

# Corporate governance statement 2019



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Cf. section 107b of the Danish Financial Statements Act

This statutory corporate governance statement for A.P. Møller - Mærsk A/S (also referred to as the Company) covers the accounting period 1 January to 31 December 2019 and is prepared pursuant to section 107b (1) and (3) of the Danish Financial Statements Act. The statement forms part of the Directors' report in the Annual Report for 2019.

This statement includes the status of compliance with the "Recommendations for Corporate Governance" issued by the Danish Committee on Corporate Governance. The recommendations have been implemented by Nasdaq Copenhagen in the Rules for issuers of shares ("Regler for udstedere af aktier").

## Recommendations on corporate governance in Denmark

The Board of Directors of A.P. Møller - Mærsk A/S continuously considers the "Recommendations for Corporate Governance" implemented by Nasdaq Copenhagen in the "Rules for issuers of shares".

In this statutory corporate governance statement, the Company:

- Complies with 38 of the recommendations (of the 47 recommendations in total)
- Complies partially with five of the recommendations, i.e.: 1.3.1, 3.3.2, 3.4.2, 3.4.6, and 4.2.3.
- Does not comply with four of the recommendations, i.e.: 3.1.6, 3.3.3, 3.4.8, and 4.2.2.

## "Comply or explain"

Due to circumstances specific for the Company, it has been decided not to follow some of the recommendations in full or partly. Explanations for the deviations are described below. The report further includes elaborated comments to some recommendations when such are considered to increase transparency of the Company's governance and procedure comments.

Some of the Danish Recommendations for Corporate Governance introduced in November 2017 reflect elements of the Shareholder Rights Directive. The Shareholder Rights Directive has been implemented in Denmark in the Danish Companies Act. Some of the sections in the Danish Companies Act are only applicable to Danish Companies in 2020. Thus, this statutory corporate governance statement and the Company's governance practices in 2019 do not incorporate all elements of the Directive.

# The below report concerns the financial year 1.1.2019 – 31.12.2019

Recommendation	The explanation for complying, partially complying or not complying with the recommendation	
<b>1. Communication and interaction by the company with its investors and other stakeholders</b>		
<b>1.1. Dialogue between company, shareholders and other stakeholders</b>		
1.1.1. The Committee <i>recommends</i> 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.	<b>The company complies</b>	To facilitate an ongoing dialogue with analysts, shareholders, potential investors, and other stakeholders, and to ensure that views and opinions are shared, the Company's Investor Relations department holds open telephone conferences in connection with the publication of financial reports. In addition, Capital Market Days are held, when relevant, to provide a more detailed insight into the Company's strategy and goals. Shareholder relevant information, including all financial reports, is available under 'Investor Relations' on the Company's website.
1.1.2. The Committee <i>recommends</i> 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.	<b>The company complies</b>	The Company has adopted internal rules and policies on its relationship with stakeholders and shareholders. The policies are supplemented by mandatory standards on e.g. Health Safety & Environment, Responsible procurement, Anti-Corruption, Labour standards, Sustainability reporting, and interaction with governments and public authorities. Furthermore, internal policies on external communication and Tax Principles have been adopted.
1.1.3. The Committee <i>recommends</i> that the company publish quarterly reports	<b>The company complies</b>	
<b>1.2. General meeting</b>		
1.2.1. The Committee <i>recommends</i> that in organising the company's general meeting, the board of directors plans the meeting to support active ownership.	<b>The company complies</b>	To support and facilitate active ownership, all shareholders can address questions directly to the management via the Q&A tool on the Company's website prior to the annual general meeting. All documents related to the annual general meeting are published on the Company's website as required by law and sent to all shareholders who have requested it. We encourage shareholders with voting rights to vote at the general meetings, by proxy, or by postal votes. In addition, the Chairman's report at annual general meetings is broadcasted live via the Company's website.
1.2.2. The Committee <i>recommends</i> that proxies or votes by post for the general meeting allow shareholders to consider each individual item on the agenda.	<b>The company complies</b>	Postal vote and proxy forms are made available on the Company's website allowing all registered holders of A-shares to vote on each individual agenda item.

## Recommendation

## The explanation for complying, partially complying or not complying with the recommendation

### 1.3. Takeover bids

1.3.1. The Committee *recommends* 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.

**The company complies partially**

The Rules of Procedure for the Board of Directors include a contingency procedure for takeover bids. If the Board of Directors has reason to believe that a takeover bid will be submitted, a working group of internal and external specialists will be established to support the Board of Directors in making the necessary arrangements. As the Company is controlled by one shareholder, it is less relevant to include a requirement for obtaining acceptance from the shareholders at a general meeting in the contingency procedure. The recommendation is thus only partially complied with.

