

# Corporate Governance 2020/21

November 2021

**Statutory corporate governance statement for the 2020/21 financial year, see Section 107 b of the Danish Financial Statements Act (Årsregnskabsloven).**

This report is a supplement to the management's review of Ambu A/S's Annual Report for 2020/21 with additions.

The report is based on the Committee on Corporate Governance's recommendations of November 2017 and must be construed in accordance with applicable requirements for listed companies.

Recommendation	The company complies	The company does not comply	The company complies partially	The company's explanation
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**1. Communication and interaction by the company with its investors and other stakeholders**  
**1.1. Dialogue between company, shareholders and other stakeholders**

1.1.1. The committee recommends that the board of directors ensures ongoing dialogue between the company and its shareholders in order for the shareholders to gain relevant insight into the company's potential and policies, and in order for the board of directors to be aware of the shareholders' views, interests and opinions on the company.	<b>Yes</b>			<p>The dialogue with shareholders and stakeholders and the information for these groups take the form of interim reports and other announcements from the company, conference calls in connection with the release of interim reports and financial statements and via meetings with investors, analysts and the media. Interim reports and other announcements are made available on the Ambu website immediately after publication. The website also contains information used in connection with investor presentations and conference calls. The website, investor presentations, announcements, interim reports and annual reports are available in English.</p> <p>Ambu has a communication policy, which has been adopted by the Board of Directors.</p>
1.1.2. The committee recommends that the board of directors adopts policies on the company's relationship with its stakeholders, including shareholders and other investors, and that the board ensures that the interests of the shareholders are respected in accordance with company policies.	<b>Yes</b>			<p>Ambu's policy on the relationship with its stakeholders forms an integrated part of the company's values and of its overall communications policy and CSR strategy (see below).</p> <p>In general, Ambu aims at a respectful dialogue with its stakeholders. Ambu is therefore adhering to a management standard (Code of Conduct) which sets out good business practice in respect of the company's interaction with public authorities, suppliers and other decision-makers.</p> <p>Ambu has also defined a policy in relation to the company's investors, which is available on the company website.</p>
1.1.3. The committee recommends that the company publishes quarterly reports.	<b>Yes</b>			Ambu publishes interim reports.

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**1.2. General meeting**

1.2.1. The committee recommends that, when organising the company's general meeting, the board of directors plans the meeting to support active ownership.	<b>Yes</b>			<p>Ambu's general meeting constitutes the actual forum for communication and discussion as well as the forum where the shareholders voice their opinions and can make decisions.</p> <p>Notices of general meetings are submitted directly to all registered shareholders who have requested this.</p> <p>At the general meeting, Ambu's management strives to provide a thorough account of the company's business development and strategy and encourages the shareholders to participate in an open debate about Ambu's development.</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.	<b>Yes</b>			<p>It is possible for the shareholders to consider each individual item on the agenda via the proxy forms made available by Ambu.</p>

**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.	<b>Yes</b>			<p>Apart from the difference in the weighting of votes between Class A shares and Class B shares, there is no protection against takeover in the form of voting ceilings or ownership limitations.</p> <p>Ambu has set up contingency procedures in the event of takeover bids covering the period as from when the Board of Directors has reason to believe that a takeover bid will be made. According to the contingency procedures, the Board of Directors should not without the acceptance of the general meeting, attempt to counter a takeover bid by making decisions which in reality prevent the shareholders from deciding on the takeover bid themselves.</p>
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**2. Tasks and responsibilities of the board of directors**

