

# **Corporate governance**

**November 2020**

## **Statutory report on corporate governance for the financial year 2019/20 pursuant to section 107 b of the Danish Financial Statements Act**

This report is a supplement to the management's review section of Roblon A/S' annual report for 2019/20. The report is based on the Recommendations for Corporate Governance issued by the Committee on Corporate Governance, November 2017, and should be construed in accordance with applicable stock exchange regulations.

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## 1 Introduction

This annual corporate governance report for Roblon A/S forms part of the management's review as set out in the annual report for 2019/20 and covers the reporting period 1 November 2019 to 31 October 2020. The report comprises:

- a description of Roblon's management structure;
- a description of the main features of the Roblon Group's reporting process and internal controls; and
- an account of the Company's approach to the Recommendations for Corporate Governance issued by the Committee on Corporate Governance.

## 2 Management structure

Roblon has a two-tier management structure with a non-executive board of directors and an executive management board, which are independent of each other.

The Board of Directors participates in determining the company's strategy, supervises the company's results and ensures that the company's management and organization are satisfactory. The Executive Management is responsible for the day - to - day operations of the company.

### 2.1 Board of Directors

The Board of Directors has six members. Four board members are elected by the shareholders in general meeting for terms of one year and are eligible for re-election.

The external board members are elected by the shareholders for terms of one year at the annual general meeting. At the first board meeting after the annual general meeting, the Board of Directors elects a chairman and deputy chairman as well as chairmen and members of the board committees.

At the annual general meeting in January 2020, the following board members were elected:

- Jørgen Kjær Jacobsen – I (Chairman since 2014)
- Ole Lønsmann Andersen – D (Deputy Chairman since 2018)
- Peter Sloth Vagner Karlsen – I (member since 2011)
- Randi Toftlund Pedersen – I (member since 2016)

I = Independent; D = Dependent

The Board of Directors also comprises a number of employee representatives equal to half of the number of board members elected by the shareholders, i.e. currently two. Employee representatives are elected for terms of four years, and in 2019 the following members were elected:

- Nita Svendsen, HR assistant (member since 2015)
- Flemming Nielsen, machine operator (member since 2018)

The Board of Directors may generally be characterised as having broad, international business experience with professional skills in, among other areas, management of a listed company, development and innovation, production, sales, marketing and finance. The overall profile of the Board of Directors is deemed to match the Group's needs, and the Board regularly assesses any need for adjustment of the skills represented by the Board. The board members actively keep up to date on Roblon and other general matters of importance to the Group.

The Board of Directors is subject to annual evaluations headed by the Chairman, and in 2019 an independent external consultant assisted in the evaluation.

A presentation of the members of the Board of Directors, including background information, board meeting attendance, etc. is set out in Appendix 1.

### Tasks and responsibilities of the Board of Directors

Rules of procedure have been prepared for the Board of Directors of Roblon. These rules of procedure are reviewed annually by the Board of Directors and updated, if necessary. According to the rules of procedure, the Board must

establish an annual wheel of planned subjects, guidelines for the Board of Directors in relation to the Executive Management and the tasks and duties of the Chairman, Deputy Chairman and committee chairmen.

A minimum of five ordinary board meetings are held each year, four of which are scheduled around the consideration and approval of the Company's quarterly reports, and one board meeting is held prior to Roblon's annual general meeting.

In 2019/20, the Board held five meetings, of which Randi Toftlund Pedersen attended four, while the rest of the board members attended all five meetings.

## **2.2 Board committees**

In 2019/20, the Board of Directors had three committees.

