

CHR. HANSEN 2021/22

# Corporate Governance Statement

Company reg. no. 28318677



*Improving food & health*

# Annual Corporate Governance Statement 2021/22

This annual corporate governance statement for Chr. Hansen Holding A/S (hereinafter “Chr. Hansen” or the “Company”) has been prepared pursuant to Section 107b of the Danish Financial Statements Act<sup>1)</sup> and covers the accounting period from September 1, 2021, to August 31, 2022.

The statement forms part of the management review in the 2021/22 Annual Report. The statement has been approved by the Board of Directors together with the 2021/22 Annual Report. As a Company incorporated in Denmark and listed on Nasdaq Copenhagen A/S (hereinafter “Nasdaq Copenhagen”), Chr. Hansen is subject to the Danish Recommendations on Corporate Governance issued by the Danish Committee on Corporate Governance on December 2, 2020 (hereinafter the “Recommendations”). This annual corporate governance statement is available on Chr. Hansen’s website <https://www.chr-hansen.com/en/investors/governance/corporate-governance>.

The statement includes:

- A description of the Company’s governance structure.
- A review of Chr. Hansen’s position on the Danish Recommendations on Corporate Governance.
- The main elements of the internal control and risk management systems in relation to financial reporting.

## Chr. Hansen governance structure

The shareholders of Chr. Hansen Holding A/S exercise their rights at the general meeting, which is the supreme governing body of the Company, and which elects the members of the Board of Directors.

Chr. Hansen Holding A/S has a two-tier management structure consisting of:

- the Board of Directors, and
- the Executive Board

### Shareholders

The shareholders have the ultimate authority over the Company and can exercise their rights by passing resolutions at general meetings. At each annual general meeting, the shareholders approve the annual report and any amendments to the Articles of Association and elect the board members and the independent auditor. Resolutions can generally be passed by simple majority. However, resolutions to amend the Articles of Association require the affirmative votes of two-

thirds of the votes cast and capital represented, unless the Danish Companies Act stipulates other adoption requirements.

### Board of Directors

#### Roles and responsibilities, composition, independence, attendance, diversity and shareholding requirement

The Board of Directors is responsible for the overall management of the Company. In accordance with current practice in Denmark, responsibilities are distributed in a two-tiered structure between the Board of Directors and the Executive Board. The Executive Board oversees the day-to-day management, while the Board of Directors supervises the work of the Executive Board and is responsible for the overall management and strategic direction. The two bodies are separate with no overlapping members.

The Board of Directors has ten members, six of whom are elected by the shareholders, while four are elected by the employees in Denmark.

In November 2021, the shareholders elected the following members to the Board of Directors:

- **Dominique Reiniche** (Chair of the Board of Directors since 2018 (member since 2013 and Vice Chair from 2015-2018), chair of the Nomination Committee and the Remuneration Committee, and member of the Audit Committee).
- **Jesper Brandgaard** (Vice Chair of the Board of Directors since 2018 and member since 2017, member of the Nomination Committee and the Audit Committee).
- **Luis Cantarell** (member of the Board of Directors since 2016, chair of the Science & Innovation Committee and member of the Remuneration Committee).
- **Heidi Kleinbach-Sauter** (member of the Board of Directors since 2017 and member of the Nomination Committee and the Science & Innovation Committee).
- **Lise Kaae** (member of the Board of Directors since 2020, chair of the Audit Committee and member of the Remuneration Committee).
- **Kevin Lane** (member of the Board of Directors since 2020 and member of the Nomination Committee and the Science & Innovation Committee).
- **Lillie Li Valeur (Note:** Lillie Li Valeur stepped down from the Board of Directors on May 1, 2022).

<sup>1)</sup> In Danish “Redegørelse for virksomhedsledelse, jf. årsregnskabslovens § 107b”.  
The Danish Recommendations on Corporate Governance are available at <https://corporategovernance.dk>.

Currently, all remaining six board members elected by the shareholders are considered to be independent as defined in the Recommendations. All shareholder-elected members of the Board of Directors serve for terms of one year and are up for re-election at each annual general meeting.

In 2021, the employees in Denmark elected four board members, two men and two women, for a statutory four-year term:

- **Casper Lynghøj Giedo** (member of the Board of Directors since 2021)
- **Charlotte Hemmingsen** (member of the Board of Directors since 2017)
- **Karen Lauesen** (member of the Board of Directors since 2021)
- **Kim Ib Sørensen** (member of the Board of Directors since 2017)

Employee-elected board members have the same rights, duties and responsibilities as shareholder-elected board members. Employee-elected board members are not considered to be independent as defined in the Recommendations.

The Board of Directors held seven board meetings in 2021/22. For meeting attendance, please refer to p. 67 of the 2021/22 Annual Report.

At the annual general meeting in November 2021, four women and three men were elected by the shareholders. After Lillie Li Valeur stepped down from the Board on May 1, 2022, three out of six shareholder-elected members are women. As in 2020/21, the Board of Directors thus continues to have equal gender representation under Danish law<sup>2)</sup> and to have met the Board's gender diversity target of having at least three shareholder-elected members of each gender by 2025.

The shareholder-elected members of the Board of Directors have all committed to purchasing shares corresponding to at least one year's base fee for an ordinary board member within 12 months of their appointment, and to maintaining a shareholding corresponding to at least one year's base fee throughout the entire period of their board membership. For information on current board members' shareholdings, including changes in their shareholdings in 2021/22, please refer to p. 67 of the 2021/22 Annual Report.

<sup>2)</sup> Reference is made to the Danish Business Authority's "Guidelines on target figures, policies and reporting on the gender composition of management" at [www.erhvervsstyrelsen.dk](http://www.erhvervsstyrelsen.dk).

### **Board committees**

The Board of Directors may establish board committees for the purpose of preparing decisions and recommendations for evaluation and approval by the Board of Directors. In accordance with the Recommendations, the Board of Directors has established the following four committees:

- an Audit Committee
- a Nomination Committee
- a Remuneration Committee
- a Science & Innovation Committee

Reporting to the Board of Directors, the committees have individual charters and agreed annual schedules which define their key tasks and responsibilities.