## 2. Tasks and responsibilities of the board of directors

### 2.1. Overall tasks and responsibilities

2.1.1. The Committee *recommends* that at least once annually the board of directors consider the matters that should be included in the board's performance of its work.

**The company complies**

The Board of Directors reviews its annual wheel and Rules of Procedure at least once a year.

2.1.2. The Committee *recommends* 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.

**The company complies**

2.1.3. The Committee *recommends* 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.

**The company complies**

At least once a year, the Board of Directors evaluates the Company's capital and share structure to ensure that the Company has sufficient funds to fulfil its liabilities and to support the business strategy on an ongoing basis in the best interest of the shareholders and the Company.

2.1.4. The Committee *recommends* 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.

**The company complies**

The Rules of Procedure for the Board of Directors include specific tasks and responsibilities for the Executive Board as well as requirements for the Executive Board's reporting to the Board of Directors. To maintain simplicity and ensure coherence between the obligations of the Board of Directors and the Executive Board respectively, the Board of Directors has decided not to establish separate rules of procedure for the Executive Board. Furthermore, the Board of Directors has defined limits to the authority of the Executive Board.

2.1.5. The Committee *recommends* that at least once annually, the board of directors discuss the composition, developments, risks and succession plans of the executive board.

**The company complies**

At least once a year, the Board of Directors evaluates and discusses the composition and performance of the members of the Executive Board. The annual wheel of the Board of Directors includes a meeting with specific focus on succession planning as well as talent pipeline and development.

Recommendation	The explanation for complying, partially complying or not complying with the recommendation
<b>2.2. Corporate social responsibility</b>	
2.2.1. The Committee <i>recommends</i> that the board of directors adopt policies on corporate social responsibility.	<p><b>The company complies</b></p> <p>In 2009, the Company joined the UN Global Compact (UNGC), which has since served as framework for the Company's policies on corporate social responsibility and sustainability. The Company publishes an annual Sustainability Report describing the Company's progress relative to the UNGC. The Sustainability Report is available on the Company's website.</p>
<b>2.3. Chairman and vice-chairman of the board of directors</b>	
2.3.1. The Committee <i>recommends</i> 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><b>The company complies</b></p>
2.3.2. The Committee <i>recommends</i> that, if the board of directors, in exceptional cases, asks the chairman of the board of directors or other board members to perform special activities for the company, including briefly participating in the day-to-day management, a board resolution to that effect should be passed to ensure that the board of directors maintains its independent, general management and control function. Resolutions on the chairman's or other board members' participation in day-to-day management and the expected duration hereof should be publicly announced.	<p><b>The company complies</b></p>
<b>3. Composition and organisation of the board of directors</b>	
<b>3.1. Composition</b>	
3.1.1. The Committee <i>recommends</i> 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>	<p><b>The company complies</b></p>

Recommendation		The explanation for complying, partially complying or not complying with the recommendation
<p>3.1.2. The Committee <i>recommends</i> that the board of directors annually discuss the company's activities to ensure relevant diversity at management levels and prepare and adopt a policy on diversity. The policy should be published on the company's website.</p>	<p><b>The company complies</b></p>	<p>The Board of Directors annually discusses the Company's diversity activities at management level and revisits and/or adopts a policy on diversity. The Board of Directors also adopts targets for diversity at Board of Directors level.</p> <p>In 2019, the Board of Directors set its target for the share of the underrepresented gender on the Board of Directors including a deadline for reaching this target as required by Danish legislation. The Executive Board sets targets for diversity at management level and below.</p> <p>Both the targets and different initiatives on gender diversity and inclusion are further described in the Sustainability Report, which is available on the Company's website. The Gender Diversity &amp; Inclusion policy is likewise available on the Company's website.</p>
<p>3.1.3. The Committee <i>recommends</i> 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.</p>	<p><b>The company complies</b></p>	<p>The Board of Directors has established a Nomination Committee to provide an overview of competencies required on the Board of Directors and to review the structure, size, composition, succession planning, and diversity.</p> <p>When the Nomination Committee assesses the composition of the Board and recommends new candidates, it considers independence, diversity criteria, and the need for new talent.</p>
<p>3.1.4. The Committee <i>recommends</i> that the notice convening a general meeting where the agenda includes the election of members to the board of directors, include (in addition to the statutory requirements) a description of the qualifications of nominated candidates, including information about the candidates'</p> <ul style="list-style-type: none"> <li>• other executive functions, including positions on executive boards, boards of directors and supervisory boards, including board committees, in Danish and foreign enterprises, and</li> <li>• demanding organisational tasks.</li> </ul> <p>Furthermore, it should be indicated if the candidates to the board of directors are considered independent.</p>	<p><b>The company complies</b></p>	
<p>3.1.5. The Committee <i>recommends</i> 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>	<p><b>The company complies</b></p>	
<p>3.1.6. The Committee <i>recommends</i> that members of the board of directors elected by the general meeting be up for election every year at the annual general meeting.</p>	<p><b>The company does not comply</b></p>	<p>We believe that continuity in the work of the Board of Directors is important and this is the reason why the members of the Board of Directors are elected for a two-year period and approximately half of the members are up for re-election every year. This also reflects the long-term nature of the business.</p>

