

Statutory report on corporate governance as per section 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 (reporting period 1 April 2018 – 31 March 2019) and relates to the recommendations from the Committee on Corporate Governance.

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.

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation for the following reason: How the company complies with the recommendations is stated below. According to section 107b (1)(iii) of the Financial Statements Act, the company must state the reasons for any non-compliance with the recommendations. If a recommendation is not complied with, it is stated why the relevant recommendation is not complied with and what has been done instead.
1. Communication and interaction by the company with its investors and other stakeholders			
<i>1.1. Dialogue between company, shareholders and other stakeholders</i>			
1.1.1. THE COMMITTEE RECOMMENDS that the board of directors ensure ongoing dialogue between the company and its shareholders in order for the shareholders to gain relevant insight into the company, and in order for the board of directors to be aware of the shareholders' views, interests and opinions on the company.	X		Matas is committed to maintaining a constructive dialogue and a high level of transparency when communicating with its shareholders and other stakeholders. Matas has adopted policies for communications and stakeholders, investor relations, diversity, confidentiality and data protection, tax, remuneration and corporate social responsibility policy. In addition to the policies for investor relations and

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation for the following reason:
			<p>communications and stakeholders, the Board of Directors has approved a set of internal rules aimed to ensure that the disclosure of information complies with the applicable stock exchange regulations. All company announcements are published via NASDAQ OMX Copenhagen and can subsequently be accessed from our website, www.matas.dk. All announcements are published in Danish and English.</p>
<p>1.1.2. THE COMMITTEE RECOMMENDS that the board of directors adopt policies on the company's relationship with its stakeholders, including shareholders, and that the board ensure that the interests of the shareholders are respected in accordance with company policies.</p>	X		<p>Matas has adopted policies for tax, communications and stakeholders, investor relations, diversity, confidentiality and data protection, remuneration and corporate social responsibility policy. The Board of Directors ensures that stakeholders' interests and roles are respected in accordance with these policies in order to secure added value for all stakeholders in both the short and long term.</p> <p>Matas focuses on corporate social responsibility and constantly seeks to create business value while ensuring proper working conditions for its employees and conducting its business in a lawful manner.</p>
<p>1.1.3. THE COMMITTEE RECOMMENDS that the company publish quarterly reports.</p>	X		<p>Matas publishes quarterly and annual reports. Investor presentations and telephone conferences are held following the publication of each interim and annual report to provide participants with the opportunity to ask questions to our Executive Management. Audio casts of such presentations by our Executive Management will subsequently be available on our website, www.matas.dk. Investors may also contact our investor relations department to obtain additional information.</p>
<p><i>1.2. General meeting</i></p>			

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation for the following reason:
1.2.1. THE COMMITTEE RECOMMENDS that, when organising the company's general meeting, the board of directors plan the meeting to support active ownership.	X		<p>The Board of Directors promotes active ownership and attendance at general meetings by, among other things, striving to ensure that the general meeting is planned in a manner that encourages active ownership by the shareholders.</p> <p>All shareholders shall be entitled to have specific business considered at the annual general meeting, provided that a written request to that effect is submitted to the Board of Directors no later than six weeks prior to the general meeting. At general meetings, the attending shareholders shall be able to ask questions to the Board of Directors and the Executive Management concerning the items on the agenda.</p>
1.2.2. THE COMMITTEE RECOMMENDS that proxies or votes by post for the general meeting allow shareholders to consider each individual item on the agenda.	X		Shareholders are allowed to consider each individual item on the agenda through proxies or votes by post.
1.3. Takeover bids			
1.3.1. THE COMMITTEE RECOMMENDS that the company set up contingency procedures in the event of takeover bids from the time that the board of directors has reason to believe that a takeover bid will be made. According to such contingency procedures, the board of directors should not without the acceptance of the general meeting attempt to counter the takeover bid by making decisions which in reality prevent the shareholders from deciding on the takeover bid themselves.	X		Matas has adopted contingency procedures in the event of takeover bids, according to which the Board of Directors in case it obtains knowledge that a takeover bid will be submitted or is likely to be submitted will not make decisions or initiate defence measures without the prior approval of the general meeting.
2. Tasks and responsibilities of the board of directors			