### Audit Committee

The Audit Committee has two members:

- Randi Toftlund Pedersen (chairman), independent
- Jørgen Kjær Jacobsen, independent

The Audit Committee assists the Board in:

- monitoring and reporting on the results of the statutory audit, including the financial reporting process;
- monitoring the financial reporting process and any recommendations or proposals to preserve integrity;
- monitoring of the company's internal control system, assessing the need for an internal audit function and whether the company's risk management systems work effectively with regard to financial reporting
- monitoring the statutory audit of the financial statements, etc., taking into account the result of the most recent quality control of the auditors appointed in general meeting;
- controlling and monitoring the independence of the auditors in relation to scope and services provided;
- evaluating the auditor elected by the general meeting and selecting and recommending them to the board of directors
- overseeing the limits on non-audit services performance by the auditor elected by the general meeting

The Audit Committee holds 8-10 meetings annually. In 2019/20 the Committee held 10 meetings, all attended by both committee members.

### Governance, Nomination and Remuneration Committee

The Governance, Nomination and Remuneration Committee has two members:

- Ole Lønsmann Andersen (chairman), dependent
- Jørgen Kjær Jacobsen, independent

The Committee assists the Board of Directors in, among other things:

- preparing the statutory report on corporate governance;
- informing the Board of changes and developments within the Committee's area of responsibility;
- processing topics dictated by the Board within the Committee's area of responsibility;
- preparing and recommending a remuneration policy for the Board of Directors and the Executive Management for adoption at the annual general meeting (first time in January 2020);
- assisting in preparing the remuneration report to be presented for adoption at the general meeting (first time in January 2021); and
- initiating evaluations of the Board of Directors.

The terms of reference of the Governance, Nomination and Remuneration Committee comprise a full list of the committee's tasks.

The Governance, Nomination and Remuneration Committee holds two to four meetings annually. In 2019/20, the Committee held four meetings, both attended by both committee members.

### Innovation and Product Development Committee

The Innovation and Product Development Committee has three members:

- Peter Sloth Vagner Karlsen (chairman), independent
- Jørgen Kjær Jacobsen, independent
- Marie Krogsgaard, research scientist, Novozymes, dependent (appointed by the Board of Directors in June 2019)

The Committee's principal tasks are to:

- set the strategic direction of the Company's long-term product and technology development; and
- monitor Management's and the development function's review of the ideas and development portfolio in terms of level of innovation, value to customers and commercial potential.

The Innovation and Product Development Committee holds four to six meetings annually. In 2019/20, the Committee held six meetings, all attended by all committee members.

### **2.3 Executive Management**

The Executive Management reports to the Board of Directors and is responsible for the Group's operations, including all operational matters, organisation, resource distribution, defining and implementing strategies and policies, setting targets and direction and ensuring timely reporting and information to the Board of Directors.

The rules of procedure for Roblon's Executive Management are updated annually by the Board of Directors. The Executive Management holds meetings at least once a month. At the end of October 2020, the Executive Management had three members:

- Lars Østergaard, Managing Director and Chief Executive Officer (CEO)
- Carsten Michno, Chief Financial Officer (CFO)
- Kim Müller, Chief Technology Officer (CTO)

A presentation of the members of the Board of Directors, including background information, etc. is set out in Appendix 2.

## **3 Financial reporting process and internal controls**

The Board of Directors and the Executive Management share primary responsibility for Roblon's risk management and internal control systems, including compliance with current legislation and applicable financial reporting standards. Roblon's risk management and internal control systems in relation to financial reporting, including IT and tax, are organised with a view to limiting the risk of financial reporting errors and omissions.

### **3.1 Internal control environment**

Roblon's internal controls are based on the Group's organisation, decision-making processes, powers and responsibilities, which are set out in and communicated via company policies, internal guidelines, codes of conduct, etc. Internal controls are also performed on the basis of procedures described in manuals and memoranda. The Executive Management has set up centralised functions responsible for compliance and control to ensure that Roblon complies with current legislation and other financial reporting requirements and for controlling the financial reporting of subsidiaries. One of the duties of Roblon's Audit Committee is to evaluate and discuss important accounting and financial reporting issues.

### Risk Assessment

At least once annually, the Executive Management carries out an assessment of the Roblon Group's financial reporting risks, comprising:

- significant accounting estimates,
- significant changes to accounting policies; and
- an assessment of the risk of fraud.