### **Audit Committee**

#### **Roles and responsibilities, composition, independence and attendance**

The Board of Directors has established an Audit Committee, which shall consist of at least three members appointed by the Board of Directors from among its members. One member is appointed chair, who cannot be the Chair of the Board of Directors. The Audit Committee assists the Board of Directors in meeting its responsibilities in the financial and non-financial reporting process, the system of internal controls, the audit process and the Company's process for monitoring compliance with laws, regulations, internal policies and positions, including considering the independence of the external auditor and reviewing the annual and quarterly financial reports. The Audit Committee meets at least five times a year in accordance with an agreed annual schedule with fixed agenda items, ensuring compliance with recommendations and adequate monitoring. The annual schedule reflects the key events of the annual financial and non-financial reporting cycle and the aforementioned responsibilities.

In November 2021, the Board of Directors appointed the following three board members to serve on the Audit Committee:

- **Lise Kaae** (chair, independent; Financial Expert)
- **Jesper Brandgaard** (member; independent; Financial Expert)
- **Dominique Reiniche** (member; independent)

All members qualify as independent as defined in the Recommendations according to which a majority of the members of a board committee must qualify as independent. Under Danish law,

at least one of the members must have expertise and experience in accounting and auditing (hereinafter "Financial Expert(s)"), and the members of the committee must as a whole have competencies relevant for the industry in which the Company operates. Two members are Financial Experts and the members as a whole have competencies relevant to the industries in which Chr. Hansen operates, as required by the Danish Act on Approved Auditors and Audit Firms.

The Audit Committee held seven meetings in 2021/22. For meeting attendance and the key matters handled by the Audit Committee, please refer to pp. 59 and 67 of the 2021/22 Annual Report. For a more detailed report on the key matters handled by the Audit Committee, please refer to Chr. Hansen's website.

### **Nomination Committee**

#### **Roles and responsibilities, composition, independence and attendance**

The Board of Directors has established a Nomination Committee, which shall consist of at least three members appointed by the Board of Directors from among its members. The Chair of the Board of Directors serves as chair of the Nomination Committee. The Nomination Committee assists the Board of Directors in meeting its responsibilities with respect to the nomination and appointment of members of the Board of Directors and the Executive Board, ensuring that the Board of Directors and the Executive Board are at all times of an appropriate size and consisting of individuals with the professional qualifications and experience required, and conducting regular evaluations of the performance of the Board of Directors and the Executive Board. The Nomination Committee meets at least three times a year in accordance with an agreed annual schedule with fixed agenda items.

In November 2021, the Board of Directors appointed the following four board members to serve on the Nomination Committee:

- **Dominique Reiniche** (chair; independent)
- **Jesper Brandgaard** (member; independent)
- **Heidi Kleinbach-Sauter** (member, independent)
- **Kevin Lane** (member, independent)

All members qualify as independent as defined in the Recommendations according to which a majority of the members of a board committee must qualify as independent.

The Nomination Committee held four meetings in 2021/22. For meeting attendance and the key matters handled by the Nomination Committee, please refer to pp. 59 and 67 of the 2021/22 Annual Report. For a more detailed report on the key matters handled by the Nomination Committee, please refer to Chr. Hansen's website.

### **Remuneration Committee**

#### **Roles and responsibilities, composition, independence and attendance**

The Board of Directors has established a Remuneration Committee, which consists of at least three members appointed by the Board of Directors from among its members. The Chair of the Board of Directors serves as chair of the Remuneration Committee. The Remuneration Committee assists the Board of Directors in meeting its responsibilities with respect to establishing, implementing and executing its remuneration policy for the members of the Board of Directors, its committees and the Executive Board and the principles hereof for the other members of the Corporate Leadership Team. Furthermore, the Remuneration Committee assists the Board of Directors in preparing a general remuneration policy for the Company and an annual separate Remuneration Report for the Board of Directors and Executive Board. The Remuneration Committee meets at least four times a year in accordance with an agreed annual schedule with fixed agenda items.

In November 2021, the Board of Directors appointed the following three board members to serve on the Remuneration Committee:

- **Dominique Reiniche** (chair; independent)
- **Luis Cantarell** (member; independent)
- **Lillie Li Valeur** (member; non-independent). **Note:** Lillie Li Valeur stepped down from the Board of Directors on May 1, 2022 and was replaced on the Remuneration Committee by **Lise Kaae** (member; independent).

All current members qualify as independent as defined in the Recommendations according to which a majority of the members of a board committee must qualify as independent. The Remuneration Committee held four meetings in 2021/22. For meeting attendance and the key matters handled by the Remuneration Committee, please refer to pp. 59 and 67 of the 2021/22 Annual Report. For a more detailed report on the key matters handled by the Remuneration Committee, please refer to Chr. Hansen's website.

### Science & Innovation Committee

#### Roles and responsibilities, composition, independence and attendance

The Board of Directors has established a Science & Innovation Committee, which shall consist of at least three members appointed by the Board of Directors from among its members. One member is appointed chair. The Science & Innovation Committee assists the Board of Directors in meeting its responsibilities with respect to the Company's research & development (R&D) strategy including the commercialization strategies to bring innovations from R&D to the relevant markets. The purpose is to provide reassurance to the Board that the R&D, technical resources and innovation plans of the Company are appropriately aligned with the agreed business and customer strategies. The Science & Innovation Committee meets at least five times a year in accordance with an agreed annual schedule with fixed agenda items.

In November 2021, the Board of Directors appointed the following four board members to serve on the Science & Innovation Committee:

- **Luis Cantarell** (chair; independent)
- **Heidi Kleinbach-Sauter** (member; independent)
- **Kevin Lane** (member; independent)
- **Lillie Li Valeur** (member; non-independent). **Note:** Lillie Li Valeur stepped down from the Board of Directors on May 1, 2022 and was not replaced on the Science & Innovation Committee.

All current members qualify as independent as defined in the Recommendations according to which a majority of the members of a board committee must qualify as independent.

The Science & Innovation Committee held five meetings in 2021/22. For meeting attendance and the key matters handled by the Science & Innovation Committee, please refer to pp. 59 and 67 of the 2021/22 Annual Report. For a more detailed report on the key matters handled by the Science & Innovation Committee, please refer to Chr. Hansen's website.