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<p>How the company complies with the recommendations is stated below. According to section 107b (1)(iii) of the Financial Statements Act, the company must state the reasons for any non-compliance with the recommendations. If a recommendation is not complied with, it is stated why the relevant recommendation is not complied with and what has been done instead.</p>			
<p><i>2.1. Overall tasks and responsibilities</i></p>			
<p>2.1.1. THE COMMITTEE RECOMMENDS that at least once a year the board of directors take a position on the matters related to the board's performance of its responsibilities.</p>	<p>X</p>		<p>Once a year, the Board of Directors determines its most important tasks in relation to the financial and managerial supervision of the company, including the way in which it intends to supervise the work of the Executive Management.</p> <p>Further, the Board of Directors discusses at least once a year whether the company is in possession of or has access to the competences and financial resources necessary to ensure that the company can reach its strategic objectives.</p> <p>The rules of procedure for the Board of Directors are regularly, and at least once a year, reviewed and updated, if necessary.</p>
<p>2.1.2. THE COMMITTEE RECOMMENDS that at least once a year the board of directors take a position on the overall strategy of the company with a view to ensuring value creation in the company.</p>	<p>X</p>		<p>Once a year, the Board of Directors lays down the strategic objectives of the company with a view to ensuring value creation in the company.</p>
<p>2.1.3. THE COMMITTEE RECOMMENDS that the board of directors ensure that the company has a capital and share structure ensuring that the strategy and long-term value creation of the company are in the best interest of the shareholders and the company, and that</p>	<p>X</p>		<p>Once a year, the Board of Directors assesses whether the share capital and the share capital structure is in accordance with the shareholders' interests. The Board of Directors will include any assessment in the annual report. The company has one single class of shares and all shares rank pari passu.</p>

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation for the following reason:
the board of directors present this in the management commentary and/or on the company's website.			How the company complies with the recommendations is stated below. According to section 107b (1)(iii) of the Financial Statements Act, the company must state the reasons for any non-compliance with the recommendations. If a recommendation is not complied with, it is stated why the relevant recommendation is not complied with and what has been done instead.
2.1.4. THE COMMITTEE RECOMMENDS that the board of directors annually review and approve guidelines for the executive board; this includes establishing requirements for the executive board's reporting to the board of directors.	X		<p>The Board of Directors has issued rules of procedure for the Executive Management applicable to the overall duties, obligations and liabilities of the Executive Management, including specific authorisations within which the Executive Management may transact business. The rules of procedures and authorisations are subject to annual evaluation, update and approval by the Board of Directors.</p> <p>The rules of procedure for the Executive Management include requirements for the Executive Management's reporting to the Board of Directors.</p>
2.1.5. THE COMMITTEE RECOMMENDS that at least once a year the board of directors discuss the composition of the executive board, as well as developments, risks and succession plans.	X		The Board of Directors annually discusses the composition of the Executive Management as well as developments, risks and succession plans.
2.2. Corporate social responsibility			
2.2.1. THE COMMITTEE RECOMMENDS that the board of directors adopt policies on corporate social responsibility.	X		The Board of Directors has adopted a corporate social responsibility policy. Matas focuses on corporate social responsibility and constantly seeks to create business value while ensuring proper working conditions for our employees and conducting our business in a lawful manner and minimising our impact on society.
2.3. Chairman and vice chairman of the board of directors			

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation for the following reason:
2.3.1. THE COMMITTEE RECOMMENDS 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		Immediately after the annual general meeting, a board meeting is held for the purpose of electing a chairman and a deputy chairman. The role of the deputy chairman is in accordance with the recommendation.
2.3.2. THE COMMITTEE RECOMMENDS ensuring 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 be passed to ensure that the board of directors maintains its independent, overall management and control function. Resolutions on the participation in day-to-day management by the chairman or other board members and the expected duration hereof should be publicly announced.	X		The chairman of the Board of Directors or other board members shall not assume special tasks for the company or participate in the day-to-day management, unless and as an exception there is a special need therefor, in which case such assignment or managerial involvement shall be subject to prior approval of the Board of Directors and be confined to a limited period of time. Such resolution will be publicly announced.
3. Composition and organisation of the board of directors			
<i>3.1. Composition</i>			
3.1.1. THE COMMITTEE RECOMMENDS that the board of directors annually evaluate and in the management commentary account for	X		Based on input from the nomination committee, the Board of Directors annually reviews the qualifications, experience and competencies required of board candidates in order for the Board of Directors to best perform its tasks, taking into account the company's needs and the current composition of the Board of Directors.