The aim of this risk assessment is to identify the financial reporting processes that are most likely to be subject to material misstatements. Based on the risk assessment, Roblon can focus on implementing measures to manage and mitigate risks in these processes.

The Audit Committee also discusses the risk assessment once annually.

### **3.2 Control activities**

Controls are planned and performed within the framework of an organisation with clearly defined roles that each provide effective support and, with respect to internal controls, allocation of responsibilities. They are backed up by specific control activities designed to identify and prevent financial reporting errors. These control activities are based on an assessment of materiality and risk. The objective of the control activities is to ensure that goals, policies, manuals, procedures, etc. communicated by Management are observed and that potential errors, discrepancies and omissions are prevented or detected and corrected on a timely basis. Control activities include, for example, manual and physical controls, general IT controls and automated application controls of IT systems.

Management has established consolidated financial reporting procedures that include budget reporting and monthly reporting. The regular reporting comprises income statement, balance sheet and statement of cash flows as well as notes to the financial statements and other information.

The Audit Committee has assessed the need for an internal audit function and determined that this is not required, as the existing internal controls and risk assessment and processes are deemed to be satisfactory. The size and complexity of the Company was also factored into this decision.

### **3.3 Monitoring**

The risk assessment process and control activities are monitored on an ongoing basis. The monitoring consists of formal as well as informal procedures applied by Management and process owners, risk and control procedures, including controls of results compared to budgets and estimates and significant key figures and financial matters. The Executive Management regularly monitors compliance with current legislation and other financial reporting requirements and reports its findings to the Board of Directors and, if relevant, to the Audit Committee.

At least once a year, the Board of Directors considers the adequacy of the internal control systems. The Board discusses the internal control systems with the external auditors elected by the shareholders at the board meeting at which the Group's annual report is considered. On the basis of the long-form audit report prepared by the auditors, the Board of Directors and the auditors discuss the results of the audit, including significant accounting estimates and the adequacy of the accounting policies.

The Board of Directors and the auditors monitor what actions the Executive Management takes to handle any control weaknesses and/or inadequate controls and ensures that any agreed measures to strengthen risk management and internal control are implemented as planned.

**Corporate Governance  
in  
Roblon A/S**

The report concerns the financial year **01.11.2019 – 31.10.2020**

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
<b>1. Communication and interaction by the company with its investors and other stakeholders</b>				
<i>1.1. Dialogue between company, shareholders and other stakeholders</i>				
1.1.1. The Committee <b>recommends</b> that the board of directors ensure ongoing dialogue between the company and its shareholders, so that the shareholders gain relevant insight into the company and in order for the board of directors to be aware of the shareholders' views, interests and opinions in relation to the company.	X			
1.1.2. The Committee <b>recommends</b> that the board of directors adopt policies on the company's relationship with its stakeholders, including shareholders, and that the board of directors ensure that the interests of the stakeholders are respected in accordance with company policies.	X			
1.1.3. The Committee <b>recommends</b> that the company publish quarterly reports.	X			
<i>1.2. General meeting</i>				

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
1.2.1. The Committee <b>recommends</b> that in organising the company's general meeting, the board of directors plans the meeting to support active ownership.	X			
1.2.2. The Committee <b>recommends</b> that proxies or votes by post for the general meeting allow shareholders to consider each individual item on the agenda.	X			
<b>1.3. Takeover bids</b>				
1.3.1. The Committee <b>recommends</b> that the company set up contingency procedures in the event of takeover bids, from the time that the board of directors has reason to believe that a takeover bid will be made. The contingency procedures should establish that the board of directors should not without the acceptance of the general meeting, attempt to counter the takeover bid by making decisions which, in reality, prevent the shareholders from deciding on the takeover bid themselves.	X			
<b>2. Tasks and responsibilities of the board of directors</b>				
<b>2.1. Overall tasks and responsibilities</b>				
2.1.1. The Committee <b>recommends</b> that at least once annually the board of directors consider the matters that should be included in the board's performance of its work.	X			
2.1.2. The Committee <b>recommends</b> that at least once annually the board of directors consider the overall strategy of the company with a view to ensuring value creation in the company	X			
2.1.3. The Committee <b>recommends</b> that the board of directors ensure that the company has a capital and share structure which supports that the strategy and long-term value creation of the company are in the best interest of the shareholders and	X			