### Executive Board

The Board of Directors appoints an Executive Board responsible for the day-to-day management and compliance with the guidelines and recommendations issued by the Board of Directors.

The Executive Board also submits and recommends to the Board of Directors proposals for the Company's overall strategy and objectives.

The Executive Board currently has two members, the President & Chief Executive Officer (hereinafter the "CEO") and the Executive Vice President & Chief Financial Officer (hereinafter the "CFO"). The Executive Board forms part of the Corporate Leadership Team, which currently has six additional members, who are responsible for Food Cultures & Enzymes, Health & Nutrition, Research & Development, Global Operations, Compliance & Corporate Affairs and Human Resources. The Corporate Leadership Team meets at least once a month, apart from the month of July. The Board of Directors appoints members of the Executive Board and reviews their performance based on a recommendation from the Nomination Committee, and determines their remuneration based on a recommendation from the Remuneration Committee.

On March 24, 2022, Executive Vice President & Chief Scientific Officer (hereinafter the "CSO"), Thomas Schäfer, stepped down as Executive Vice President & CSO and from the Executive Board to serve as Chief Science Advisor to CEO Mauricio Graber. Thomas Schäfer was replaced by Henrik Joerck Nielsen as Executive Vice President & CSO on April 1, 2022.

More information on the members of the Executive Board and the other members of the Corporate Leadership Team is available on p. 68 of the 2021/22 Annual Report and on Chr. Hansen's website.

At August 31, 2022, the members of the Executive Board were:

- **Mauricio Graber** (President & CEO)
- **Lise Skaarup Mortensen** (Executive Vice President & CFO)

Only the members of the Executive Board are registered with the Danish Business Authority.

# Chr. Hansen's position on the Danish Recommendations on Corporate Governance

As a company incorporated in Denmark with its shares listed on Nasdaq Copenhagen A/S, Chr. Hansen must either comply with or explain any deviations from the Danish Recommendations on Corporate Governance. It is the ambition of Chr. Hansen to comply with good corporate governance practices, including statutory requirements and the Recommendations. Therefore, our Board of Directors regularly reviews its rules of procedure, charters, policies and practices. In 2021/22 Chr. Hansen complied with **all** of the Recommendations.

- Complies
- Not complying

RECOMMENDATION	The company complies/ does not comply	Explanation for complying /not complying with the recommendation
<b>1. Communication and interaction by the company with its investors and other stakeholders</b>		
<b>1.1. Dialogue between company, shareholders and other stakeholders</b>		
1.1.1. <b>The Committee recommends</b> that the management through ongoing dialogue and interaction ensures that shareholders, investors and other stakeholders gain the relevant insight into the company's affairs, and that the board of directors obtains the possibility of hearing and including their views in its work.	<span style="color: green;">●</span>	<p>Chr. Hansen's Board of Directors and Executive Board ensure having an ongoing dialogue with its shareholders, investors and other stakeholders through its investor relations activities for the purpose of providing relevant insights about Chr. Hansen. At least quarterly at board meetings, the Board of Directors receives a capital market update, which includes feedback on topics discussed with investors prior to the Board meetings.</p> <p>The primary dialogue with shareholders takes place at investor meetings, presentations and at annual general meetings. Investors may also maintain an ongoing dialogue by contacting the Investor Relations department to obtain additional non-price sensitive information. Conference calls are hosted following the publication of the annual and quarterly financial reports to give participants the opportunity to direct questions to management. Recordings of conference calls, including transcripts, are subsequently made available at Chr. Hansen's website together with other investor relations materials, such as presentations, press releases, company announcements, annual reports, notices and minutes of annual general meetings, etc.</p> <p>Chr. Hansen held around 300 either virtual or in-person meetings with institutional investors in the financial year 2021/22.</p>

RECOMMENDATION	The company complies/ does not comply	Explanation for complying /not complying with the recommendation
<p>1.1.2. <b>The Committee recommends</b> that the company adopts policies on the company's relationship with its shareholders, investors and if relevant other stakeholders in order to ensure that the various interests are included in the company's considerations and that such policies are made available on the company's website.</p>		<p>Chr. Hansen is committed to maintaining a transparent and constructive dialogue with shareholders and other stakeholders. Stakeholder dialogue and relationships are managed in accordance with the Company's Business Integrity, Communications and Corporate Governance Policies, as well as positions on Investor Relations and Sustainability.</p> <p>In 2021/22, the policies and positions were reviewed and approved by the Board of Directors at a board meeting in September 2021 and made available on Chr. Hansen's website.</p>
<p>1.1.3. <b>The Committee recommends</b> that the company publish quarterly reports.</p>		<p>Chr. Hansen publishes quarterly financial reports in English and subsequently makes Danish translations available on its website. Danish law no longer requires the publication of quarterly reports. However, to serve the best interests of shareholders and to maintain a high and consistent level of information to the investor community, the Board of Directors has resolved that the Company will continue to publish quarterly reports.</p>
<p><b>1.2. General meeting</b></p>		
<p>1.2.1. <b>The Committee recommends</b> that the board of directors organises the company's general meeting in a manner that allows shareholders, who are unable to attend the meeting in person or are represented by proxy at the general meeting, to vote and raise questions to the management prior to or at the general meeting. The Committee recommends that the board of directors ensures that shareholders can observe the general meeting via webcast or other digital transmission.</p>		<p>Chr. Hansen is committed to maintaining a constructive dialogue and a high level of transparency when communicating with the Company's shareholders and other stakeholders.</p> <p>The Board of Directors and the Executive Board encourage investors to participate actively at general meetings. The date of each year's annual general meeting is published in the financial calendar and, as part of the ongoing dialogue, investors are actively encouraged to attend.</p> <p>All shareholders receive a notice convening general meetings electronically, if they have so requested and have provided their e-mail address to Chr. Hansen.</p> <p>During the notice period for general meetings, a proxy/postal voting form is made available on Chr. Hansen's website and at the Shareholder Portal. In the notice convening the annual general meeting, shareholders are invited before the meeting to submit questions in writing regarding the agenda or the documents, etc. to be considered at the annual general meeting. In November 2021, the annual general meeting was held at Conference Center Søhuset in Hørsholm, Denmark. Shareholders and stakeholders were also able to attend via webcast.</p>
<p>1.2.2. <b>The Committee recommends</b> that proxies and postal votes to be used at the general meeting enable the shareholders to consider each individual item on the agenda.</p>		<p>Pursuant to Chr. Hansen's articles of association, shareholders may cast their votes in writing (postal votes) and submit them to the Board of Directors prior to the annual general meeting. Furthermore, voting rights may be exercised by means of written and dated proxies in accordance with the applicable laws in force from time to time. Both postal and proxy votes must consider each individual item on the agenda. The form to be used for postal and proxy voting is made available during the notice period for the general meeting on Chr. Hansen's website and the Shareholder Portal.</p>

