

# Statutory report on corporate governance as per s. 107(b) of the Danish Financial Statements Act

This statement forms an integral part of the Management's report in the company's 2018/19 Annual Report.

The company is subject to the recommendations on corporate governance, which are available at the website of the Committee on Corporate Governance, [www.corporategovernance.dk](http://www.corporategovernance.dk)

**Code of Corporate Governance**

Recommendation	The company complies	The company partly complies	The company does not comply	Reasons for compliance / part compliance / non-compliance 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 <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 respect to the company.	<b>x</b>			<p>Coloplast communicates with its shareholders by telephone, email, through annual reporting, company announcements, the corporate website and at general meetings and investor meetings which may be in person or by telephone.</p> <p>General meetings are broadcasted live in Danish and English on the <a href="#">corporate website</a>.</p> <p>Coloplast continuously monitors technological advances and has explored holding partially electronic general meetings. At present, however, Coloplast does not consider doing so relevant.</p> <p>A policy has been established on communicating information to shareholders and investors. According to this policy, the Executive Management and Investor Relations are responsible for the flow of information pursuant to guidelines set out by the Board of Directors. The communication takes into account the rules laid down by Nasdaq Copenhagen comprising:</p> <ul style="list-style-type: none"> <li>● Full-year and interim financial statements and the annual report.</li> <li>● Replies to inquiries from analysts, investors and shareholders.</li> <li>● Site visits by investors and analysts.</li> <li>● Visits with Danish and foreign investors.</li> <li>● Capital markets days for analysts and investors.</li> <li>● Conference calls in connection with the release of financial statements.</li> <li>● Investor Relations <a href="#">section</a> on the corporate website.</li> </ul> <p><b>Information</b></p> <p>Coloplast has adopted a general communication policy as well as a number of other policies relating to the company's stakeholders.</p> <p>Coloplast complies with the rules laid down by Nasdaq Copenhagen regarding duty to disclose information through company announcements, interim financial statements and annual reports.</p> <p>The consolidated financial statements for the Coloplast Group are presented on a regular basis to analysts, investors and the press. The Executive Management takes part in a number of meetings concerning the Group's financial statements with its stakeholders, primarily employees, shareholders and analysts.</p>

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<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 that the board of directors ensure that the interests of the stakeholders are respected in accordance with company policies.</p>	x			<p>Publications on the corporate website, <a href="http://www.coloplast.com">www.coloplast.com</a>, are available in Danish and English.</p> <p><b>Policy</b> Coloplast has adopted and published a policy which describes its relationship with its stakeholders through its Mission, Vision and Value statements.</p> <p><b>The role of the stakeholders</b> Coloplast's products are supplied through dealers or hospitals or directly to end users. The trend is towards more direct contact with end users. No matter how the products are supplied, Coloplast wishes to form the closest possible relationship with its customers in order to enhance value creation. The needs and expectations of the customers change over time and Coloplast must constantly be ready to change with them. Healthcare professionals and end users are involved in the development of new products and services on an on-going basis.</p> <p>Each employee's personal and professional development is important to the continued growth of Coloplast. The requirements to adaptability, knowledge-sharing and training are increasing, giving the employees greater independence and a more varied workday. Coloplast wishes to attract and retain people who thrive in a dynamic environment and who consider their employment as a learning process.</p> <p>Coloplast takes active responsibility for contributing to a sustainable development.</p> <p>Coloplast wishes to contribute to an improved quality of life for the users of the company's products and services.</p> <p>Coloplast's initiative on corporate social responsibility, its contributions to society through taxes and duties, environmental management and partnerships with educational institutions all add to the overall societal value creation. Coloplast has prepared a tax policy which is available on the corporate <a href="#">website</a>.</p> <p>An integral part of Coloplast's management philosophy is to ensure balanced value creation for the company's stakeholders, both short- and long-term. The Management believes that such balance will also maximise value generation for the shareholders.</p>
<p>1.1.3. The Committee <b>recommends</b> that the company publish quarterly reports.</p>	x			<p>Coloplast releases quarterly reports which are published through Nasdaq Copenhagen. These reports are also available on the <a href="#">corporate website</a>.</p>