## Recommendation

## The explanation for complying, partially complying or not complying with the recommendation

### 3.2. Independence of the board of directors

3.2.1. The Committee *recommends* 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:

- 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,
  - within the last five years, have received significant remuneration from the company/group, a subsidiary or an associated company in a different capacity than as member of the board of directors,
  - represent or be associated with a controlling shareholder,
  - 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
  - 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,
  - be part of the executive management in a company with cross-management representation in the company,
  - have been a member of the board of directors for more than 12 years, or
  - be a close relative with persons who are not considered independent.
- 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.

**The company complies**

Following the election of Board members at the Annual General Meeting in 2019, six of the 10 members of the Board of Directors were considered to be independent. An indication of which Board members are considered independent is available on the Company's website.

### 3.3. Members of the board of directors and the number of other management functions

3.3.1. The Committee *recommends* 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.

**The company complies**

## Recommendation

## The explanation for complying, partially complying or not complying with the recommendation

3.3.2. The Committee *recommends* 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:

- the position of the relevant person,
- the age and gender of the person in question,
- the person's competencies and qualifications that are relevant to the company,
- whether the member is considered independent,
- the member's date of appointment to the board of directors,
- expiry of the current election term,
- the member's participation in the meetings on the board of directors and committee meetings,
- 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
- 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.

**The company complies partially**

The Annual Report provides information on the Board members' existing and, if relevant, previous positions, as well as other management duties, including directorships. The Annual Report also states when each member joined the Board of Directors, the current election period, year of birth, gender, and whether the member is considered independent. The Annual Report for 2019 discloses the participation rate of each Board member in Board and Board Committee meetings.

Any trading of the Company's shares by Board members must be reported via Nasdaq Copenhagen and to the Danish Financial Securities Authority pursuant to the provisions of the EU Market Abuse Regulation and must be published. The Board members' trading in the Company's shares during a financial year and individual Board member's total shareholding are not disclosed in the Annual Report, and therefore the recommendation is only partially complied with.

3.3.3. The Committee *recommends* 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.

**The company does not comply**

The Board of Directors has decided not to define what is a reasonable level for the number of other management functions. The complexity of management functions and the capacity of each Board member vary from one to another. We therefore believe that the best assessment of a reasonable level of other management functions lies with each individual Board member cf. recommendation 3.3.1.

In connection with the annual Board evaluation, an individual assessment is made of all Board members including their capabilities, contribution to the Board, and attendance rate. This assessment will capture if a Board member does not allocate sufficient time to discharge his/her responsibilities to the Company.

## 3.4. Board committees

3.4.1. The Committee *recommends* that the company publish the following on the company's website:

- the terms of reference of the board committees,
- the most important activities of the committees during the year and the number of meetings held by each committee, and
- 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.

**The company complies**

Terms of Reference or Rules of Procedures for Board Committees, a description of the most important activities during the year, information about members and chairmen of Committees, and the number of meetings held during the year are disclosed on the Company's website.

Recommendation	The explanation for complying, partially complying or not complying with the recommendation	
3.4.2. The Committee <i>recommends</i> that a majority of the members of a board committee be independent.	<b>The company complies partially</b>	The majority of the members of the Audit Committee, the Transformation & Innovation Committee, and the Remuneration Committee are independent. The majority of the Nomination Committee members are not considered independent. The composition of the Nomination Committee reflects that A.P. Møller Holding A/S holds a majority of the voting rights in the Company. This composition of the Nomination Committee is suitable when suggesting Board candidates for nomination to the Board of Directors. The recommendation is thus only partially complied with.
3.4.3. The Committee <i>recommends</i> 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.	<b>The company complies</b>	
3.4.4. The Committee <i>recommends</i> 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>	<b>The company complies</b>	
3.4.5. The Committee <i>recommends</i> that the audit committee: <ul style="list-style-type: none"> <li>• annually assess 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>	<b>The company complies</b>	