**2.1. Overall tasks and responsibilities**

2.1.1. The committee recommends that at least once a year the board of directors takes a position on the matters related to the board's performance of its responsibilities.	<b>Yes</b>			At least once a year the Board of Directors takes a position on the matters related to the Board's performance of its responsibilities. This is stated in the rules of procedure of the Board of Directors.
2.1.2. The Committee recommends that at least once annually the board of directors considers the overall strategy of the company with a view to ensuring value creation in the company.	<b>Yes</b>			Ambu's overall strategy is normally adopted every five years. Every year Ambu reevaluates this strategy as well as prepares a detailed strategy plan for the coming financial year based on the five-year strategy. The draft strategy plan together with the budget for the coming year are presented to the Board of Directors.
2.1.3. The committee recommends that the board of directors ensures that the company has a capital and share structure ensuring that the strategy and long-term value creation of the company are in the best interest of the shareholders and the company, and that the board of directors presents this in the management commentary on the company's annual report and/or on the company's website.	<b>Yes</b>			<p>Ambu's share capital is divided into Class A and Class B shares. The Class B shares are listed on Nasdaq Copenhagen, whereas the Class A shares are non-negotiable securities.</p> <p>The Board of Directors considers on an ongoing basis whether the capital and share capital structure are in line with the best interests of the company and its shareholders.</p> <p>The Board of Directors' assessment thereof appears from the annual report.</p>

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2.1.4. The committee recommends that the board of directors annually reviews and approves guidelines for the executive board; this includes establishing requirements for the executive board on timely, accurate and adequate reporting to the board of directors.	<b>Yes</b>			<p>The rules of procedure of the Board of Directors lay down the overall framework for the work of the Board related to the financial and managerial control of the company.</p> <p>The Board of Directors ensures that the necessary policies are available, and that they are continuously updated - moreover that the company's risk management and internal controls are assessed on an ongoing basis.</p> <p>The Board of Directors has also established guidelines for the executive board's reporting to the Board, for example in the Board of Directors' annual wheel.</p> <p>The establishment and description of the areas of responsibility of the executive board, including the requirements for the executive board's reporting to the Board of Directors as well as the communication between the two governing bodies, are included in the rules of procedure of the Board of Directors.</p>
2.1.5. The committee recommends that at least once a year the board of directors discusses the composition of the executive board, as well as developments, risks and succession plans.	<b>Yes</b>			<p>Every year, the Board of Directors discusses the composition of the executive board as well as developments, risks and succession plans. This appears from the Nomination Committee's annual wheel.</p>

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## **2.2. Corporate social responsibility**

2.2.1. The committee recommends that the board of directors adopts policies on corporate social responsibility.	<b>Yes</b>			<p>Ambu's presence in many markets with a diversity in culture requires a frame of reference for social responsibility and ethical behavior. Ambu's Code of Conduct for Business Partners sets the standard for us and our business partners, and we have a continued focus on corporate social responsibility.</p> <p>Ambu became a signatory to the UN Global Compact in 2020 and promotes adherence to these principles amongst its employees and business partners. In July 2021, Ambu submitted the climate change questionnaire to CDP and in August 2021, Ambu committed to setting carbon emission reduction targets in line with the Science based Target initiative (SBTI). In September 2021, Ambu adopted the United Nations Women's Empowerment Principles (WEPs).</p> <p>Ambu has for the second time published an extensive Sustainability Report which is available on the company's website. Sustainability/CSR is a focus for the Board of Directors and is a separate agenda item once a year (pursuant to the Board of Directors' annual wheel)</p>
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## **2.3. Chairman and vice-chairman of the board of directors**

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.	<b>Yes</b>			<p>Both the Chairman as well as the Vice-Chairman of the Board of Directors are elected by the general assembly.</p> <p>The role of the Vice-Chairman complies with the recommendations and with the provisions set out in the company's Articles of Association and the rules of procedure of the Board of Directors. The Chairmanship holds a total of 4-5 meetings a year attended by both the Chairman and the Vice-Chairman.</p> <p>A work and task list for the Chairman and Vice-Chairman forms part of the rules of procedure of the Board of Directors, which is reviewed once a year, pursuant to the Board of Directors' annual wheel.</p>
2.3.2. The committee recommends ensuring that, if the board of directors, in exceptional cases, asks the chairman of the board of directors to perform special operating activities for the company, including briefly participating in the day-to-day management, a board resolution to that effect be passed to ensure that the board of directors maintains its independent, overall	<b>Yes</b>			Ambu's Chairman of the Board of Directors does not participate in the day-to-day management of the company.