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<b>1.2. General meeting</b>				
<p>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.</p>	x			<p>Coloplast engages actively with the shareholders at the company's general meetings.</p> <p>An invitation to attend general meetings along with the agenda is sent to all registered shareholders who have so requested.</p> <p>In addition, shareholders may indicate on a proxy voting form how they wish to vote on each item on the agenda. The proxy may be given to the Board of Directors or a named third party. It is also possible to provide a proxy on the corporate website, <a href="http://www.coloplast.com">www.coloplast.com</a>.</p> <p>The annual report, agenda and other material are available on the corporate website.</p> <p>The Board of Directors has decided to conduct general meetings by physical attendance. General meetings are broadcasted live in Danish and English.</p> <p>Coloplast continuously monitors technological advances and has explored the possibility of holding partially electronic general meetings. At present, however, Coloplast does not consider doing so relevant.</p>
<p>1.2.2. The Committee <b>recommends</b> that proxies or votes by post for the general meeting allow shareholders to consider each individual item on the agenda.</p>	x			<p>Prior to a general meeting, a proxy form together with the notice to convene the annual general meeting are sent to all registered shareholders who have requested to receive such notice.</p> <p>On the proxy, the shareholder may indicate how he/she wishes to vote on each item on the agenda. Similarly, postal votes allow shareholders to vote on each individual item on the agenda.</p>
<b>1.3. Takeover bids</b>				
<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. 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.</p>	x			<p>Coloplast has established a contingency procedure in the event of a takeover bid. Apart from the different voting rights between class A shares and class B shares, respectively, and the authority provided in article 5 of the articles of association, there are no protective measures by way of a ceiling on votes or other restrictions that enables the Board of Directors to take steps to prevent a takeover bid.</p> <p>Coloplast's contingency plan in the event of a hostile takeover bid ensures that the shareholders are given the opportunity to evaluate a takeover bid on a correct and informed basis.</p>

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<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			<p>Each year, the Board of Directors defines the matters which form part of the Board's performance of its work.</p> <p>Rules of procedure have been prepared for Coloplast's Board of Directors. These rules are reviewed annually by the full Board to ensure that they are up to date and match current needs.</p> <p>The rules of procedure for both the Board of Directors and the Executive Management contain a description of the most important tasks, including tasks related to the financial and managerial control of the company, and the supervision of the company's organisation, day-to-day management and results.</p> <p>At least once a year the Board of Directors considers whether the company is properly organised and whether the necessary qualifications and financial resources are in place for the company to achieve its strategic objectives.</p>
2.1.2. The Committee <b>recommends</b> that at least once annually, the board of directors consider the overall strategy of the company with a view to ensuring value creation in the company.	x			<p>A strategy meeting is normally held once a year.</p> <p>Based on the recommendation of the Executive Management, the Board of Directors determines Coloplast's overall objectives, strategies and action plans and approves the main principles of the forecasts prepared by the Executive Management.</p> <p>The Board of Directors and the Executive Management review and determine the company's strategic objectives at least once a year.</p> <p>The Board of Directors holds at least five board meetings a year in which all issues relating to the overall development of the company are discussed.</p>
2.1.3. The Committee <b>recommends</b> that the board of directors ensure that the company has a capital and share structure which supports that the strategy and long-term value creation of the company are in the interest of the shareholders and the company, and that the board of directors explain this in the management commentary and/or on the company's website.	x			<p>The Board of Directors regularly reviews the company's capital and share structure and considers whether it is consistent with the interests of the company and the shareholders. The assessment of the capital and share structure includes an assessment of the company's credit rating and the possibility of allocating a positive cash flow towards share buyback or increasing the pay-out ratio to the shareholders.</p> <p>Coloplast has two share classes: 18 million class A shares entitling the holders to ten votes per A share and 198 million class B shares entitling the holders to one vote per B share. Both share classes have a denomination of DKK 1 per share. Coloplast's class B shares were listed on</p>