RECOMMENDATION	The company complies/ does not comply	Explanation for complying /not complying with the recommendation
<b>1.3. Takeover bids</b>		
<p>1.3.1. <b>The Committee recommends</b> that the company has a procedure in place in the event of takeover bids, containing a “road map” covering matters for the board of directors to consider in the event of a takeover bid, or if the board of directors obtains reasonable grounds to suspect that a takeover bid may be submitted. In addition, it is recommended that it appears from the procedure that the board of directors abstains from countering any takeover bids by taking actions that seek to prevent the shareholders from deciding on the takeover bid, without the approval of the general meeting.</p>		<p>Chr. Hansen has prepared a takeover procedure in the event of takeover bids to ensure that shareholders are given the opportunity to decide whether they wish to dispose of their shares in Chr. Hansen under the terms offered.</p> <p>It is part of the procedure that the Board of Directors will not make any decisions or initiate defensive measures without the prior approval of the general meeting.</p>
<b>1.4. Corporate Social Responsibility</b>		
<p>1.4.1. <b>The Committee recommends</b> that the board of directors adopts a policy for the company's corporate social responsibility, including social responsibility and sustainability, and that the policy is available in the management commentary and/or on the company's website. The Committee recommends that the board of directors ensures compliance with the policy.</p>		<p>The Board of Directors has adopted a Sustainability Position setting out the Company's commitments to social and environmental matters within Corporate Social Responsibility. The Sustainability Position is reviewed and approved by the Board of Directors annually and made available on Chr. Hansen's website.</p> <p>Chr. Hansen has been a signatory to the UN Global Compact since September 2009 and has worked strategically with the UN Sustainability Development Goals since 2016. In 2021, Chr. Hansen launched its new climate ambition validated by Science Based Targets, which are in line with the Paris Agreement. More information can be found on Chr. Hansen's website.</p> <p>As part of the 2025 strategy, the Board of Directors has set sustainability targets for Products, Planet and People. Product targets measure the positive impact that Chr. Hansen's products deliver to the Company's customers. Planet targets focus on minimizing the Company's environmental footprint. People targets address diversity, equity and inclusion and workers' safety. Chr. Hansen accounts for its performance in all three areas in the Annual Report and on the Company's website.</p>
<p>1.4.2. <b>The Committee recommends</b> that the board of directors adopts a tax policy to be made available on the company's website.</p>		<p>The Board of Directors has adopted a Tax Policy, which is available on Chr. Hansen's website, and was last approved by the Board of Directors in January 2022.</p>

RECOMMENDATION	The company complies/ does not comply	Explanation for complying /not complying with the recommendation
<b>2 The duties and responsibilities of the board of directors</b>		
<b>2.1 Overall tasks and responsibilities</b>		
2.1.1. <b>The Committee recommends</b> that the board of directors in support of the company's statutory objects according to its articles of association and the long-term value creation considers the company's purpose and ensures and promotes a good culture and sound values in the company. The company should provide an account thereof in the management commentary and/or on the company's website.	●	On an ongoing basis, the Board of Directors considers the purpose of Chr. Hansen and promotion of Chr. Hansen's culture model and values in support of the company's statutory objects and long-term value creation, including through the annual strategy process. Such considerations are accounted for on Chr. Hansen's website and in the Annual Report.
2.1.2. <b>The Committee recommends</b> that the board of directors at least once a year discusses and on a regular basis follows up on the company's overall strategic targets in order to ensure the value creation in the company.	●	Each year in March, the Board of Directors reviews the overall strategy of Chr. Hansen at a two-day Board strategy seminar.  In addition, the Board regularly discusses strategic matters at board meetings and reviews performance against the overall strategy, which is also reported on externally in connection with the quarterly financial reports and the Annual Report.
2.1.3. <b>The Committee recommends</b> that the board of directors on a continuously basis takes steps to examine whether the company's share and capital structure supports the strategy and the long-term value creation in the interest of the company as well as the shareholders. The Committee recommends that the company gives an account thereof in the management commentary.	●	The Board of Directors assesses at least twice a year whether the share and capital structure supports the overall strategy and the long-term value creation in the interest of the company as well as the shareholders. The management review in the Annual Report contains the Board's assessment.
2.1.4. <b>The Committee recommends</b> that the board of directors prepares and on an annual basis reviews guidelines for the executive management, including requirements in respect of the reporting of the board of directors.	●	The Board of Directors has prepared Rules of Procedure for the Executive Board detailing the overall duties and obligations of the Executive Board, including specific mandates under which the Executive Board may act and requirements in respect of the reporting to the Board of Directors. The Rules of Procedure and mandates are subject to an annual review, update and approval by the Board of Directors.
<b>2.2 Members of the board of directors</b>		
2.2.1 <b>The Committee recommends</b> that the board of directors, in addition to a chairperson, appoints a vice chairperson, who can step in if the chairperson is absent and who can generally act as the chairperson's close sparring partner.	●	According to the Articles of Association, the Board shall appoint a Vice Chair from among its members, which is done at the constituent meeting immediately following each year's annual general meeting.  The Vice Chair acts as a sounding board and sparring partner to the Chair of the Board of Directors and shall assume the responsibilities of the Chair in the Chair's absence. The role of the Vice Chair is described in the Rules of Procedure for the Board and the Charter for the Chair, which have been approved by the Board and are available on Chr. Hansen's website.