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation for the following reason:
<ul style="list-style-type: none"> the skills it must have to best perform its tasks, the composition of the board of directors, and the special skills of each member. 			<p>How the company complies with the recommendations is stated below. According to section 107b (1)(iii) of the Financial Statements Act, the company must state the reasons for any non-compliance with the recommendations. If a recommendation is not complied with, it is stated why the relevant recommendation is not complied with and what has been done instead.</p> <p>Nomination of candidates to be submitted to the annual general meeting shall be prepared in light hereof.</p> <p>A description of the composition of the Board of Directors, including diversity and special skills necessary, is included in the annual report.</p>
<p>3.1.2. THE COMMITTEE RECOMMENDS that once a year the board of directors 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 website.</p>	X		<p>Based on input from the nomination committee, the Board of Directors once a year discusses the company's activities to ensure relevant diversity at management levels. The Board of Directors has prepared a Diversity Policy that has been published on the company's website.</p>
<p>3.1.3. THE COMMITTEE RECOMMENDS 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>Nomination of candidates to be submitted to the annual general meeting shall be prepared in light of the competences specified. Each nomination shall always be accompanied by detailed explanations and background information concerning the person in question. The Board of Directors shall in addition to the need for competencies and qualifications take the need for integration of new talent and diversity into consideration when evaluating its composition and, further, take into account the objectives laid down in the company's Diversity Policy.</p>
<p>3.1.4. THE COMMITTEE RECOMMENDS that the notice convening the general meeting when election of members to the board of directors is on the agenda be accompanied, in addition to what is required by legislation, by a description of the nominated candidates'</p>	X		<p>A description of the nominated candidates' qualifications, including information about other executive functions in Danish and foreign enterprises and whether the candidates can be considered independent, shall be sent out with any notice convening the annual general meeting.</p>

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation for the following reason:
<p>qualifications, including information about the candidates'</p> <ul style="list-style-type: none"> • other executive functions, including positions on executive boards, boards of directors and supervisory boards, including board committees, in Danish and foreign enterprises, and • demanding organisational tasks. Furthermore, it should be indicated whether the candidates to the board of directors are considered independent. 			<p>How the company complies with the recommendations is stated below. According to section 107b (1)(iii) of the Financial Statements Act, the company must state the reasons for any non-compliance with the recommendations. If a recommendation is not complied with, it is stated why the relevant recommendation is not complied with and what has been done instead.</p>
<p>3.1.5. THE COMMITTEE RECOMMENDS that members of the company's executive board should not be members of the board of directors and that a chief executive officer who is stepping down should not take up the position of chairman or vice chairman for the same company.</p>	X		The recommendation is complied with.
<p>3.1.6. THE COMMITTEE RECOMMENDS 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		All members of the Board of Directors elected by the annual general meeting stand for election each year at the annual general meeting.
<p><i>3.2 Independence of the board of directors</i></p>			
<p>3.2.1. THE COMMITTEE RECOMMENDS that at least half of the members of the board of directors elected by the general meeting be independent persons, in order for</p>	X		More than half of the shareholder-elected board members are deemed independent according to the definitions outlined in the recommendation.

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation for the following reason:
<p>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"> • be or within the past five years have been a member of the executive board or a senior staff member in the company, a subsidiary or an associate, • within the past five years have received significant remuneration from the company/group, a subsidiary or an associate in another capacity than as a member of the board of directors, • represent or be associated with a controlling shareholder, • within the past year have had significant business relations (e.g. personal or indirectly as a partner or employee, shareholder, customer, supplier or member of the executive management in companies with corresponding connection) with the company, a subsidiary or an associate, • 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, 			<p>How the company complies with the recommendations is stated below. According to section 107b (1)(iii) of the Financial Statements Act, the company must state the reasons for any non-compliance with the recommendations. If a recommendation is not complied with, it is stated why the relevant recommendation is not complied with and what has been done instead.</p>