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				<p>the Copenhagen Stock Exchange in 1983, whereas the class A shares are non-negotiable instruments.</p> <p>Any change in ownership of class A shares requires the consent of the Board of Directors.</p> <p>The composition of shareholders in the two categories is disclosed in each annual report. The Board of Directors considers that this share structure has supported and continues to support Coloplast's development and maintaining this structure will benefit all the company's shareholders.</p>
<p>2.1.4. The Committee <b>recommends</b> that the board of directors annually review and approve guidelines for the executive board; this includes establishing requirements for the executive board's reporting to the board of directors.</p>	x			<p>Rules of procedure for the Executive Management set out the requirements for the Executive Management's reporting to the Board of Directors as well as for other communication between the two bodies.</p> <p>The rules of procedure are reviewed annually.</p> <p>The Board of Directors reviews and considers, on a quarterly basis, the conclusions and recommendations submitted by the Executive Management.</p>
<p>2.1.5. The Committee <b>recommends</b> that at least once annually, the board of directors discuss the composition, developments, risks and succession plans of the executive board.</p>	x			<p>Coloplast has established a remuneration and nomination committee. The committee evaluates the composition of the Executive Management and succession plans for each member of the Executive Management and submits its recommendations to the Board of Directors.</p> <p>At least once a year the Board of Directors discuss the composition, developments, risks and succession plans of the Executive Management in light of the recommendations of the remuneration and nomination committee. The composition, developments, risks and succession plans of the Executive Management are also discussed as part of the Board's annual self-evaluation.</p> <p><b>Risk management</b></p> <p>The management in each of Coloplast's individual business units and staff functions is responsible for identifying and managing risks in their part of the organisation. The most significant risks are reported quarterly to Corporate Risk Management.</p> <p>The reporting process together with interviews with selected employees form the basis for the quarterly risk update to the Executive Management and the Board of Directors.</p> <p>The Executive Management is responsible for the company's overall approach to risk taking and for aligning this approach with Coloplast's overall strategies and policies.</p>

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<p>The Executive Management is also responsible for validating projects and activities in response to the most significant risks.</p>				
<p><b>2.2. Corporate social responsibility</b></p>				
<p>2.2.1. The Committee <b>recommends</b> that the board of directors adopt policies on corporate social responsibility.</p>	x			<p>Coloplast has adopted a policy on corporate social responsibility and the company reports regularly on its social, environmental and ethical efforts. Each year, Coloplast issues a report on <a href="#">Corporate Responsibility</a> which is published together with the annual report. The report is prepared in compliance with the principles of the UN Global Compact.</p>
<p><b>2.3. Chairman and vice-chairman of the board of directors</b></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>The Board of Directors meets immediately after the annual general meeting has concluded and elects its Chairman and Deputy Chairman. The Deputy Chairman assumes the duties and powers of the Chairman in his absence.</p> <p>The rules of procedure for the Board of Directors contain a description of the duties and responsibilities of the Chairman and the Deputy Chairman.</p>
<p>2.3.2. The Committee <b>recommends</b> that, if the board of directors, in exceptional cases, asks the chairman of the board of directors or other board members to perform special activities for the company, including briefly participating in the day-to-day management, a board resolution to that effect should be passed to ensure that the board of directors maintains its independent, general management and control function. Resolutions on the chairman's or other board members' participation in day-to-day management and the expected duration hereof should be publicly announced.</p>	x			<p>The Chairman of the Board of Directors organises, convenes and chairs board meetings to ensure efficiency in the Board's work and create the best possible working conditions for the individual board members as well as for the collective Board.</p> <p>Neither the Chairman nor any other board member participate in the day-to-day management of the company or perform any special tasks for the company other than the duties as Chairman or board member, respectively.</p> <p>If the Chairman or another board member is asked to perform special tasks or briefly participate in the day-to-day management of the company, the Board of Directors will comply with the corporate governance recommendation.</p>
<p><b>3. Composition and organisation of the board of directors</b></p>				
<p><b>3.1. Composition</b></p>				
<p>3.1.1. The Committee <b>recommends</b> that the board of directors annually evaluate and in the management commentary, account for</p> <ul style="list-style-type: none"> <li>• the competencies that it must have to best perform its tasks,</li> <li>• the composition of the board of directors, and</li> <li>• the special competencies of each member.</li> </ul>		x		<p>It is the responsibility of the Chairman to assess whether the Board of Directors overall possesses the knowledge and competencies relevant and necessary to manage the company. The most important competencies needed on Coloplast's Board of Directors are: economics, finance, manufacturing, logistics, global sales and marketing, industry knowledge, general management, innovation, legal affairs and acquisitions.</p>