## Recommendation

## The explanation for complying, partially complying or not complying with the recommendation

<p>3.4.6. The Committee <i>recommends</i> 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>	<p><b>The company complies partially</b></p>	<p>In 2018, the Board of Directors established a Nomination Committee consisting of three members of the Board of Directors, one of whom is the Chairman of the Board of Directors. The Nomination Committee prepares an overview of competencies required on the Board of Directors and reviews the structure, size, composition, succession planning, and diversity as well as the application of the independence criteria in relation to Board members. Furthermore, the Nomination Committee prepares recommendations for new candidates to be elected at the general meeting. The Board of Directors has decided that the assessment of the qualifications, competencies, structure, size, etc. of the Executive Board as well as the assessment of candidates to the Executive Board are so important that the entire Board of Directors should be involved, and therefore the Nomination Committee is not responsible for this.</p>
<p>3.4.7. The Committee <i>recommends</i> 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 performance of the persons concerned. The committee should have information on the total remuneration that members of the board of directors and the executive board receive from other companies in the group,</li> <li>• recommending a remuneration policy applicable for the company in general, and</li> <li>• assisting with the preparation of the annual remuneration report.</li> </ul>	<p><b>The company complies</b></p>	<p>The Company has set up a Remuneration Committee consisting of the Chairman of the Board of Directors and two Board members. The Committee makes recommendations to the Board of Directors on the remuneration of the Board of Directors, the Executive Board, and top high-earners below Executive Board level. The Remuneration Committee further recommends the Remuneration Policy including incentive guidelines for approval by the Board of Directors prior to submission to the general meeting, as well as reviews and recommends incentive schemes. Also, the Remuneration Committee assists the Board of Directors by preparing the Remuneration Report and other public disclosures on remuneration.</p>
<p>3.4.8. The Committee <i>recommends</i> that the remuneration committee do not consult with the same external advisers as the executive board of the company.</p>	<p><b>The company does not comply</b></p>	<p>To ensure consistency of practice and cooperation, the Remuneration Committee consults with the same external advisers as the Executive Board. In case of potential conflicts of interest, the Remuneration Committee will consider liaising with a different external advisor or obtain a second opinion.</p>

## Recommendation

## The explanation for complying, partially complying or not complying with the recommendation

### 3.5. Evaluation of the performance of the board of directors and the executive board

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:

- contribution and results,
- cooperation with the executive board,
- the chairman's leadership of the board of directors,
- the composition of the board of directors (including competencies, diversity and the number of members),
- the work in the committees and the committee structure, and
- the organisation and quality of the material that is submitted to the board of directors.

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.

**The company complies**

The Board of Directors has established an annual evaluation procedure for the Board of Directors as well as the individual members in accordance with the recommendation.

The evaluation procedure and the general conclusions are further described in the Directors' Report in the Annual Report.

Furthermore, the Chairman accounts for the evaluation of the Board of Directors, including the process and general conclusions, on the annual general meeting prior to the election of the Board of Directors.

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.

**The company complies**

3.5.3. The Committee *recommends* that the executive board and the board of directors establish a procedure according to which their cooperation is evaluated annually through a formalised dialogue between the chairman of the board of directors and the chief executive officer, and that the outcome of the evaluation be presented to the board of directors.

**The company complies**

## Recommendation

## The explanation for complying, partially complying or not complying with the recommendation

### 4. Remuneration of management

#### 4.1. Form and content of the remuneration policy

- 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
- a detailed description of the components of the remuneration for members of the board of directors and the executive board,
  - the reasons for choosing the individual components of the remuneration,
  - a description of the criteria that form the basis for the balance between the individual components of the remuneration, and
  - an explanation for the correlation between the remuneration policy and the company's long-term value creation and relevant related goals.

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.

#### The company complies

A Remuneration Policy was approved by the Annual General Meeting in 2019. The Remuneration Policy is published on the Company's website.

- 4.1.2. The Committee *recommends* that if the remuneration policy includes variable components,
- limits be set on the variable components of the total remuneration package,
  - a reasonable and balanced composition be ensured between remuneration for members of management and the value creation for shareholders in the short and long term,
  - clarity be established about performance criteria and measurability for the award of variable components,
  - 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
  - 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.

#### The company complies

The Company's Remuneration Policy includes variable components of remuneration for the Executive Board. The value of these components is limited to a percentage of the fixed base salary in accordance with the Remuneration Policy and overall guidelines for incentive pay.

The Company uses incentive pay, short-term as well as long-term, to secure a high degree of alignment of interests between the Executive Board and the shareholders, to strengthen attraction/retention, and to promote value creation.