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation for the following reason:
<ul style="list-style-type: none"> • be part of the executive management in a company with cross-management representation in the company, • have been a member of the board of directors for more than 12 years, or • be a close relative of persons who are not considered independent. <p>Even if a member of the board of directors is not covered by the above criteria, certain conditions may exist that lead the board of directors to decide that one or more members cannot be regarded as independent.</p>			<p>How the company complies with the recommendations is stated below. According to section 107b (1)(iii) of the Financial Statements Act, the company must state the reasons for any non-compliance with the recommendations. If a recommendation is not complied with, it is stated why the relevant recommendation is not complied with and what has been done instead.</p>
<p>3.3. Members of the board of directors and the number of other executive functions</p>			
<p>3.3.1. THE COMMITTEE RECOMMENDS that each member of the board of directors assess the expected time commitment for each function in order that the member does not take on more functions than he/she can manage satisfactorily for the company.</p>	X		<p>All members of the Board of Directors assess their expected time commitment and do not consider that they hold more positions than they can manage satisfactorily for the company.</p>
<p>3.3.2. THE COMMITTEE RECOMMENDS that the management commentary, in addition to what is required by legislation, include the following information about the members of the board of directors:</p> <ul style="list-style-type: none"> • the position of the relevant person, • the age and gender of the relevant person, 	X		<p>The management report in the annual report contains all information recommended, including information on the board members' occupation, the members' other executive functions, e.g. positions on executive boards, boards of directors and supervisory boards, including board committees, in Danish and foreign companies as well as demanding organisational tasks and the number of shares, options, warrants, etc. that the member holds in the company and its consolidated companies and any changes in such holdings during the financial year.</p>

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation for the following reason:
<ul style="list-style-type: none"> • the person’s competencies and qualifications that are relevant to the company, • whether the member is considered independent, • the date of appointment to the board of directors of the member, • expiry of the current election period, • the member’s participation in the meetings of the board of directors and committee meetings, • other executive functions, e.g. positions on executive boards, boards of directors and supervisory boards, including board committees, in Danish and foreign enterprises, and • demanding organisational tasks, and • the number of shares, options, warrants, etc. owned by the member in the company and other group entities, as well as changes in the member's portfolio of such securities which have occurred during the financial year. 			<p>How the company complies with the recommendations is stated below. According to section 107b (1)(iii) of the Financial Statements Act, the company must state the reasons for any non-compliance with the recommendations. If a recommendation is not complied with, it is stated why the relevant recommendation is not complied with and what has been done instead.</p>
<p>3.3.3. THE COMMITTEE RECOMMENDS that the annual evaluation procedure, cf. section 3.5, include an evaluation of what is regarded as a reasonable level for the number of other management functions, where the number, level and complexity of the other individual management functions are taken into account.</p>			<p>As part of the annual evaluation procedure, the Board of Directors evaluates whether the individual board members, taking into account their other functions, are considered to have the time required to serve on the company’s Board and contribute constructively to its work.</p>

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation for the following reason:
<p>3.4. Board committees</p>			
<p>3.4.1. THE COMMITTEE RECOMMENDS that the company publish the following on the company's website:</p> <ul style="list-style-type: none"> • the terms of reference of the board committees, • the most important activities of the committees during the year and the number of meetings held by each committee, and • the names of the members of each committee, including the chairmen of the committees, as well as information on which members are independent members and which members have special qualifications. 	X		<p>The Board of Directors has set up an audit committee, a remuneration committee and a nomination committee. The members of each committee, including names, titles and relevant qualifications, will be disclosed on the company's website. A description of important activities of the committees during the year as well as the number of meetings will be included in the company's annual report.</p>
<p>3.4.2. THE COMMITTEE RECOMMENDS that a majority of the members of a board committee be independent.</p>	X		<p>The majority of audit committee, remuneration committee and nomination committee members are independent.</p>
<p>3.4.3. THE COMMITTEE RECOMMENDS that the board of directors set up a formal <u>audit committee</u> and that a chairman is appointed who is not the chairman of the board of directors.</p>	X		<p>The chairman of the audit committee is neither chairman nor deputy chairman of the Board of Directors.</p>
<p>3.4.4. THE COMMITTEE RECOMMENDS 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>	X		<p>The audit committee reports to the Board of Directors in connection with the annual report. In addition, the committee reports any changes in the accounting poli-</p>