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				<p>The management report discloses the composition of and executive functions held by the Board of Directors. The evaluation of competencies, both individually and for the Board as a collective, is part of the annual self-assessment as described in recommendation 3.5.1. The general conclusions are accounted for both in the annual report, on the corporate website and at the general meeting.</p> <p>For further information regarding each board member reference is made to the annual report which can be found on the corporate <a href="#">website</a>.</p>
<p>3.1.2. The Committee <b>recommends</b> that the board of directors annually discuss the company's activities to ensure relevant diversity at management levels and prepare and adopt a policy on diversity. The policy should be published on the company's website.</p>	x			<p>The Board of Directors annually discusses how to ensure relevant diversity at all management levels. The Board of Directors has adopted a diversity policy which is available on the corporate <a href="#">website</a>.</p>
<p>3.1.3. The Committee <b>recommends</b> that the selection and nomination of candidates for the board of directors be carried out through a thorough 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>It is important to attract candidates to the Board of Directors who possess competencies which enables the Board as a collective to carry out the interests of the shareholders and the employees in the best possible manner with due regard for the company's other stakeholders.</p> <p>The Board of Directors has established a thorough and transparent process for selecting and nominating candidates to the Board of Directors. The Board of Directors has also established a remuneration and nomination committee to assist the Board in nominating candidates to the Board of Directors. This process ensures that the need for relevant competencies and qualifications as well as the need for integrating new talent and diversity is taken into account.</p>
<p>3.1.4. The Committee <b>recommends</b> that the notice convening a general meeting where the agenda includes the election of members to the board of directors, include (in addition to the statutory requirements) a description of the qualifications of the 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 for the board of directors are considered independent.</p>	x			<p>The CVs of each Board member are available on the corporate <a href="#">website</a>. Furthermore, together with the notice to convene the general meeting, the Board of Directors discloses the profiles and backgrounds of the candidates proposed to be elected to the Board of Directors. This applies to both first-time elections and re-elections.</p> <p>Coloplast discloses on its <a href="#">website</a> and in the annual report which Board members are considered to be independent.</p> <p>At the general meeting, the Board of Directors also announces whether candidates for the Board are considered to be independent.</p>
<p>3.1.5. The Committee <b>recommends</b> that members of the company's executive board be not members of the board of directors and that a resigning chief executive officer be not directly elected as chairman or vice chairman for the same company.</p>		x		<p>None of the members of Executive Management are members of the company's Board of Directors.</p> <p>Upon resigning as chief executive officer of the company, Lars Rasmussen was elected to the Board of Directors at the general meeting in December</p>



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				<p>2018 and subsequently the Board of Directors elected Lars Rasmussen as Chairman of the Board.</p> <p>The Board of Directors considers it in the best interest of the shareholders to appoint Lars Rasmussen as Chairman of the Board to ensure a seamless transition. Further, by appointing Lars Rasmussen as Chairman of the Board, the Board of Directors believes that the company maximises the benefits of Lars Rasmussen's in-depth knowledge of the company and the industry in which it operates.</p>
<p>3.1.6. The Committee <b>recommends</b> that members of the board of directors elected by the general meeting be up for election every year at the annual general meeting.</p>	x			<p>The company's <a href="#">articles of association</a> provide that all shareholder-elected Board members are up for election every year.</p>
<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.</p> <p>To be considered independent, this person may not:</p> <ul style="list-style-type: none"> <li>• be or within the past five years have been a member of the executive board or senior staff member in the company, a subsidiary or an associated company,</li> <li>• within the last five years, have received significant remuneration from the company/group, a subsidiary or an associated company in a different capacity than as member of the board of directors,</li> <li>• represent or be associated with a controlling shareholder,</li> <li>• within the past year, have had significant business relations (e.g. personally or indirectly as partner or employee, shareholder, customer, supplier or member of management in companies with corresponding connection) with the company, a subsidiary or an associated company,</li> <li>• be or within the past three years have been employed or been a partner in the same company as the auditor elected by the general meeting,</li> <li>• be part of the executive management in a company with cross-management representation in the company,</li> <li>• have been a member of the board of directors for more than 12 years, or</li> <li>• be a close relative of persons who are not considered independent.</li> </ul>	x			<p>In Coloplast, the majority of the Board members elected by the general meeting are independent. The Board members elected by the employees are, by virtue of their employment with the company, not considered independent.</p> <p>At Coloplast, no Board member is also a member of the Executive Management.</p>