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management and control function. Resolutions on the chairman's participation in day-to-day management and the expected duration hereof should be published in a company announcement.				
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### **3. Composition and organisation of the board of directors**

#### **3.1. Composition**

3.1.1. The committee recommends that the board of directors annually accounts for <ul style="list-style-type: none"> <li>• the skills it must have to best perform its tasks,</li> <li>• the composition of the board of directors, and the special skills of each member.</li> </ul>	<b>Yes</b>			Once a year, pursuant to the Board of Directors' annual wheel, the Board of Directors assesses whether the size and composition of the Board of Directors are suitable in order to facilitate a constructive debate and efficient decision-making process during the board meetings.  A description of the executive functions and special qualifications of the individual Board members is also included in the company's annual report and is available on the company website.  A description of the composition of the Board of Directors, including diversity and any other executive tasks of each Board member, are included in the company's annual report.
3.1.2. The Committee recommends 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.	<b>Yes</b>			The Board of Directors have ongoing discussions on activities that can ensure diversity at all management levels.  The company's policies on diversity is available on the company's website.

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3.1.3. The Committee recommends 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.	<b>Yes</b>			In connection with the nomination of new Board members, a careful assessment is made of the necessary knowledge and professional experience of the potential board members in order to ensure the necessary competences of the Board of Directors. At the same time, the Board of Directors aims to ensure that its members supplement each other in the best possible way in terms of age, background, gender, international experience etc., thereby being able to provide a competent and versatile contribution to the work of Ambu's Board of Directors.
3.1.4. The committee recommends that a description of the nominated candidates' qualifications, including information about the candidates' <ul style="list-style-type: none"> <li>• other executive functions, e.g. memberships in executive boards, boards of directors, and supervisory boards, including board committees in foreign enterprises, be accompanied by the notice convening the general meeting when election of members to the board of directors is on the agenda.</li> <li>• demanding organisational tasks, and information</li> <li>• about whether candidates to the board of directors are considered independent.</li> </ul>	<b>Yes</b>			Ambu ensures that a description of the qualifications of the nominated candidates, including information about any other executive functions held by the candidates, demanding organisational tasks and information about whether candidates to the Board of Directors are considered independent, is always submitted together with notices convening general meetings.

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3.1.5. The Committee recommends 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.	<b>Yes</b>			None of the members of the Board of Directors is, nor have been, a part of the executive board.
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.	<b>Yes</b>			Members of the Board of Directors elected by the general assembly are up for election every year.

### **3.2. Independence of the board of directors**

3.2.1. The Committee recommends that at least half of the members of the board of directors elected by the general meeting be independent persons, in order for the board of directors to be able to act independently of special interests. To be considered independent, this person may not: <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> </ul>	<b>Yes</b>			Currently, all members of the Board of Directors elected by the general meeting are independent persons according to the definition provided.
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<ul style="list-style-type: none"> <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 with persons who are not considered independent.</li> </ul> <p>Even if a member of the board of directors is not covered by the above criteria, certain conditions may exist that will lead the board of directors to decide that one or more members cannot be regarded as independent.</p>				

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**3.3. Members of the board of directors and the number of other executive functions**

3.3.1. The committee recommends that each member of the board of directors assesses the expected time commitment for each function in order that the member does not take on more functions than he/she can manage satisfactorily for the company.	<b>Yes</b>			Each Board member in Ambu is responsible for allocating sufficient time to the board work to handle his/her functions in a satisfactory way for the company.
3.3.2. The committee recommends that the management commentary, in addition to the provisions laid down by legislation, includes the following information about the members of the board of directors: <ul style="list-style-type: none"> <li>• the position of the relevant person,</li> <li>• the age and gender of the relevant person,</li> <li>• the person's competencies and qualifications that are relevant to the company,</li> <li>• whether the member is considered independent,</li> <li>• the date of appointment to the board of directors of the member,</li> <li>• expiry of the current election period,</li> <li>• the member's participation in the meetings on the board of directors and committee meetings,</li> <li>• other executive functions, e.g. memberships in executive boards, boards of directors, and supervisory boards, including board committees in foreign enterprises and</li> <li>• demanding organisational tasks, and</li> <li>• the number of shares, options, warrants and similar in the company, and other group companies of the company, owned by the member, as well as changes in the portfolio of the member of the securities mentioned which have occurred during the financial year.</li> </ul>	<b>Yes</b>			<p>The management's review contains information about the Board members' position, age, gender, independence, participation in meetings, other executive functions in other Danish and foreign companies and their position. The management's review also comprises information on demanding organisational tasks.</p> <p>Information on the Board of Directors' shareholdings, options etc. is also provided.</p> <p>Ambu's annual report states when the individual member of the Board of Directors joined the Board. The election period is one year.</p>

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3.3.3. The Committee recommends that the annual evaluation procedure, cf. section 3.5, includes 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.	<b>Yes</b>			As a part of the annual evaluation process the Board of Directors evaluates what is regarded as a reasonable number of other management functions.