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
the company, and that the board of directors explain this in the management commentary and/or on the company's website.				
<b>2.1.4.</b> The Committee <b>recommends</b> that the board of directors annually review and approve guidelines for the executive board; this includes establishing requirements for the executive board's reporting to the board of directors.	X			
<b>2.1.5.</b> The Committee <b>recommends</b> that at least once annually, the board of directors discuss the composition, developments, risks and succession plans of the executive board.	X			
<b>2.2. Corporate social responsibility</b>				
<b>2.2.1.</b> The Committee <b>recommends</b> that the board of directors adopt policies on corporate social responsibility.	X			
<b>2.3. Chairman and vice-chairman of the board of directors</b>				
<b>2.3.1.</b> The Committee <b>recommends</b> appointing a vice chairman of the board of directors, who will assume the responsibilities of the chairman in the event of the chairman's absence, and who will also act as effective sparring partner for the chairman.	X			
<b>2.3.2.</b> The Committee <b>recommends</b> that, if the board of directors, in exceptional cases, asks the chairman of the board of directors or other board members to perform special activities for the company, including briefly participating in the day-to-day management, a board resolution to that effect should be passed to ensure that the board of directors maintains its independent, general management and control function. Resolutions on the chairman's or other board members' participation in day-to-day management and the expected duration hereof should be publicly announced.	X			
<b>3. Composition and organization of the board of directors</b>				

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
<b>3.1. Composition</b>				
<p><b>3.1.1.</b> The Committee <b>recommends</b> that the board of directors annually evaluate and in the management commentary account for</p> <ul style="list-style-type: none"> <li>• the competencies that it must have to best perform its tasks,</li> <li>• the composition of the board of directors, and</li> <li>• the special competencies of each member.</li> </ul>	X			
<p><b>3.1.2.</b> The Committee <b>recommends</b> that the board of directors annually discuss the company's activities to ensure relevant diversity at management levels and prepare and adopt a policy on diversity. The policy should be published on the company's website.</p>	X			
<p><b>3.1.3.</b> The Committee <b>recommends</b> that the selection and nomination of candidates for the board of directors be carried out through a careful and transparent process approved by the board of directors. When assessing its composition and nominating new candidates, the board of directors should, in addition to the need for competencies and qualifications, take into consideration the need for integration of new talent and diversity.</p>	X			
<p><b>3.1.4.</b> The Committee <b>recommends</b> that the notice convening a general meeting where the agenda includes the election of members to the board of directors, include (in addition to the statutory requirements) a description of the qualifications of nominated candidates, including information about the candidates'</p> <ul style="list-style-type: none"> <li>• other executive functions, including positions on executive boards, boards of directors and supervisory boards, including board committees, in Danish and foreign enterprises, and</li> <li>• demanding organisational tasks.</li> </ul>	X			

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Furthermore, it should be indicated if the candidates to the board of directors are considered independent.				
<b>3.1.5.</b> The Committee <b>recommends</b> that members of the company's executive board be not members of the board of directors and that a resigning chief executive officer be not directly elected as chairman or vice chairman for the same company.	X			
<b>3.1.6.</b> The Committee <b>recommends</b> that members of the board of directors elected by the general meeting be up for election every year at the annual general meeting.	X			
<b>3.2. Independence of the board of directors</b>				
<b>3.2.1.</b> 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: <ul style="list-style-type: none"> <li>• be or within the past five years have been a member of the executive board, or senior staff member in the company, a subsidiary or an associated company,</li> <li>• within the last five years, have received significant remuneration from the company/group, a subsidiary or an associated company in a different capacity than as member of the board of directors,</li> <li>• represent or be associated with a controlling shareholder,</li> <li>• within the past year, have had significant business relations (e.g. personally or indirectly as partner or employee, shareholder, customer, supplier or member of management in companies with corresponding connection) with the company, a subsidiary or an associated company.</li> <li>• be or within the past three years have been employed or been a partner in the same company as the auditor elected by the general meeting,</li> </ul>	X			