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<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>				
<b>3.3. Members of the board of directors and the number of other management functions</b>				
<p>3.3.1. The Committee <b>recommends</b> that each member of the board of directors assess the expected time commitment for each function so that the member does not take on more functions than he/she can complete at a satisfactory level for the company.</p>	x			<p>Each Board member's directorships in other Danish and foreign companies are disclosed on the company's <a href="#">website</a> and in the annual report.</p> <p>As part of the annual self-assessment, each Board member must consider the expected time commitment associated with being a Board member in Coloplast. If a Board member wishes to take on additional directorships, this is done only after a prior discussion with the Chairman of the Board.</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 person in question,</li> <li>• <b>the person's competencies and qualifications that are relevant to the company,</b></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 of the board of directors and committee meetings,</li> <li>• other management functions, including memberships in executive boards, boards of directors, and supervisory boards, including board committees in Danish and foreign enterprises and demanding organisational tasks, and</li> <li>• the number of shares, options, warrants and similar owned by the member in the company, and other group companies of the company, as well as changes to the member's portfolio of the mentioned securities which have occurred during the financial year.</li> </ul>		x		<p>The management report in the company's annual report includes information which Coloplast deems relevant, including (i) the position of each Board member (ii) the age and gender of each Board member, (iii) the competencies and qualifications for each Board member (iv) whether each Board member is considered independent, (v) when the Board member was first elected to the Board of Directors, (vi) the expiry of the current election term, (vii) the average attendance rate in percentages by Board members elected at the general meeting and attendance in committee meetings and (viii) other relevant management functions of the Board members.</p> <p>The Remuneration Report lists the number of Coloplast shares owned by each Board member, as well as changes to the Board member's shareholding which have occurred during the financial year.</p>
<p>3.3.3. The Committee <b>recommends</b> that the annual evaluation procedure, cf. section 3.5, include an evaluation of what is regarded as a reasonable level for the number of other management functions,</p>	x			<p>The annual self-assessment of the Board of Directors includes an evaluation of what is regarded as a reasonable level for the number of other management functions.</p>

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<p>where the number, level and complexity of the other individual management functions are taken into account.</p>				
<p><b>3.4. Board committees</b></p>				
<p>3.4.1. The Committee <b>recommends</b> that the company publish the following on the company's website:</p> <ul style="list-style-type: none"> <li>• the terms of reference of the board committees,</li> <li>• the most important activities of the committees during the year and the number of meetings held by each committee, and</li> <li>• the names of the members of each committee, including the chairmen of the committees, as well as information regarding which members are independent members and which members have special competencies.</li> </ul>	x			<p>On the <u>corporate website</u>, Coloplast discloses the terms of reference of the audit committee and the remuneration and nomination committee, respectively, the most important activities of and the number of meetings held by each committee, the members of each committee including the chairman and information on independence.</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>Coloplast has established an audit committee consisting of four board members. Three are considered independent, one is not considered independent.</p> <p>In addition, Coloplast has established a remuneration and nomination committee consisting of three board members, the majority of which are considered non-independent. The Board of Directors has considered the composition of the remuneration and nomination committee and finds that the current composition best covers the competencies needed in the committee.</p>
<p>3.4.3. 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>Coloplast has established an audit committee. The chairman of the audit committee is not the Chairman of the Board of Directors.</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>The functions and duties of the audit committee are described in the committee's <u>terms of reference</u>, which is available on the corporate website. The planning of the audit committee's tasks, including reporting to the Board of Directors, complies with the recommendations. For interim financial reports, the Board of Directors completes the described actions that are otherwise handled by the Audit Committee.</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 function and, in such a case, presents mandates and recommendations on</li> </ul>	x			<p>Once a year, the audit committee assesses the need for an internal audit function.</p>