#### **3.4. Board committees**

3.4.1. The committee recommends that the company publishes the following on the company's website: <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 on which members are independent members and which members have special qualifications.</li> </ul>	<b>Yes</b>			Ambu's Board of Directors has established an Audit Committee, a Nomination Committee and a Remuneration Committee.  A description of the composition and work of the committees is included in the annual report.  The rules of procedure for the Board committees are available on the company's website.
3.4.2. The committee recommends that a majority of the members of a board committee be independent.	<b>Yes</b>			All members of the Board committees are independent, per the definition from the recommendations on corporate governance.
3.4.3. The Committee recommends 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.	<b>Yes</b>			Ambu has established an Audit Committee. The Chairman of the Audit Committee is different from the Chairman of the Board of Directors.  The members of the Audit Committee are deemed to possess the necessary competences and the necessary experience in the financial, accounting and audit conditions of companies whose shares are admitted to trading on a regulated market.

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3.4.5. The Committee recommends that the audit committee: <ul style="list-style-type: none"> <li>• annually assesses the need for an internal audit function and, in such a case, presents mandates and recommendations on selecting, appointing and removing the head of any internal audit function and on the budget of the internal audit function,</li> <li>• ensure that if an internal audit has been established, a description of its functions 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>• monitors the executive board's follow-up on the conclusions and recommendations of the internal audit function.</li> </ul>	<b>Yes</b>			Ambu's Audit Committee has assessed that there is currently no need for an actual internal audit; however, ongoing financial and business controlling is carried out by the company's central finance function.  The Audit Committee considers on an ongoing basis whether the internal controlling should be intensified.  On the basis of a recommendation from the Audit Committee, the Board of Directors decides once every year whether internal auditing is required.
3.4.6. The committee recommends that the board of directors establishes a nomination committee chaired by the chairman of the board of directors with at least the following preparatory tasks: <ul style="list-style-type: none"> <li>• describe the qualifications required by the board of directors and the executive board, and for a specific membership, state the time expected to be spent on having to carry out the membership, as well as assess the competences, knowledge and experience of the two governing bodies combined,</li> <li>• annually assess the structure, size, composition and results of the board of directors and the</li> </ul>	<b>Yes</b>			Ambu has established a Nomination Committee.  The Nomination Committee assists the Board of Directors with the following tasks: <ul style="list-style-type: none"> <li>• ensuring that the Board of Directors evaluates the Board of Directors and the executive board once a year,</li> <li>• recommending new members for the company's Board of Directors for consideration by the Board of Directors,</li> <li>• assessing the need for changes to the company's executive board for consideration by the company's Board of Directors,</li> <li>• generally informing the company's Board of Directors about the Nomination Committee's work as and when deemed appropriate, or as and when requested by the company's Board of Directors,</li> </ul>