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<ul style="list-style-type: none"> <li>• be part of the executive management in a company with cross-management representation in the company,</li> <li>• have been a member of the board of directors for more than 12 years, or</li> <li>• be a close relative with persons who are not considered independent.</li> </ul> <p>Even if a member of the board of directors is not covered by the above criteria, certain conditions may exist that will lead the board of directors to decide that one or more members cannot be regarded as independent</p>				
<p><b>3.3. Members of the board of directors and the number of other management functions</b></p>				
<p><b>3.3.1.</b> The Committee <b>recommends</b> that each member of the board of directors assess the expected time commitment for each function so that the member does not take on more functions than he/she can complete at a satisfactory level for the company.</p>	X			
<p><b>3.3.2.</b> The Committee <b>recommends</b> that the management commentary, in addition to the provisions laid down by legislation, includes the following information about the members of the board of directors:</p> <ul style="list-style-type: none"> <li>• the position of the relevant person,</li> <li>• the age and gender of the person in question,</li> <li>• the person’s competencies and qualifications that are relevant to the company</li> <li>• whether the member is considered independent,</li> <li>• the member’s date of appointment to the board of directors,</li> <li>• expiry of the current election term,</li> <li>• the member’s participation in the meetings on the board of directors and committee meetings,</li> </ul>	X			

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<ul style="list-style-type: none"> <li>other management functions, including memberships in executive boards, boards of directors, and supervisory boards, including board committees in Danish and foreign enterprises and demanding organisational tasks, and</li> <li>the number of shares, options, warrants and similar owned by the member in the company and other group companies, as well as changes to the member's portfolio of the mentioned securities which have occurred during the financial year.</li> </ul>				
<p><b>3.3.3.</b> The Committee <b>recommends</b> that the annual evaluation procedure, cf. section 3.5, include an evaluation of what is regarded as a reasonable level for the number of other management functions, where the number, level and complexity of the other individual management functions are taken into account.</p>	X			
<p><b>3.4. Board committees</b></p>				
<p><b>3.4.1.</b> The Committee <b>recommends</b> that the company publish the following on the company's website:</p> <ul style="list-style-type: none"> <li>the terms of reference of the board committees,</li> <li>the most important activities of the committees during the year and the number of meetings held by each committee, and</li> <li>the names of the members of each committee, including the chairmen of the committees, as well as information regarding which members are independent members and which members have special competencies.</li> </ul>	X			
<p><b>3.4.2.</b> The Committee <b>recommends</b> that a majority of the members of a board committee be independent.</p>		X		<p>The company does not comply in the Governance-, Nomination – and Remuneration committee, where 1 member is dependent, and 1 member is independent</p>

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<p><b>3.4.3.</b> The Committee <b>recommends</b> that the members of the board of directors set up among its members an audit committee and that a chairman is appointed who is not the chairman of the board of directors.</p>	X			
<p><b>3.4.4.</b> The Committee <b>recommends</b> that, prior to the approval of the annual report and other financial reports, the audit committee monitor and report to the board of directors about:</p> <ul style="list-style-type: none"> <li>• significant accounting policies,</li> <li>• significant accounting estimates,</li> <li>• related party transactions, and</li> <li>• uncertainties and risks, including in relation to the outlook for the current year.</li> </ul>	X			
<p><b>3.4.5.</b> The Committee <b>recommends</b> that the audit committee:</p> <ul style="list-style-type: none"> <li>• annually assesses the need for an internal audit function and, in such a case, presents mandates and recommendations on selecting, appointing and removing the head of any internal audit function and on the budget of the internal audit function,</li> <li>• ensure that if an internal audit has been established, a description of its functions and approved by the board of directors,</li> <li>• ensure that if an internal audit has been established, adequate resources and competencies are allocated to carry out the work, and</li> <li>• monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function.</li> </ul>	X			
<p><b>3.4.6.</b> The Committee <b>recommends</b> that the board of directors establish a nomination committee, which is at least, responsible for the following preparatory tasks:</p>	X			