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<p>selecting, appointing and removing the head of any internal audit function and on the budget of the internal audit function,</p> <ul style="list-style-type: none"> <li>ensure that if an internal audit has been established, a description of its functions is 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>				<p>Based on the recommendation from the audit committee, the Board of Directors reviews, at least once a year, the adequacy of the internal control systems.</p> <p>The Board of Directors has assessed that the size and complexity of the company currently do not necessitate the establishment of an internal audit function.</p>
<p>3.4.6. The Committee <b>recommends</b> that the board of directors establish a nomination committee, which is at least, responsible for the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>describing the qualifications required by the board of directors and the executive board and for a given position, indicating the time expected to be spent carrying out a specific position, as well as assessing the competencies, knowledge and experience found in the two governing bodies,</li> <li>annually assessing the structure, size, composition and results of the board of directors and the executive board and recommend any changes to the board of directors,</li> <li>annually assessing the competencies, knowledge, experience and succession of the individual members of management, and report to the board of directors in this respect,</li> <li>recommending candidates for the board of directors and the executive board, and</li> <li>proposing an action plan to the board of directors on the future composition of the board of directors, including proposals for specific changes.</li> </ul>	x			<p>Coloplast has established a joint remuneration and nomination committee. The committee has stand-alone meetings on assignments within the responsibility of a nomination committee and a remuneration committee, respectively, and thus de facto functions as two committees with overlapping members.</p> <p>The functions and duties of the remuneration and nomination committee are described in the committee's <b>terms of reference</b>, which is available on the corporate <a href="#">website</a>. The planning of the remuneration and nomination committee's tasks, including reporting to the Board of Directors, complies with the recommendations.</p>
<p>3.4.7. 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</li> </ul>	x			<p>Coloplast has established a joint remuneration and nomination committee. The committee has stand-alone meetings on assignments within the responsibility of a nomination committee and a remuneration committee, respectively, and thus de facto functions as two committees with overlapping members.</p> <p>The functions and duties of the remuneration and nomination committee are described in the committee's <b>terms of reference</b>, which is available on the corporate <a href="#">website</a>. The planning of the remuneration and nomination committee's tasks, including reporting to the Board of Directors, complies with the recommendations.</p>

Recommendation	The company complies	The company partly complies	The company does not comply	Reasons for compliance / part compliance / non-compliance with the recommendation
<p>have information on the total remuneration that members of the board of directors and the executive board receive from other companies in the group,</p> <ul style="list-style-type: none"> <li>recommending a remuneration policy applicable for the company in general, and</li> <li>assisting with the preparation of the annual remuneration report.</li> </ul>				
<p>3.4.8. The Committee <b>recommends</b> that the remuneration committee do not consult with the same external advisers as the executive board of the company.</p>	<b>x</b>			<p>To the extent external advisers assist the remuneration committee, the remuneration committee will not consult with the same external advisers as the Executive Management.</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 establishes an evaluation procedure for an annual evaluation of the board of directors and the individual members.</p> <p>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>	<b>x</b>			<p>The Board of Directors continuously assesses the work of the Board, including the contributions of the individual board members as well as the achievements of the Board collectively. Further, the Board of Directors has established a process which ensures that the Board performs a self-assessment at least once a year. The Chairman is responsible for carrying out the assessment, and the results are discussed by the entire Board of Directors.</p> <p>The results and the procedure of the assessment are disclosed in the company's annual report and on the <a href="#">corporate website</a>.</p> <p>On an ongoing basis and at least once a year as part of the Board's self-assessment it is assessed whether the Board as a whole needs new competencies or expertise.</p> <p>In 2019, the annual self-assessment of the Board of Directors has been carried out with assistance from an external party.</p> <p>The Chairman will account for the evaluation of the Board of Directors, including the process and general conclusions, on the general meeting prior to the election of the Board of Directors.</p>
<p>3.5.2. The Committee <b>recommends</b> that at least once annually, the board of directors evaluate the work and performance of the executive board in accordance with pre- defined criteria. Furthermore, the board of directors should evaluate the need for changes to the structure and composition of the executive board, in light of the company's strategy.</p>	<b>x</b>			<p>The Chairman and Deputy Chairman perform an annual assessment of the Executive Management's work and results, including the structure and composition of the Executive Management in light of the company's strategy. The assessment and any relevant actions are discussed by the entire Board without the presence of the Executive Management and is subsequently presented to the Executive Management.</p>
<p>3.5.3. The Committee <b>recommends</b> that the executive board and the board of directors establish a procedure according to which their cooperation is evaluated annually through a formalised dialogue between the chairman of the board of directors and the chief</p>	<b>x</b>			<p>Coloplast has established a procedure according to which the cooperation between the Board of Directors and the Executive Management is evaluated annually through a formalised dialogue between the Chairman</p>