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<ul style="list-style-type: none"> <li>executive board, as well as recommend any changes to the board of directors,</li> <li>annually assess the competences, knowledge and experience of the individual membersmanagement, 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>propose an action plan to the board of directors on the future composition of the board of directors, including proposals for specific changes.</li> </ul>				<ul style="list-style-type: none"> <li>monitoring such other matters in relation to the Nomination Committee's duties and obligations as the Nomination Committee may deem appropriate, as well as other matters which the company's Board of Directors may have asked the Nomination Committee to prepare or assess, and</li> <li>preparing a report once a year for the company's Board of Directors on the Nomination Committee's work in the past year, including a description of decisions made, and regularly informing the Board of Directors about the Nomination Committee's work at the meetings of the Board of Directors.</li> </ul>
<p>3.4.7. The committee recommends that the board of directors establishes a <u>remuneration committee</u> with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>to recommend the remuneration policy (including the general guidelines for incentive-based remuneration) to the board of directors and the executive board for approval by the board of directors prior to approval by the general meeting,</li> <li>make proposals to the board of directors on remuneration for members of the board of directors and the executive board, as well as ensure that the remuneration is in compliance with the company's remuneration policy and the assessment of the performance of the persons concerned. 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,</li> </ul>	Yes			<p>Ambu has established a Remuneration Committee and issues a remuneration report in accordance with the law. The remuneration report is announced together with the annual report and is presented at the general assembly.</p> <p>The Remuneration Committee assists the Board of Directors with the following tasks:</p> <ul style="list-style-type: none"> <li>to prepare proposals for the overall guidelines and the company's remuneration policy for the executive board,</li> <li>to assess the remuneration of the executive board and the senior management group based on both a total but also on an individual assessment and to ensure a context with the company's business goals,</li> <li>to consider and to prepare proposals and suggestions for the company's Board regarding incentive schemes for the executive board, the senior management group and employees of the entire Ambu group, and</li> <li>to prepare a draft for the remuneration report.</li> </ul>

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<ul style="list-style-type: none"> <li>recommend a remuneration policy applicable for the company in general, and</li> <li>assisting with the preparation of the annual remuneration report.</li> </ul>				
3.4.8. The committee recommends that the remuneration committee do not consult with the same external advisers as the executive board of the company.	<b>Yes</b>			The Nomination Committee and the Remuneration Committee do not consult with the same external advisers as the executive board.

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

<p>3.5.1. The Committee recommends that the board of directors establishes an evaluation procedure for an annual evaluation of the board of directors and the individual members. External assistance should be obtained at least every third year. The evaluation should inter alia include:</p> <p>contribution and results,</p> <ul style="list-style-type: none"> <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</p>	<b>Yes</b>			<p>Ambu's Board of Directors has established an evaluation procedure where contributions and results of the Board of Directors and the individual members are evaluated every year. The evaluation is conducted with assistance from an external consultant.</p> <p>The Chairman is in charge of the ongoing evaluation and discusses the outcome with the Board of Directors.</p> <p>In connection with the preparation for the general meeting, it is considered whether the number of members is appropriate in relation to the requirements of the company to ensure a constructive debate and effective decision-making process in which all members are given the opportunity to participate actively.</p> <p>Once a year, the Board of Directors assesses whether the size and composition of the Board of Directors provides a constructive debate and effective decision-making process – see the Board's rules of procedure.</p> <p>The Chairman of the Board accounts for the evaluation at the general assembly.</p>
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conclusions on the general meeting prior to the election of the board of directors.				
3.5.2. The Committee recommends that at least once annually, the board of directors evaluates 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.3.5.3. The committee recommends that at least once every year the board of directors evaluates the work and performance of the executive board in accordance with pre-defined clear criteria.	Yes			The Chairman of the Board of Directors is in charge of the ongoing evaluation and discusses the outcome of the evaluation with the Board of Directors.
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.	Yes			The cooperation between the executive board and the Board of Directors is evaluated annually in connection with the evaluation of the achievements of goals set for the executive board. The Chairman of the Board of Directors is in charge of this task.

#### **4. Remuneration of management**

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

4.1.1. The Committee recommends that the board of directors prepares a remuneration policy for the board of directors and the executive board, which includes <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> </ul>	Yes			Ambu has composed a remuneration policy describing the principles of, and framework for, the total remuneration paid to members of the Board of Directors and the executive board which was approved by the general assembly in December 2019. The policy is described on the company website.
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Recommendation	The company complies	The company does not comply	The company complies partially	The company's explanation
<ul style="list-style-type: none"> <li>• a description of the criteria that forms 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>				
<p>4.1.2. The Committee recommends 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>	Yes			<p>The remuneration policy includes variable components as follows</p> <ul style="list-style-type: none"> <li>• limits have been set on the variable components of the total remuneration package,</li> <li>• a reasonable and balanced linkage is ensured between remuneration for governing body members, expected risks and the value creation for shareholders in the short and long terms,</li> <li>• there is clarity about performance criteria and measurability for award of variable components,</li> <li>• there are criteria ensuring that remuneration not only consists of short-term remuneration components, and that long-term remuneration components must have a vesting or maturity period of at least three years, and</li> <li>• an agreement is made which, in exceptional cases, entitles the company to reclaim in full or in part variable components of remuneration that were paid on the basis of data, which proved to be misstated.</li> </ul>