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<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>3.4.7.</b> The Committee <b>recommends</b> 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> </ul>			X	<p>The board of directors has established a remuneration committee in 2019. The remuneration policy was presented and approved at the general meeting in January 2020. The first remuneration report will be published in January 2021.</p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
<ul style="list-style-type: none"> <li>recommending a remuneration policy applicable for the company in general and</li> <li>assisting with the preparation of the annual remuneration report.</li> </ul>				
<p><b>3.4.8.</b> The Committee <b>recommends</b> that the remuneration committee do not consult with the same external advisers as the executive board of the company.</p>	X			
<p><i>3.5. Evaluation of the performance of the board of directors and the executive board</i></p>				
<p><b>3.5.1.</b> The Committee recommends that the board of directors establish an evaluation procedure for an annual evaluation of the board of directors and the individual members. External assistance should be obtained at least every third year. The evaluation should inter alia include:</p> <ul style="list-style-type: none"> <li>contribution and results,</li> <li>cooperation with the executive board,</li> <li>the chairman’s leadership of the board of directors,</li> <li>the composition of the board of directors (including competencies, diversity and the number of members),</li> <li>the work in the committees and the committee structure, and</li> <li>the organisation and quality of the material that is submitted to the board of directors.</li> </ul> <p>The evaluation procedure and the general conclusions should be described in the management commentary and on the company’s website. The chairman should account for the evaluation of the board of directors, including the process and general conclusions on the general meeting prior to the election of the board of directors.</p>	X			
<p><b>3.5.2.</b> The Committee <b>recommends</b> that at least once annually, the board of directors evaluate the work and performance of the executive board in accordance with pre-defined criteria. Furthermore, the board of directors should evaluate the</p>	X			

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
need for changes to the structure and composition of the executive board, in light of the company's strategy.				
<p><b>3.5.3.</b> The Committee <b>recommends</b> that the executive board and the board of directors establish a procedure according to which their cooperation is evaluated annually through a formalised dialogue between the chairman of the board of directors and the chief executive officer, and that the outcome of the evaluation be presented to the board of directors.</p>	X			
<p><b>4. Remuneration of management</b></p>				
<p><b>4.1. Form and content of the remuneration policy</b></p>				
<p><b>4.1.1.</b> The Committee <b>recommends</b> that the board of directors prepare a remuneration policy for the board of directors and the executive board, which includes</p> <ul style="list-style-type: none"> <li>• a detailed description of the components of the remuneration for members of the board of directors and the executive board,</li> <li>• the reasons for choosing the individual components of the remuneration,</li> <li>• a description of the criteria that form the basis for the balance between the individual components of the remuneration, and</li> <li>• an explanation for the correlation between the remuneration policy and the company's long-term value creation and relevant related goals.</li> </ul> <p>The remuneration policy should be approved by the general meeting at least every fourth year and upon any material amendments and it should be published on the company's website.</p>	X			
<p><b>4.1.2.</b> 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</li> </ul>	X			