Recommendation	The company complies	The company partly complies	The company does not comply	Reasons for compliance / part compliance / non-compliance with the recommendation
executive officer, and that the outcome of the evaluation be presented to the board of directors.				of the Board of Directors and the Chief Executive Officer, and the outcome of the evaluation is presented to the entire Board of Directors.
<b>4. Remuneration of Management</b>				
<b>4.1. Form and content of the remuneration policy</b>				
<p>4.1.1. The Committee <b>recommends</b> that the board of directors prepare a remuneration policy for the board of directors and the executive board, which includes</p> <ul style="list-style-type: none"> <li>a detailed description of the components of the remuneration for members of the board of directors and the executive board,</li> <li>the reasons for choosing the individual components of the remuneration,</li> <li>a description of the criteria that form the basis for the balance between the individual components of the remuneration, and</li> <li>an explanation for the correlation between the remuneration policy and the company's long-term value creation and relevant related goals.</li> </ul> <p>The remuneration policy should be approved by the general meeting at least every fourth year and upon any material amendments and it should be published on the company's website.</p>	<b>x</b>			<p>The Board of Directors has adopted a remuneration policy which sets out the general guidelines for the company's remuneration of members of the Board of Directors and the Executive Management.</p> <p>The remuneration policy is submitted for approval at the general meeting in accordance with the recommendations.</p> <p>The remuneration policy states that members of the Board of Directors receive a fixed annual fee and remuneration paid to members of the Executive Management consists of a fixed and a variable component. The fixed component consists of a net salary, pension contribution and other benefits. The variable component consists of a cash bonus and stock options.</p> <p>The remuneration policy is available on the <a href="#">corporate website</a>.</p>
<p>4.1.2. The Committee <b>recommends</b> that if the remuneration policy includes variable components,</p> <ul style="list-style-type: none"> <li>limits should be set on the variable components of the total remuneration package,</li> <li>a reasonable and balanced composition should be maintained between remuneration for members of management and the value creation for shareholders in the short and long term,</li> <li>clarity should be established about performance criteria and measurability for the award of variable components,</li> <li>variable remuneration should not only consist 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>the company should have 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>	<b>x</b>			<p>The remuneration policy defines limits for the variable components, and the Board of Directors believes there is a reasonable and balanced composition between the remuneration for members of the Executive Management and the value creation for the shareholders.</p> <p>Variable components are subject to clear performance criteria and measurability is objective.</p> <p>Long-term remuneration components have a vesting period of three years.</p> <p>Variable remuneration components are subject to customary claw back clauses.</p>
<p>4.1.3. The Committee <b>recommends</b> that remuneration of members of the board of directors does not include share options or warrants.</p>	<b>x</b>			<p>Members of the Board of Directors receive a fixed annual fee and are not eligible for share option or warrant programmes.</p>