<b>Recommendation</b>	<b>The company complies</b>	<b>The company does not comply</b>	<b>The company complies partially</b>	<b>The company's explanation</b>
4.1.3. The committee recommends that remuneration of members of the board of directors does not include share options or warrants.	<b>Yes</b>			The remuneration for the Board of Directors consists of a fixed annual remuneration only.
4.1.4. The committee recommends that if share-based remuneration is provided, such programmes be established as roll-over programmes, i.e. the options are granted periodically and should have a maturity of at least three years from the date of allocation.	<b>Yes</b>			The remuneration for the executive board includes share options which are exercisable for a period starting three years after the date of allocation and ending six years after the time of allocation.
4.1.5. The committee recommends that agreements on termination payments should not amount to more than two years' annual remuneration.	<b>Yes</b>			All agreed termination payments amount to less than the value of the past two years' remuneration.
<b>4.2. Disclosure of the remuneration policy</b>				
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.	<b>Yes</b>			The company's remuneration policy and its compliance with this policy is explained as part of the Chairman's statement at the general meeting.
4.2.2. The committee recommends that the proposed remuneration for the board of directors for the current financial year be approved by the shareholders at the general meeting.	<b>Yes</b>			In connection with his/her statement at the general meeting, the Chairman presents a proposal for remuneration of the Board of Directors for the current financial year.

<b>Recommendation</b>	<b>The company complies</b>	<b>The company does not comply</b>	<b>The company complies partially</b>	<b>The company's explanation</b>
<p>4.2.3. The Committee recommends 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>	<b>Yes</b>			<p>Information about the total remuneration for each member of the Board of Directors and the executive board is disclosed in the company's annual report and the remuneration report.</p> <p>Ambu has no defined-benefit schemes to members of the Board of Directors or the executive board.</p> <p>The terms of employment of the executive board, including remuneration and severance programme, are deemed to be in accordance with the normal standard for positions of this nature and do not entail any special commitments on the part of the company.</p>

## **5. Financial reporting, risk management and audits**

### **5.1. Identification of risks and transparency about other relevant information**

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.	<b>Yes</b>			<p>The management commentary in the annual report includes information about Ambu's risk management.</p> <p>At least once a year the executive board presents to the Board of Directors the most important strategic and business-related risks.</p> <p>A risk map is prepared each year, in which the most important business risks are identified and prioritised.</p>
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<b>Recommendation</b>	<b>The company complies</b>	<b>The company does not comply</b>	<b>The company complies partially</b>	<b>The company's explanation</b>
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**5.2. Whistleblower scheme**

5.2.1. The committee recommends that the board of directors decides whether to establish a whistleblower scheme for expedient and confidential notification of possible or suspected wrongdoing.	<b>Yes</b>			<p>Ambu encourages employees and external persons to report about suspected or actual violations of laws, Ambu's Code of Conduct or internal rules or other serious violation of local policies to the Whistleblower Hotline. The hotline platform is run by an external provider to ensure confidentiality and anonymity. The hotline and investigations are monitored by the Hotline Committee.</p> <p>Ambu's Whistleblower Hotline received 10 reports in 2020/21. All reports fell within the scope of our Code of Conduct and was investigated by Business Ethics &amp; Compliance.</p>
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**5.3. Contact to auditor**

5.3.1. The committee recommends that the board of directors ensures 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 without the executive board present. This also applies to the internal auditor, if any.	<b>Yes</b>			<p>The Board of Directors has and maintains a regular dialogue and exchange of information between the auditor and Board of Directors.</p> <p>The Audit Committee meets with the auditor at least once a year without the executive board.</p>
5.3.2. The committee recommends that the audit agreement and auditors' fee be agreed between the board of directors and the auditor on the basis of a recommendation from the Audit Committee.	<b>Yes</b>			<p>The auditor agreement and auditors' fee are agreed between the company's Board of Directors and the auditor based on a recommendation from the Audit Committee.</p>