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
<p>package,</p> <ul style="list-style-type: none"> <li>• a reasonable and balanced composition be ensured between remuneration for members of management and the value creation for shareholders in the short and long term,</li> <li>• clarity be established about performance criteria and measurability for the award of variable components,</li> <li>• it is ensured that variable remuneration not only consists of short-term remuneration components, and that long-term remuneration components must have a vesting or maturity period of at least three years, and</li> <li>• it be ensured that the company has the ability to reclaim, in full or in part, variable components of remuneration that were paid on the basis of information, which subsequently are found to be incorrect.</li> </ul>				
<p><b>4.1.3.</b> The Committee <b>recommends</b> that remuneration of members of the board of directors does not include share options or warrants.</p>	X			
<p><b>4.1.4.</b> The Committee <b>recommends</b> that if, in relation to long-term incentive programmes, a share-based remuneration is used, the programmes should have a vesting or maturity period of at least three years after being allocated and should be roll-over programmes, i.e. the options should be granted periodically.</p>	X			
<p><b>4.1.5.</b> The Committee <b>recommends</b> that the total value of the remuneration relating to the notice period, including severance pay, do not exceed two years of remuneration, including all components of the remuneration.</p>	X			
<p><b>4.2. Disclosure of remuneration</b></p>				
<p><b>4.2.1.</b> 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 policy was presented and approved at the general meeting in January 2020. The first remuneration report will be published in January 2021.</p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
<p><b>4.2.2.</b> The Committee <b>recommends</b> that shareholders at the general meeting consider proposals for approval of remuneration for the board of directors for the current financial year.</p>	X			
<p><b>4.2.3.</b> The Committee <b>recommends</b> that the company prepares a remuneration report that includes information on the total remuneration received by each member of the board of directors and the executive board from the company and other companies in the group and associated companies for the last three years, including information on the most important content of retention and resignation arrangements and that the correlation between the remuneration and company strategy and relevant related goals be explained. The remuneration report should be published on the company's website.</p>			X	<p>The remuneration policy was presented and approved at the general meeting in January 2020. In addition to the revised remuneration policy, a remuneration report will be prepared in accordance with the policy, which will be published on the website after the general meeting in January 2021.</p>
<p><b>5. Financial reporting, risk management and audits</b></p>				
<p><b>5.1. Identification of risks and transparency about other relevant information</b></p>				
<p><b>5.1.1.</b> The Committee <b>recommends</b> that the board of directors consider and in the management commentary account for the most important strategic and business-related risks, risks in connection with the financial reporting as well as for the company's risk management.</p>	X			
<p><b>5.2. Whistleblower scheme</b></p>				
<p><b>5.2.1.</b> The Committee <b>recommends</b> that the board of directors establish a whistleblower scheme for expedient and confidential notification of serious wrongdoing or suspicions thereof.</p>	X			

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
<b>5.3. Contact to auditor</b>				
<p><b>5.3.1.</b> The Committee <b>recommends</b> that the board of directors ensure regular dialogue and exchange of information between the auditor elected by the general meeting and the board of directors, including that the board of directors and the audit committee meet with the auditor elected by the general meeting at least once annually without the executive board present. This also applies to the internal auditor, if any.</p>	X			
<p><b>5.3.2.</b> The Committee <b>recommends</b> that the audit agreement and auditor's fee be agreed by the board of directors and the auditor elected by the general meeting based on a recommendation from the audit committee.</p>	X			

## Appendix 1: Background information on members of the Board of Directors

### Background information on members of the Board of Directors proposed for re-election:



**Jørgen Kjær Jacobsen, CEO**

Chairman (independent member)  
Joined the Board of Directors in 2014  
Born in 1952  
Nationality: Dansk  
Køn: mand

**Education:** Graduate diploma - HD(A), 1979 and BSc Business Administration, 1975, 2014 Bestyrelsesakademiet (BoD Academy), University of Copenhagen

**Other executive functions:** Gabriel Holding A/S (C), Nordjyske Holding A/S (C), MEDF Holding A/S (C), Egebjerggaard A/S (B), BKI Foods A/S (B), Raskier A/S (D) and (B), Raskier Ejendomme ApS (D) and (B), Mads Eg Damgaards Familiefond (C), Aalborg Stiftstidendes Fond (C)

(C) = Chairman, (B) = board member and (D) = director

**Specialised skills:** Education in business economics and senior management experience from listed companies and board experience from listed companies and commercial foundations.

**Board meeting attendance:** 5 of 5

**Roblon shares:** 25,000 class B shares at 31.10.2020 (14,290 shares at 31.10.2019).



**Ole Lønsmann Andersen, Corporate adviser**

Deputy Chairman and chairman of the Governance, Nomination and Remuneration Committee (dependent member)  
Joined the Board of Directors in 2018  
Born in 1959  
Nationality: Danish  
Gender: Male

**Education:** Financial sector training, 1981-

**Other executive functions:** Corporate adviser, Vestjysk Bank

**Specialised skills:** Financial sector experience, including advisory services and providing financial solutions to businesses.