RECOMMENDATION	The company complies/ does not comply	Explanation for complying /not complying with the recommendation
<p>2.2.2. <b>The Committee recommends</b> that the chairperson in cooperation with the individual members of the board of directors ensures that the members up-date and supplement their knowledge of relevant matters, and that the members' special knowledge and qualifications are applied in the best possible manner.</p>		<p>As part of the annual Board evaluation, the Chair of the Board of Directors meets with each Board member to provide feedback on their performance, including to discuss and ensure that relevant knowledge is updated. Board members' special knowledge and qualifications are taken into account when considering the composition of the Board committees and ad hoc Board working groups.</p>
<p>2.2.3. <b>The Committee recommends</b> that if the board of directors, in exceptional cases, requests a member of the board of directors to take on special duties for the company, for instance, for at short period of time to take part in the daily management of the company, the board of directors should approve this in order to ensure that the board of directors maintains its independent overall management and control function. It is recommended that the company publishes any decision on allowing a member of the board to take part in the daily management, including the expected duration thereof.</p>		<p>Board members do not assume special tasks or participate in the day-to-day management of Chr. Hansen unless required to do so in exceptional circumstances. Such assignment or managerial involvement will always be limited to a fixed-term period, subject to the prior approval of the Board of Directors, and disclosed as recommended. In 2021/22 no such assignment or managerial involvement have occurred.</p>

### 3. The composition, organisation and evaluation of the board of directors

#### 3.1 Composition

<p>3.1.1. <b>The Committee recommends</b> that the board of directors on an annual basis reviews and in the management commentary and/or on the company's website states</p> <ul style="list-style-type: none"> <li>▪ which qualifications the board of directors should possess, collectively and individually, in order to perform its duties in the best possible manner, and</li> <li>▪ the composition of and diversity on the board of directors.</li> </ul>		<p>The desired competences to be possessed by shareholder-elected Board members, including diversity aspects, are determined in the Competency Profile, which is made available at Chr. Hansen's website. The Competency Profile is reviewed annually by the Nomination Committee and presented to the Board of Directors for approval.</p> <p>The Annual Report contains a description of the composition of the Board and competences of each Board member. Board members' biographies are also available on Chr. Hansen's website and in the notice convening the annual general meeting.</p> <p>In addition, the Board's diversity and targets are described in the Annual Report and this Corporate Governance Statement under "Board of Directors" above.</p>
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RECOMMENDATION	The company complies/ does not comply	Explanation for complying /not complying with the recommendation
<p>3.1.2. <b>The Committee recommends</b> that the board of directors on an annual basis discusses the company's activities in order to ensure relevant diversity at the different management levels of the company and adopts a diversity policy, which is included in the management commentary and/or available on the company's website.</p>		<p>Once a year, the Board of Directors discusses its objectives and the Company's activities to ensure relevant diversity at management levels and reviews the progress made by the Company.</p> <p>The diversity objectives for the Board of Directors and corporate management teams, as well as progress made on these during the year, are presented in the Annual Report.</p> <p>The Board has prepared and adopted a policy on diversity, equity and inclusion, which is available on Chr. Hansen's website.</p>
<p>3.1.3. <b>The Committee recommends</b> that candidates for the board of directors are recruited based on a thorough process approved by the board of directors. The Committee recommends that in assessing candidates for the board of directors - in addition to individual competencies and qualifications - the need for continuity, renewal and diversity is also considered.</p>		<p>The Board of Directors has established a formal, thorough, and transparent process for the recruitment of candidates to the Board of Directors.</p> <p>When assessing candidates for the Board, the Board considers the need for continuity, renewal and diversity in addition to individual competences and qualifications. The Nomination Committee conducts the preparatory work for the Board, which also takes into account the feedback from the annual Board evaluation.</p>
<p>3.1.4. <b>The Committee recommends</b> that the notice convening general meetings, where election of members to the board of directors is on the agenda - in addition to the statutory items - also includes a description of the candidates'</p> <ul style="list-style-type: none"> <li>▪ qualifications,</li> <li>▪ other managerial duties in commercial undertakings, including</li> <li>▪ board committees,</li> <li>▪ demanding organisational assignments and</li> <li>▪ independence.</li> </ul>		<p>The notice convening the annual general meeting contains the recommended information.</p>
<p>3.1.5. <b>The Committee recommends</b> that members to the board of directors elected by the general meeting stand for election every year at the annual general meeting, and that the members are nominated and elected individually.</p>		<p>Pursuant to the Articles of Association, all shareholder-elected members of the Board of Directors serve for terms of one year and may stand for re-election at each year's annual general meeting. In addition, shareholder-elected members are nominated and elected individually.</p>

RECOMMENDATION	The company complies/ does not comply	Explanation for complying /not complying with the recommendation
<b>3.2 The board of directors' independence</b>		
<p>3.2.1 <b>The Committee recommends</b> that at least half of the members of the board of directors elected in general meeting are independent in order for the board of directors to be able to act independently avoiding conflicts of interests.</p> <p>In order to be independent, the member in question may not:</p> <ul style="list-style-type: none"> <li>▪ be or within the past five years have been a member of the executive management or an executive employee in the company, a subsidiary or a group company,</li> <li>▪ within the past five years have received large emoluments from the company/group, a subsidiary or a group company in another 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 a business relationship (e.g. personally or indirectly as partner or an employee, shareholder, customer, supplier or member of a governing body in companies with similar relations) with the company, a subsidiary or a group company, which is significant for the company and/or the business relationship,</li> <li>▪ be or within the past three years have been employed with or a partner in the same company as the company's auditor elected in general meeting,</li> <li>▪ be a CEO in a company with cross-memberships in the company's management,</li> <li>▪ have been a member of the board of directors for more than twelve years, or</li> <li>▪ be a closely related to persons, who are not independent, cf. the above-stated criteria.</li> </ul> <p>Even if a member of the board of directors does not fall within the above-stated criteria, the board of directors may for other reasons decide that the member in question is not independent.</p>		<p>The Board of Directors currently consists of six shareholder-elected members, who are all considered to be independent.</p>
<p>3.2.2. <b>The Committee recommends</b> that the members of the executive management are not members of the board of directors and that members retiring from the executive management does not join the board of directors immediately thereafter.</p>		<p>There is no overlap between members of the Board of Directors and the Executive Board. None of the current board members are prior members of the Executive Board.</p>

