5 in the Annual Report 2015 and amounted to DKK 375,000 in 2015.</p>

Recommendation	The company complies	The company does not comply	The explanation for complying/not complying with the recommendation
<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 linkage be ensured between remuneration for governing body members, expected risks and the value creation for shareholders in the short and long terms,</li> <li>• there be clarity about performance criteria and measurability for award of variable components,</li> <li>• there be criteria ensuring that qualifying periods for variable components in remuneration agreements are longer than one calendar year, and</li> <li>• an agreement is made which, in exceptional cases, entitles the company to reclaim in full or in part variable components of remuneration that were paid on the basis of data, which proved to be misstated.</li> </ul>	X		<p>The guidelines for incentive programs are in accordance with the recommendations.</p>
<p>4.1.3. The Committee <b>recommends</b> that remuneration of members of the board of directors does not include share options.</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.</p>
<p>4.1.4. The Committee <b>recommends that</b> if share-based remuneration is provided, such programs be established as roll-over programs, i.e. the options are granted periodically and should have a maturity of at least three years from the date of allocation.</p>	X		<p>The Executive Board is remunerated with a share-based incentive program, which is granted periodically and has a maturity of at least three years from the date of allocation.</p>

Recommendation	The company complies	The company does not comply	The explanation for complying/not complying with the recommendation
<p>4.1.5. The Committee <b>recommends that</b> agreements on termination payments should not amount to more than two years' annual remuneration.</p>	X		<p>The Company does not pay termination payments which amount to more than two years' annual remuneration.</p>
<p><i>4.2. Disclosure of the remuneration policy</i></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>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 2015. The guidelines for incentive programs were adopted at the annual general meeting in 2012. 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>4.2.2. The Committee <b>recommends</b> that the proposed remuneration for the board of directors for the current financial year be approved by the shareholders at the general meeting.</p>		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 2015. 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 does not comply	The explanation for complying/not complying with the recommendation
			remuneration to the Board in his report to the annual general meeting.
4.2.3. The Committee <b>recommends</b> that the total remuneration granted to each member of the board of directors and the executive board by the company and other companies in the group, including information on the most important contents of retention and retirement/resignation schemes, be disclosed in the annual report and that the linkage with the remuneration policy be explained.		X	Company finds that there is no useful or fair reason to publish information about remuneration to individuals. For this reason the Company has not adopted the recommendation to provide information at an individual level.
<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 in the management commentary review and 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		In the Annual Report Columbus accounts for the most important strategic and business-related risk issues. Key risks are continuously considered and reviewed by the Executive Board and presented to the Board of Directors annually or more often if considered relevant.
<i>5.2. Whistleblower scheme</i>			
5.2.1. The Committee <b>recommends</b> that the board of directors decide whether to establish a whistleblower scheme for expedient and confidential notification of possible or suspected wrongdoing.	X		In 2015 the Board of Directors decided to establish a whistleblower scheme for expedient and confidential notification of possible or suspected wrongdoing. The whistleblower scheme was implemented globally 1 March 2016.
<i>5.3. Contact to auditor</i>			
5.3.1. The Committee <b>recommends</b> that the board of directors ensure regular dialogue and exchange of information between the auditor and the board of directors, including that the board of	X		The Board of Directors ensures continuously dialogue and information exchange with the auditor through the accountant's

Recommendation	The company complies	The company does not comply	The explanation for complying/not complying with the recommendation
<p>directors and the audit committee at least once a year meet with the auditor without the executive board present. This also applies to the internal auditor, if any.</p>			<p>participation in selected Board meetings as well as through distribution to the accountant of minutes from the Board meetings.</p> <p>The results of the audit, including the auditor's observations and opinion, are discussed at meetings with the Audit Committee and the Board of Directors. The auditor always participates in the Board meeting at which the group's financial statements for the year are presented and approved.</p> <p>The Audit Committee, the external auditors and the Board of Directors meets minimum once a year without the presence of the Executive Board.</p>
<p>5.3.2. The Committee <b>recommends</b> that the audit agreement and auditors' fee be agreed between the board of directors and the auditor on the basis of a recommendation from the audit committee.</p>	<p>X</p>		<p>The framework for the auditor's work – including remuneration, audit-related tasks as well as non-audit related tasks – is described in an agreement.</p> <p>The audit agreement and auditor's fee is agreed between the Board of Directors and the auditor on the basis of the recommendation from the Audit Committee.</p>