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation for the following reason:
<ul style="list-style-type: none"> • significant accounting policies, • significant accounting estimates, • related party transactions, and • uncertainties and risks, including in relation to the outlook for the current year. 			<p>How the company complies with the recommendations is stated below. According to section 107b (1)(iii) of the Financial Statements Act, the company must state the reasons for any non-compliance with the recommendations. If a recommendation is not complied with, it is stated why the relevant recommendation is not complied with and what has been done instead.</p> <p>cies or accounting estimates or any related-party transactions that took place during the financial year. It also keeps the Board of Directors informed about uncertainties and risks.</p>
<p>3.4.5. THE COMMITTEE RECOMMENDS that the audit committee:</p> <ul style="list-style-type: none"> • annually assess the need for an internal audit function and, in such case, present mandates and recommendations on selecting, appointing and removing the head of the internal audit function and on the budget of the internal audit function, • ensure that if an internal audit function has been established, a description of its functions is approved by the board of directors, • ensure that if an internal audit function has been established, adequate resources and competencies are allocated to carry out the work, and • monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function. 	X		<p>In accordance with its charter, the audit committee annually considers whether there is a need for an internal audit function. On the basis of the recommendations of the committee, the Board of Directors then decides whether the internal control systems are adequate and whether there is a need for an internal control function. So far, the Board's assessment – based on the size and complexity of the company – has been that there is no need to establish an internal audit function.</p>

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation for the following reason:
<p>3.4.6. THE COMMITTEE RECOMMENDS that the board of directors establish a <u>nomination committee</u> with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> • describe the qualifications required by the board of directors and the executive board, and for a specific membership, state the time expected to be spent on having to carry out the membership, as well as assess the competences, knowledge and experience of the two governing bodies combined, • annually assess the structure, size, composition and results of the board of directors and the executive board, as well as recommend any changes to the board of directors, • annually assess the competences, knowledge experience and succession of the individual members of management, and report to the board of directors in this respect, • recommend candidates for the board of directors and the executive board, and • propose an action plan to the board of directors on the future composition of the board of directors, including proposals for specific changes. 	X		<p>How the company complies with the recommendations is stated below. According to section 107b (1)(iii) of the Financial Statements Act, the company must state the reasons for any non-compliance with the recommendations. If a recommendation is not complied with, it is stated why the relevant recommendation is not complied with and what has been done instead.</p> <p>The Board of Directors has set up a nomination committee, whose charter complies with the recommendation.</p>

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation for the following reason:
<p>3.4.7. THE COMMITTEE RECOMMENDS that the board of directors establish a <u>remuneration committee</u> with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> • recommend the remuneration policy (including the general guidelines for incentive-based remuneration) to the board of directors and the executive board for approval by the board of directors prior to approval by the general meeting, • make proposals to the board of directors on remuneration for members of the board of directors and the executive board, as well as ensure that the remuneration is in compliance with the company’s remuneration policy and the assessment of the performance of the persons concerned. The committee should have information about the total amount of remuneration that members of the board of directors and the executive board receive from other companies in the group, • recommend a remuneration policy applicable for the company in general, and • assist with the preparation of the annual remuneration report. 	X		<p>How the company complies with the recommendations is stated below. According to section 107b (1)(iii) of the Financial Statements Act, the company must state the reasons for any non-compliance with the recommendations. If a recommendation is not complied with, it is stated why the relevant recommendation is not complied with and what has been done instead.</p> <p>The Board of Directors has set up a Remuneration Committee, whose charter is consistent with the recommendation. Even though remuneration reports are not required for financial year 2018/19, the company has prepared a remuneration report for this financial year which has been integrated in the company’s annual report for 2018/19.</p>

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation for the following reason:
3.4.8. THE COMMITTEE RECOMMENDS that the remuneration committee should not consult with the same external advisers as the executive board of the company.	X		The remuneration committee does not use the same external advisers as the Executive Management of the company.
<i>3.5. Evaluation of the performance of the board of directors and the executive board</i>			
<p>3.5.1. THE COMMITTEE RECOMMENDS that the board of directors establish an evaluation procedure for an annual evaluation of the board of directors and its individual members. External assistance should be obtained at least every third year. The evaluation should include:</p> <ul style="list-style-type: none"> • contribution and results, • cooperation with the executive board, • the chairman’s leadership of the board of directors, • the composition of the board of directors (including competencies, diversity and the number of members), • the work in the committees and the committee structure, and • the organisation of the work and the quality of the material that is submitted to the board of directors. <p>The evaluation procedure and the general conclusions should be described in the management commentary and on the company’s website. The chairman should</p>	X		<p>The Board of Directors shall undertake an annual evaluation of the performance and achievements of the Board of Directors and its individual members. External assistance shall be obtained at least every third year.</p> <p>The chairman of the Board of Directors is in charge of the evaluation.</p> <p>The chairman provides an account of the evaluation of the Board of Directors, including the process and general conclusions, at the general meeting prior to the election of the Board of Directors.</p>