RECOMMENDATION	The company complies/ does not comply	Explanation for complying /not complying with the recommendation
<b>3.3 Members of the board of directors and the number of other managerial duties</b>		
<p>3.3.1 <b>The Committee recommends</b> that the board of directors and each of the members on the board of directors, in connection with the annual evaluation, cf. recommendation 3.5.1., assesses how much time is required to perform the board duties. The aim is for the individual member of the board of directors not to take on more managerial duties than the board member in question is able to perform in a satisfactory manner.</p>	●	<p>In connection with the annual Board evaluation, each member of the Board of Directors, the Nomination Committee and the Board of Directors assess the time required to perform the Board duties.</p> <p>Further, shareholder-elected board members assess, at least once annually, their expected time commitment on other managerial positions, which is reviewed by the Nomination Committee and the Board of Directors. New managerial positions of Board members must be approved by the Board of Directors.</p> <p>In addition, each board member is required to sign a board agreement with Chr. Hansen under which the member commits not to take on any more functions than will allow him/her to reasonably perform his/her duties to Chr. Hansen.</p>
<p>3.3.2 <b>The Committee recommends</b> that the management commentary, in addition to the statutory requirements, contains the following information on the individual members of the board of directors:</p> <ul style="list-style-type: none"> <li>▪ position, age and gender,</li> <li>▪ competencies and qualifications relevant to the company,</li> <li>▪ independence,</li> <li>▪ year of joining the board of directors,</li> <li>▪ year of expiry of the current election period,</li> <li>▪ participation in meetings of the board of directors and committee meetings,</li> <li>▪ managerial duties in other commercial undertakings, including board committees, and demanding organisational assignments, and</li> <li>▪ the number of shares, options, warrants, etc. that the member holds in the company and its group companies and any changes in such holdings during the financial year.</li> </ul>	●	<p>The management review in the Annual Report contains the recommended information.</p>

RECOMMENDATION	The company complies/ does not comply	Explanation for complying /not complying with the recommendation
<b>3.4 Board committees</b>		
<p>3.4.1 <b>The Committee recommends</b> that the management describes in the management commentary:</p> <ul style="list-style-type: none"> <li>▪ the board committees' most significant activities and number of meetings in the past year, and</li> <li>▪ the members on the individual board committees, including the chairperson and the independence of the members of the committee in question.</li> </ul> <p>In addition, it is recommended that the board committees' terms of reference are published on the company's website.</p>	●	<p>The Board of Directors has established four board committees: an Audit Committee, a Nomination Committee, a Remuneration Committee and a Science &amp; Innovation Committee. Each committee's most important activities and number of meetings during the year as well as members, positions and independence are described in the management review of the Annual Report. The charter of each committee is available on Chr. Hansen's website.</p>
<p>3.4.2 <b>The Committee recommends</b> that board committees solely consist of members of the board of directors and that the majority of the members of the board committees are independent.</p>	●	<p>Board committees consist solely of members of the Board of Directors and all members of board committees are considered to be independent.</p>

RECOMMENDATION	The company complies/ does not comply	Explanation for complying /not complying with the recommendation
<p>3.4.3. <b>The Committee recommends</b> that the board of directors establishes an audit committee and appoints a chairperson of the audit committee, who is not the chairperson of the board of directors. The Committee recommends that the audit committee, in addition to its statutory duties, assists the board of directors in:</p> <ul style="list-style-type: none"> <li>▪ supervising the correctness of the published financial information, including accounting practices in significant areas, significant accounting estimates and related party transactions,</li> <li>▪ reviewing internal control and risk areas in order to ensure management of significant risks, including in relation to the announced financial outlook,</li> <li>▪ assessing the need for internal audit,</li> <li>▪ performing the evaluation of the auditor elected by the general meeting,</li> <li>▪ reviewing the auditor fee for the auditor elected by the general meeting,</li> <li>▪ Supervising the scope of the non-audit services performed by the auditor elected by the general meeting, and</li> <li>▪ ensuring regular interaction between the auditor elected by the general meeting and the board of directors, for instance, that the board of directors and the audit committee at least once a year meet with the auditor without the executive management being present.</li> </ul> <p>If the board of directors, based on a recommendation from the audit committee, decides to set up an internal audit function, the audit committee must:</p> <ul style="list-style-type: none"> <li>▪ prepare terms of reference and recommendations on the nomination, employment and dismissal of the head of the internal audit function and on the budget for the department,</li> <li>▪ ensure that the internal audit function has sufficient resources and competencies to perform its role, and</li> <li>▪ supervise the executive management's follow-up on the conclusions and recommendations of the internal audit function.</li> </ul>		<p>An Audit Committee was established by the Board of Directors in 2010. The chair of the Board will not serve as chair of the Audit Committee.</p> <p>Pursuant to the Charter for the Audit Committee and an established annual schedule, the responsibilities of the Audit Committee include having oversight of and reporting to the Board on the tasks outlined in this recommendation. The charter can be found on Chr. Hansen's website.</p> <p>Pursuant to the Charter for the Audit Committee, the Audit Committee assesses on an annual basis, whether there is a need for an internal audit function.</p> <p>In July 2022, the Audit Committee concluded that there is currently no need for an internal audit function, as the internal control function is effectively being performed by the finance organization. The conclusion was subsequently endorsed by the Board of Directors.</p>

RECOMMENDATION	The company complies/ does not comply	Explanation for complying /not complying with the recommendation
<p>3.4.4 <b>The Committee recommends</b> that the board of directors establishes a nomination committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>▪ describing the required qualifications for a given member of the board of directors and the executive management, the estimated time required for performing the duties of this member of the board of directors and the competencies, knowledge and experience that is or should be represented in the two management bodies,</li> <li>▪ on an annual basis evaluating the board of directors and the executive management's structure, size, composition and results and preparing recommendations for the board of directors for any changes,</li> <li>▪ in cooperation with the chairperson handling the annual evaluation of the board of directors and assessing the individual management members' competencies, knowledge, experience and succession as well as reporting on it to the board of directors,</li> <li>▪ handling the recruitment of new members to the board of directors and the executive management and nominating candidates for the board of directors' approval,</li> <li>▪ ensuring that a succession plan for the executive management is in place,</li> <li>▪ supervising the executive management's policy for the engagement of executive employees, and</li> <li>▪ supervising the preparation of a diversity policy for the board of directors' approval.</li> </ul>		<p>A Nomination Committee was established by the Board of Directors in 2010. The Charter for the Nomination Committee and the tasks performed by the committee complies with the requirements set out in this recommendation. The charter can be found on Chr. Hansen's website.</p>