**Board meeting attendance:** 5 of 5

**Roblon shares:** 1,825 class B shares at 31.10.2020 (1,325 shares at 31.10.2019), related party Nina Schou 2,990 class B shares at 31.10.2020 (1,990 shares at 31.10.2019).



**Peter Sloth Vagner Karlsen, Vice President Group Technology**

Member of the Board of Directors and chairman of the Innovation and Product Development Committee (independent member)

Joined the Board of Directors in 2011

Born in 1963

Nationality: Danish

Gender: Male

**Education:** Master of Science in Engineering, 1987; Wharton SLP, 2012; IMD BPSE, 2015

**Other executive functions:** Vice President Group Technology, Rockwool International, Sparekassen Vendsyssels Fond Hals (B)

**(C) = Chairman, (B) = board member and (D) = director**

**Specialised skills:** Management skills from global corporation in the areas of group product development, production and quality

**Board meeting attendance:** 4 of 5

**Roblon shares:** 395 class B shares at 31.10.2020 (395 shares at 31.10.2019).



**Randi Toftlund Pedersen, Group Senior Vice President Corporate Finance**

Member of the Board of Directors and chairman of the Audit Committee (independent member)

Joined the Board of Directors in 2016

Born in 1963

Nationality: Danish

Gender: Female

**Education:** INSEAD and IMD management modules in the period 2004-2013, State Authorised Public Accountant 1193, Cand. Merc. Aud, 1990

**Other executive functions:** Group Senior Vice President Corporate Finance, Salling Group A/S, Salling Group Ejendomme A/S (B), Salling Group Forsikring A/S (B), Glunz & Jensen Holding A/S (DC)

**(C) = Chairman, (DC) = Deputy Chairman, (B) = board member and (D) = director**

**Specialised skills:** Management skills from global financial group. Management of listed company.

**Board meeting attendance:** 4 of 5

**Roblon shares:** 1,000 class B shares at 31.10.2020 (1,000 shares at 31.10.2019).



**Nita Svendsen, HR assistant**

Employee representative (dependent member)  
Joined the Board of Directors in 2015  
Born in 1972  
Nationality: Danish  
Gender: Female

**Board meeting attendance:** 5 of 5

**Roblon shares:** 127 class B shares at 31.10.2020 (65 shares at 31.10.2019).



**Flemming Nielsen, machine operator**

Employee representative (dependent member)  
Joined the Board of Directors in 2018  
Born in 1963  
Nationality: Danish  
Gender: Male

**Board meeting attendance:** 5 of 5

**Roblon shares:** 27 class B shares at 31.10.2020 (0 shares at 31.10.2019).

## Appendix 2: Background information on members of the Executive Management



### **Lars Østergaard, Managing Director and CEO**

Joined Roblon in 2016

Born in 1965

Nationality: Danish

Gender: Male

**Education:** MSc. (international business economics), 1991

**Roblon shares:** 7,099 class B shares at 31.10.2020 (5,699 shares at 31.10.2019).



### **Carsten Michno, Chief Financial Officer (CFO)**

Joined Roblon in 2015

Born in 1970

Nationality: Danish

Gender: Male

**Education:** MBA strategic Management, 2007; MSc (Business Administration and Auditing), 1995

**Roblon shares:** 4,500 class B shares at 31.10.2020 (4,500 shares at 31.10.2019).



### **Kim Müller, Chief Technology Officer (CTO)**

Joined Roblon in 1992

Born in 1969

Nationality: Danish

Gender: Male

**Education:** m-MBA, 2007; Electrical engineering background - TDB, 1989

**Other executive functions:** Erhvervsservice Nord ApS (B)

**(C) = Chairman, (B) = board member and (D) = director**

**Roblon shares:** 3,091 class B shares at 31.10.2020 (3,091 shares at 31.10.2019).