Recommendation	The company complies	The company partly complies	The company does not comply	Reasons for compliance / part compliance / non-compliance with the recommendation
<p>4.1.4. The Committee <b>recommends</b> that if, in relation to long-term incentive programmes, a share-based remuneration is used, the programmes should have a vesting or maturity period of at least three years after being allocated and should be roll-over programmes, i.e. the options should be granted periodically.</p>	x			<p>Coloplast's long-term incentive programme consists of share options. As a general rule share options are granted periodically. The share options have a term of five years and are exercisable after three years. The number of share options awarded to each member of the Executive Management and their value is disclosed in the annual report and the remuneration report.</p> <p>Share options in the Executive Management share option plan are covered by the company's holding of treasury shares.</p>
<p>4.1.5. The Committee <b>recommends</b> that the total value of the remuneration relating to the noticed period, including severance pay, does not exceed two years of remuneration, including all components of the remuneration.</p>	x			<p>The total value of remuneration relating to the notice period is capped at a maximum of two years' remuneration, including all components of the remuneration.</p>
<p><b>4.2. Disclosure of remuneration</b></p>				
<p>4.2.1. The Committee <b>recommends</b> that the company's remuneration policy and compliance with this policy be explained and justified annually in the chairman's statement at the company's general meeting.</p>	x			<p>Coloplast's remuneration policy and compliance with the policy is explained and motivated in the Chairman's report at the company's annual general meeting.</p>
<p>4.2.2. The Committee <b>recommends</b> that shareholders at the general meeting consider proposals for approval of remuneration for the board of directors for the current financial year.</p>		x		<p>Historically, the remuneration of the Board of Directors has been approved separately each time there have been changes to the remuneration.</p> <p>As of the general meeting in December 2019, Coloplast will include remuneration to the Board of Directors for the current financial year as a fixed agenda item, irrespectively of whether changes in remuneration occur. Coloplast will therefore comply fully with the recommendation going forward.</p>
<p>4.2.3. The Committee <b>recommends</b> that the company prepares a remuneration report that includes information on the total remuneration received by each member of the board of directors and the executive board from the company and other companies in the group and associated companies for the last three years, including information on the most important content of retention and resignation arrangements and that the correlation between the remuneration and company strategy and relevant related goals be explained.</p> <p>The remuneration report should be published on the company's website.</p>	x			<p>Coloplast prepares a remuneration report containing at least the information set out in the recommendations. The remuneration report will be available at the <a href="#">corporate website</a>.</p>

Recommendation	The company complies	The company partly complies	The company does not comply	Reasons for compliance / part compliance / non-compliance 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 <b>recommends</b> that the board of directors consider and in the management commentary account for the most important strategic and business-related risks, risks in connection with the financial reporting as well as for the company's risk management.	x			<p>The management in each of Coloplast's individual business units and staff functions are responsible for identifying and managing risks in their part of the organisation. The most significant risks are reported quarterly to Corporate Risk Management.</p> <p>This reporting process together with interviews with relevant employees leads to a quarterly risk update to the Executive Management and the Board of Directors.</p> <p>The Executive Management is responsible for the company's overall approach to risk taking and for aligning this approach with Coloplast's overall strategies and policies.</p> <p>The Executive Management is also responsible for validating risk responses to the most significant risks.</p> <p>The Board of Directors reviews and considers, on a quarterly basis, the conclusions and recommendations submitted by the Executive Management.</p> <p>The Management's report in the annual report contains information about the company's risk management of material risks.</p>
<b>5.2. Whistleblower scheme</b>				
5.2.1. The Committee <b>recommends</b> that the board of directors establish a whistleblower scheme for expedient and confidential notification of serious wrongdoing or suspicions thereof.	x			<p>Coloplast established a global whistleblower scheme in October 2010 to enable expedient and confidential reporting of unlawful or unethical behaviour. The scheme allows employees as well as external parties to report online or through an app.</p>
<b>5.3. Contact to auditor</b>				
5.3.1. The Committee <b>recommends</b> that the board of directors ensure regular dialogue and exchange of information between the auditor elected by the general meeting and the board of directors, including that the board of directors and the audit committee meet with the auditor elected by the general meeting at least once annually without the executive board present. This also applies to the internal auditor, if any.	x			<p>The Board of Directors has regular contact with the auditors.</p> <p>In addition, the auditors attend audit committee meetings, and they always attend the board meeting at which the annual report is discussed and approved.</p> <p>The Board of Directors meets with the auditors at least once a year without the presence of the Executive Management.</p> <p>The auditors are also present at the general meeting.</p>



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<p>5.3.2. The Committee <b>recommends</b> that the audit agreement and auditors 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>	<p><b>x</b></p>			<p>Based on the recommendation of the audit committee, the Board of Directors and the auditors conclude an audit agreement specifying the services to be provided by the auditors and the fee payable for said services. The agreement implies that the auditors' thorough knowledge about the company's activities, specific conditions related to the industry, the company's organisation, administrative systems, control environment and other relevant aspects form the basis for the planning and conduct of the audit.</p>