RECOMMENDATION	The company complies/ does not comply	Explanation for complying /not complying with the recommendation
<p>3.4.5 <b>The Committee recommends</b> that the board of directors establishes a remuneration committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>▪ preparing a draft remuneration policy for the board of directors' approval prior to the presentation at the general meeting,</li> <li>▪ providing a proposal to the board of directors on the remuneration of the members of the executive management,</li> <li>▪ providing a proposal to the board of directors on the remuneration of the board of directors prior to the presentation at the general meeting,</li> <li>▪ ensuring that the management's actual remuneration complies with the company's remuneration policy and the evaluation of the individual members' performance, and</li> <li>▪ assisting in the preparation of the annual remuneration report for the board of directors' approval prior to the presentation of the general meeting's advisory vote.</li> </ul>		<p>A Remuneration Committee was established by the Board of Directors in 2010. The Charter for the Remuneration Committee and the tasks performed by the committee complies with the requirements set out in this recommendation. The charter can be found on Chr. Hansen's website.</p>
<p><b>3.5 Evaluation of the board of directors and the executive board</b></p>		
<p>3.5.1. <b>The Committee recommends</b> that the board of directors once a year evaluates the board of directors and at least every three years engages external assistance in the evaluation. The Committee recommends that the evaluation focuses on the recommendations on board of director's work, efficiency, composition and organisation, cf. recommendations 3.1.-3.4. above, and that evaluation as a minimum always includes the following topics:</p> <ul style="list-style-type: none"> <li>▪ the composition of the board of directors with focus on competencies and diversity</li> <li>▪ the board of directors and the individual member's contribution and results,</li> <li>▪ the cooperation on the board of directors and between the board of directors and the executive management,</li> <li>▪ the chairperson's leadership of the board of directors,</li> <li>▪ the committee structure and the work in the committees,</li> <li>▪ the organisation of the work of the board of directors and the quality of the material provided to the board of directors, and</li> <li>▪ the board members' preparation for and active participation in the meetings of the board of directors.</li> </ul>		<p>The Board of Directors conducts an annual Board evaluation, which complies with this recommendation. The Chair of the Board of Directors has the overall responsibility for the Board evaluation in collaboration with the Nomination Committee. An external consultant is engaged every three years to perform the Board evaluation, most recently in 2022.</p>

RECOMMENDATION	The company complies/ does not comply	Explanation for complying /not complying with the recommendation
3.5.2. <b>The Committee recommends</b> that the entire board of directors discusses the result of the evaluation of the board of directors and that the procedure for the evaluation and the general conclusions of the evaluation are described in the management commentary, on the company's website and at the company's general meeting.	●	The 2021/22 Board evaluation process and outcome is described in the management review of the Annual Report, on Chr. Hansen's website and by the Chair of the Board at the annual general meeting.
3.5.3 <b>The Committee recommends</b> that the board of directors at least once a year evaluates the work and results of the executive management according to preestablished criteria, and that the chairperson reviews the evaluation together with the executive management. In addition, the board of directors should on a continuous basis assess the need for changes in the structure and composition of the executive management, including in respect of diversity, succession planning and risks, in light of the company's strategy.	●	The Board of Directors regularly evaluates the work and performance of the Executive Board according to preestablished criteria and on a continuous basis assesses the need for changes in the structure and composition of the Executive Board, including in respect of diversity, succession planning and risks, in relation to Chr. Hansen's overall strategy.

#### 4. Remuneration of management

##### 4.1. Remuneration of the board of directors and the executive management

4.1.1. <b>The Committee recommends</b> that the remuneration for the board of directors and the executive management and the other terms of employment/service is considered competitive and consistent with the company's long-term shareholder interests.	●	The remuneration and terms of the Board of Directors and the Executive Board's service/employment are reviewed on an ongoing basis to ensure competitiveness and alignment with Chr. Hansen's long-term shareholder interests, including by means of benchmarking.
4.1.2. <b>The Committee recommends</b> that the share-based incentive schemes are revolving, i.e. that they are periodically granted, and that they primarily consist of long-term schemes with a vesting or maturity period of at least three years.	●	Each year, the Board of Directors establishes a long-term incentive program (LTIP) for the Executive Board and the other members of the Corporate Leadership Team. The LTIP established for 2021/22 is based on the achievement of predefined performance targets and a vesting period of three-years.
4.1.3. <b>The Committee recommends</b> that the variable part of the remuneration has a cap at the time of grant, and that there is transparency in respect of the potential value at the time of exercise under pessimistic, expected and optimistic scenarios.	●	The variable remuneration of the Executive Board is capped at a given amount at the time of grant. The Board of Directors reviews at grant the potential value of the short-term incentive and the long-term incentive at the time of exercise under pessimistic (below target), expected (on target) and optimistic (above target) scenarios.
4.1.4. <b>The Committee recommends</b> that the overall value of the remuneration for the notice period, including severance payment, in connection with a member of the executive management's departure, does not exceed two years' remuneration including all remuneration elements.	●	The Company's Remuneration Policy and the current service agreements with members of the Executive Board comply with this recommendation.  The Remuneration Policy can be found on Chr. Hansen's website.