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation for the following reason:
provide an account of the evaluation of the board of directors, including the process and general conclusions, at the general meeting prior to the election of the board of directors.			How the company complies with the recommendations is stated below. According to section 107b (1)(iii) of the Financial Statements Act, the company must state the reasons for any non-compliance with the recommendations. If a recommendation is not complied with, it is stated why the relevant recommendation is not complied with and what has been done instead.
3.5.2. THE COMMITTEE RECOMMENDS that at least once every year the board of directors evaluate the work and performance of the executive board in accordance with pre-defined criteria. Furthermore, the board of directors should evaluate the need for changes to the structure and composition of the executive board, in light of the company's strategy.	X		The Board of Directors undertakes regular informal evaluations of the performance of each member of the Executive Management and an annual formal evaluation based on pre-defined KPIs. In addition, the Board of Directors evaluates the need for changes to the structure and composition of the Executive Management in light of the company's strategy.
3.5.3. THE COMMITTEE RECOMMENDS that the executive board and the board of directors establish a procedure according to which their cooperation is evaluated annually through a formalised dialogue between the chairman of the board of directors and the chief executive officer and that the outcome of the evaluation be presented to the board of directors.	X		In connection with the annual board evaluation as well as through a formalised dialogue between the chairman of the Board of Directors and the chief executive officer, the cooperation between the Board of Directors and the Executive Management is evaluated, and the outcome of the evaluation is presented to the Board of Directors.
4. Remuneration of management			
<i>4.1. Form and content of the remuneration policy</i>			

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation for the following reason:
<p>4.1.1. THE COMMITTEE RECOMMENDS that the board of directors prepare a remuneration policy for the board of directors and the executive board which includes</p> <ul style="list-style-type: none"> • a detailed description of the components of the remuneration for members of the board of directors and the executive board, • the reasons for choosing the individual components of the remuneration, • a description of the criteria on which the balance between the individual components of the remuneration is based, and • an explanation for the correlation between the remuneration policy and the company's long-term value creation and relevant related goals. <p>The remuneration policy should be approved by the general meeting at least every fourth year and upon any material amendment and be published on the company's website.</p>	X		<p>How the company complies with the recommendations is stated below. According to section 107b (1)(iii) of the Financial Statements Act, the company must state the reasons for any non-compliance with the recommendations. If a recommendation is not complied with, it is stated why the relevant recommendation is not complied with and what has been done instead.</p> <p>The Board of Directors has adopted a remuneration policy applicable to the Board of Directors and the Executive Management. The remuneration policy was approved by the shareholders in general meeting in 2018 and is available at the company's website, www.matas.dk.</p> <p>The remuneration policy contains a detailed description of the components of the remuneration and includes the reasons for choosing the individual components of the remuneration, a description of the criteria on which the balance between the individual components of the remuneration is based and an explanation for the connection between the remuneration policy and the company's long-term value creation and relevant related goals.</p>
<p>4.1.2. THE COMMITTEE RECOMMENDS that, if the remuneration policy includes variable components,</p> <ul style="list-style-type: none"> • limits be set on the variable components of the total remuneration package, 	X		<p>The company's remuneration policy complies with the recommended criteria. The remuneration policy can be found at the company's website, www.matas.dk.</p>

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation for the following reason:
<ul style="list-style-type: none"> • a reasonable and balanced composition be ensured between remuneration for members of management, expected risks and the value creation for shareholders in the short and long term, • there be clarity about performance criteria and measurability for the award of variable components, • it be ensured that variable remuneration not only consists of short-term remuneration components, and that long-term remuneration components must have a vesting or maturity period of at least three years, and • it be ensured that the company has the ability to reclaim, in full or in part, variable components of remuneration that were paid on the basis of information which is subsequently found to be incorrect. 			<p>How the company complies with the recommendations is stated below. According to section 107b (1)(iii) of the Financial Statements Act, the company must state the reasons for any non-compliance with the recommendations. If a recommendation is not complied with, it is stated why the relevant recommendation is not complied with and what has been done instead.</p>
<p>4.1.3. THE COMMITTEE RECOMMENDS that remuneration of members of the board of directors should not include share options.</p>	X		<p>The company's remuneration policy does not include share or warrant programmes or other incentive-based remuneration for the members of the Board of Directors.</p>
<p>4.1.4. THE COMMITTEE RECOMMENDS that if, in relation to long-term incentive programmes, share-based remuneration is provided, such programmes have a vesting or maturity period of at least three years from</p>	X		<p>The company's remuneration policy complies with the recommendation.</p>