The long-term incentives consist of stock options and/or restricted shares. The stock options are exercisable three years at the earliest from the time of granting, subject to certain conditions being fulfilled and lapse three years at the latest from when they first become exercisable. Ownership of the restricted shares is transferred to the Executive Board member five years after granting, subject to the Executive Board member not having resigned.

So-called "claw-back" clauses are used in the Company's remuneration agreements for the Executive Board. No claw-back clauses were activated in 2019.

At the Annual General Meeting in 2020, a Remuneration Policy prepared in accordance with the Danish Companies Act Section 139a, will be presented for approval.

Recommendation	The explanation for complying, partially complying or not complying with the recommendation	
4.1.3. The Committee <i>recommends</i> that remuneration of members of the board of directors does not include share options or warrants.	<b>The company complies</b>	
4.1.4. The Committee <i>recommends</i> that if, in relation to long-term incentive programmes, a share-based remuneration is used, the programmes should have a vesting or maturity period of at least three years after being allocated and should be roll-over programmes, i.e. the options should be granted periodically.	<b>The company complies</b>	The Company's Annual Report provides information on the granted, outstanding, exercised, and forfeited restricted shares/share options and other share-based remuneration. Please also refer to the explanation regarding recommendation 4.1.2.
4.1.5. The Committee <i>recommends</i> 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.	<b>The company complies</b>	
<b>4.2. Disclosure of remuneration</b>		
4.2.1. The Committee <i>recommends</i> 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.	<b>The company complies</b>	
4.2.2. The Committee <i>recommends</i> that shareholders at the general meeting consider proposals for approval of remuneration for the board of directors for the current financial year.	<b>The company does not comply</b>	The Board of Directors seeks the shareholders' approval of the Board's remuneration for the past year as part of the approval of the Annual Report. This allows the shareholders to assess the remuneration based on the past year's achievements and the work of the Board of Directors. The recommendation is therefore not complied with.
4.2.3. The Committee <i>recommends</i> that the company prepares a remuneration report that includes information on the total remuneration received by each member of the board of directors and the executive board from the company and other companies in the group and associated companies for the last three years, including information on the most important content of retention and resignation arrangements and that the correlation between the remuneration and company strategy and relevant related goals be explained. The remuneration report should be published on the company's website.	<b>The company complies partially</b>	The Company prepares a Remuneration Report with information on the total remuneration received by each member of the Board of Directors and of the Executive Board. The Report will be presented at the Annual General Meeting 2020. The Report is prepared based on the requirements listed in the Danish Companies Act § 139b. As the Report does not include historic data, the recommendation is thus only partially complied with.

Recommendation	The explanation for complying, partially complying or not complying with the recommendation	
<b>5. Financial reporting, risk management and audits</b>		
<b>5.1. Identification of risks and transparency about other relevant information</b>		
5.1.1. The Committee <i>recommends</i> 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.	<b>The company complies</b>	The Board of Directors determines and oversees the framework for management of risks. The Audit Committee monitors the execution of risk management processes and the management of key risks. Each year, the Executive Board establishes the key risks pertaining to the business plan based on a comprehensive risk assessment. The Executive Board appoints a risk owner (an Executive Board member) for each key risk to oversee the management of the risk, including the preparation and execution of mitigation plans. The risk owner presents and discusses the plans with the Executive Board and the Audit Committee in designated risk deep-dive sessions. A description of the Enterprise Risk Management framework is included in the Annual Report.
<b>5.2. Whistleblower scheme</b>		
5.2.1. The Committee <i>recommends</i> that the board of directors establish a whistleblower scheme for expedient and confidential notification of serious wrongdoing or suspicions thereof.	<b>The company complies</b>	The Company has established a global whistleblower scheme which allows for confidential and anonymous notification of possible or suspected wrongdoings. More information about the whistleblower scheme is available on the Company's website.
<b>5.3. Contact to auditor</b>		
5.3.1. The Committee <i>recommends</i> that the board of directors ensure regular dialogue and exchange of information between the auditor elected by the general meeting and the board of directors, including that the board of directors and the audit committee meet with the auditor elected by the general meeting at least once annually without the executive board present. This also applies to the internal auditor, if any.	<b>The company complies</b>	The dialogue between the Board of Directors and the auditors is ensured partly via the statutory Auditor's Long-form Report, partly via the Audit Committee reporting to the Board of Directors after each Audit Committee meeting. The auditors attend the Board of Directors' meeting at which the Annual Report is evaluated. The members of the Audit Committee meet with the auditors as well as with the head of internal audit several times a year with and without the Executive Board being present.
5.3.2. The Committee <i>recommends</i> 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.	<b>The company complies</b>	