RECOMMENDATION	The company complies/ does not comply	Explanation for complying /not complying with the recommendation
4.1.5 <b>The Committee recommends</b> that members of the board of directors are not remunerated with share options and warrants.	●	As described in the Remuneration Policy, the Board of Directors does not receive share-based remuneration.
4.1.6. <b>The Committee recommends</b> that the company has the option to reclaim, in whole or in part, variable remuneration from the board of directors and the executive management if the remuneration granted, earned or paid was based on information, which subsequently proves to be incorrect, or if the recipient acted in bad faith in respect of other matters, which implied payment of a too large variable remuneration.	●	Chr. Hansen has the right to reclaim, in whole or in part, variable remuneration in compliance with this recommendation.
<b>5. Risk management</b>		
<b>5.1 Identification of risks and openness in respect of additional information</b>		
5.1.1. <b>The Committee recommends</b> that the board of directors based on the company's strategy and business model considers, for instance, the most significant strategic, business, accounting and liquidity risks. The company should in the management commentary give an account of these risks and the company's risk management.	●	The Board of Directors considers such risks through Chr. Hansen's Enterprise Risk Management process and accounts for such risks and the Company's risk management in the management review in the Annual Report. This annual corporate governance statement, which forms part of the Annual Report 2021/22, contains information on risks related to the financial reporting.
5.1.2. <b>The Committee recommends</b> that the board of directors establishes a whistleblower scheme, giving the employees and other stakeholders the opportunity to report serious violations or suspicion thereof in an expedient and confidential manner, and that a procedure is in place for handling such whistleblower cases.	●	A whistleblower scheme giving the employees and other stakeholders the opportunity to report serious violations or suspicion thereof in an expedient and confidential manner has been in place since October 2013. In addition, a procedure is in place for handling whistleblower cases under the whistleblower scheme.

# Main elements of the group's internal control and risk management in connection with its financial reporting

The purpose of Chr. Hansen's internal control and risk management system in relation to the financial reporting process is to ensure that external financial statements are presented in accordance with IFRS as adopted by the EU and further requirements in the Danish Financial Statements Act, and to ensure that the financial statements give a true and fair view free from material misstatements.

Chr. Hansen's internal control and risk management systems are designed to minimize the risk of material errors or inconsistencies in the financial statements. The internal control and risk management systems can only provide reasonable, but not absolute assurance that all material errors and inconsistencies have been discovered and corrected. The internal control and risk management systems comprise the following areas:

- Control environment
- Risk assessment
- Control activities
- Information and communication
- Monitoring

## Control environment

The Board of Directors has appointed the Audit Committee to assist the Board of Directors in supervising the financial reporting process and the effectiveness of the Company's internal control and risk management system.

The Executive Board is responsible for maintaining effective controls and an effective risk management system. The Executive Board has implemented the controls necessary to mitigate the risks identified in relation to financial reporting. The composition of the Board of Directors, the Audit Committee and the Executive Board ensures the relevant competencies with respect to internal controls and risk management within the financial reporting process. Powers and responsibilities are defined in the Board of Directors' Rules of Procedure for the Executive Board.

The Board of Directors approves policies for Business Integrity, Quality & Product Safety, People, Knowledge & Organization, Diversity, Equity & Inclusion, Finance & IT, Tax and Communications, as well as Chr. Hansen's purpose, strategy and culture model.

The Executive Board approves all other policies and regularly briefs the Board of Directors on such policies. The relevant functions at Chr. Hansen issue guidelines and monitor the application of all policies and procedures. Chr. Hansen's accounting policies are set out in the Chr. Hansen financial reporting guidelines.

## Risk assessment

The Board of Directors and the Executive Board regularly assess the risks to which Chr. Hansen is exposed, including risks related to financial reporting. The Audit Committee reviews certain high-risk areas at least once a year, including the following:

- Significant accounting estimates
- Material changes to the accounting policies
- Fraud risk assessment

At least once a year, the Executive Board and the Audit Committee consider whether the current internal control environment is effective in relation to the risks identified in the financial reporting process.

## Control activities

The Group's accounting competencies are reviewed on an ongoing basis in order to ensure an appropriate and satisfactory control environment.

Central functions are responsible for controlling financial reporting. Regional and divisional finance teams conduct reviews and tests to ensure correct financial reporting. All global finance and IT functions report to group functions.

Chr. Hansen has introduced standards for internal controls relating to financial reporting. These standards are intended to ensure an adequate level of internal controls, thus making the control environment effective.

The internal control standards are focused on a segregation of duties and on detective and preventive controls. Regular audits across the organization, including at subsidiaries, are conducted to ensure an appropriate control environment. Physical audits have successfully been supplemented with virtual compliance activities and additional system controls and analytical reviews during the Covid-19 pandemic.

The Audit Committee regularly assesses the need for an internal audit function. The Audit Committee deems there is no need for a dedicated internal audit function for the time being, as internal control and risk management systems and processes currently in place are considered to be sufficient.

### **Information and communication**

Chr. Hansen's financial reporting guidelines and other reporting instructions are updated on a regular basis. Updates are communicated to the global finance organization by means of online training and meetings as well as finance conferences.

All guidelines and instructions are also available on the Chr. Hansen intranet, where they can be accessed by all employees.

Chr. Hansen has a global IT setup that contains key data in relation to financial reporting and ensures a high degree of uniformity and transparency in systems and figures. Acquired businesses are integrated into the global IT setup and data structures over the first years following the acquisition.

Decisions and analyses are based on up-to-date and relevant data. The IT systems are secured by way of general IT controls, and the ERP systems contain automated application controls that are reviewed on an ongoing basis.

### **Monitoring**

Financial reporting is controlled on an ongoing basis. Procedures have also been set up to ensure that any errors detected are communicated to and corrected by the reporting companies. Internal controls are subject to ongoing reviews in connection with regular compliance visits at subsidiaries to assess the procedures and compliance levels for internal controls. During the Covid-19 pandemic, this procedure was successfully supplemented by virtual compliance activities and additional system controls and analytical reviews. Conclusions from these activities are submitted to the CEO, the CFO, the Audit Committee and the external auditor.

Chr. Hansen's internal financial reporting ensures an effective process for monitoring the Company's financial results, making it possible to identify and correct the most critical errors or omissions. The monthly financial reporting from the group companies is analyzed and monitored by the Group Finance function to identify any significant weaknesses in internal controls or failures to comply with procedures and the financial reporting manual, etc.

The Audit Committee follows up on a regular basis to ensure that any significant weaknesses identified in internal controls are eliminated, that any errors or omissions in the financial statements identified and reported by the auditors are corrected, and that controls or procedures are implemented to prevent such errors or omissions.

For a more detailed description of critical accounting estimates and judgments, please refer to note 1.2 to the Consolidated Financial Statements in the 2021/22 Annual Report.

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