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation for the following reason:
the date of allocation and be established as roll-over programmes, i.e. with periodic allocation.			How the company complies with the recommendations is stated below. According to section 107b (1)(iii) of the Financial Statements Act, the company must state the reasons for any non-compliance with the recommendations. If a recommendation is not complied with, it is stated why the relevant recommendation is not complied with and what has been done instead.
4.1.5. THE COMMITTEE RECOMMENDS that the total value of the remuneration during the notice period, including severance pay, should not exceed two years of remuneration, including all components of the remuneration.	X		The company's remuneration policy complies with the recommendation.
<i>4.2. Disclosure of the remuneration policy</i>			
4.2.1. THE COMMITTEE RECOMMENDS that the company's remuneration policy and compliance with this policy be explained and justified annually in the chairman's statement at the company's general meeting.	X		The chairman's statement at the company's annual general meeting will include an explanation and justification of the company's remuneration policy as well as the compliance herewith.
4.2.2. THE COMMITTEE RECOMMENDS that proposals for approval of remuneration for the board of directors for the current financial year be considered by the shareholders in general meeting.	X		The remuneration of the board members is considered and approved as a separate agenda item at the annual general meeting.
4.2.3. THE COMMITTEE RECOMMENDS that the company prepare 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 associates for the last three years, including	X		As an integral part of the company's annual report for 2018/19, the company has prepared a remuneration report comprising the recommended information for financial year 2018/19. The annual report will be published on the company's website after the 2019 annual general meeting.

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation for the following reason:
<p>information on the most important contents of retention and resignation arrangements, and that the correlation between the remuneration and the company's strategy and relevant related goals be explained.</p> <p>The remuneration report should be published on the company's website.</p>			<p>How the company complies with the recommendations is stated below. According to section 107b (1)(iii) of the Financial Statements Act, the company must state the reasons for any non-compliance with the recommendations. If a recommendation is not complied with, it is stated why the relevant recommendation is not complied with and what has been done instead.</p>
<p>5. Financial reporting, risk management and audits</p>			
<p><i>5.1. Identification of risks and transparency about other relevant information</i></p>			
<p>5.1.1. THE COMMITTEE RECOMMENDS that the board of directors in the management commentary review and account for the most important strategic and business-related risks, risks in connection with the financial reporting as well as for the company's risk management.</p>	<p>X</p>		<p>Matas's annual report includes information about the company's management of business risks.</p> <p>In connection with the preparation of the annual report, the most important business and financial risks are identified in connection with the realisation of the company's strategy and overall goals as well as the risks associated with financial reporting.</p>
<p><i>5.2. Whistleblower scheme</i></p>			

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation for the following reason:
5.2.1. THE COMMITTEE RECOMMENDS that the board of directors establish a whistleblower scheme for expedient and confidential notification of possible or suspected wrongdoing.	X		Matas has established a whistleblower scheme for the company.
<i>5.3. Contact to auditor</i>			
5.3.1. THE COMMITTEE RECOMMENDS that the board of directors ensure regular dialogue and exchange of information between the auditor and the board of directors, including that the board of directors and the audit committee at least once a year meet with the auditor elected by the general meeting without the executive board present. This also applies to the internal auditor, if any.	X		The Board of Directors, through the audit committee, maintains a regular dialogue and exchange of information with the external auditor appointed by the general meeting. The Audit Committee and the Board of Directors meet with the auditor appointed by the general meeting at least once a year without the Executive Management being present.
5.3.2. THE COMMITTEE RECOMMENDS that the audit agreement and auditors' fee be agreed between the board of directors and the auditor elected by the general meeting on the basis of a recommendation from the audit committee.	X		The audit agreement and the auditor's fees are agreed between the Board of Directors and the auditor appointed by the general meeting on the basis of a recommendation from the Audit Committee.