Corporate governance report 2025/26

Coloplast A/S
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Coloplast

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Cf. section 107b of the Danish Financial Statements Act

This corporate governance report, including the description on internal controls and risk management systems in relation to the financial reporting process for Coloplast A/S ("Coloplast" or the "company") has been prepared pursuant to section 107b of the Danish Financial Statements Act and forms an integral part of the Management's report in Coloplast's Annual Report for the financial year 2025/26.

This report includes the company's compliance with the 'Recommendations for Corporate Governance' issued by the Danish Committee on Corporate Governance in December 2020.

The report is based on a 'comply-or-explain' principle. Coloplast complies with all recommendations.

To increase transparency, an explanation on how Coloplast complies with the recommendations has been included.

Recommendation	The company complies	The company explains why	The company explains how
1. Interaction with the company's shareholders, investors and other stakeholders			
1.1. Communication with the company's shareholders, investors and other stakeholders			
1.1.1. The Committee recommends 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.	Complies		Coloplast communicates with its stakeholders through various channels to ensure both active dialogue with stakeholders and timely disclosure of information. Coloplast communicates through: • Company announcements • Conference calls • Investor meetings and visits to Coloplast's offices • Roadshows in Denmark and abroad • Capital Markets Days • Annual general meetings • Telephone, email and calls on a bilateral basis The board of directors are informed about material dialogue with shareholders, investors and other stakeholders allowing the board of directors to include their views in their work. Coloplast has adopted an Investor Relations Policy which is available on Coloplast's website.
1.1.2. The Committee recommends that the company adopts policies on the company's relationships 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.	Complies		Coloplast has adopted a number of policies concerning its relationship with different stakeholders. Such policies include among others an Investor Relations Policy, a Supplier Code of Conduct, a Data & AI Ethics Policy and a Coloplast Code of Conduct. All the policies are available on Coloplast's website.
1.1.3. The Committee recommends that the company publishes quarterly reports.	Complies		Coloplast publishes quarterly reports through Nasdaq Copenhagen. The reports are also available on Coloplast's website.

Recommendation	The company complies	The company explains why	The company explains how
1.2. The general meeting			
1.2.1. The Committee recommends 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.	Complies		Coloplast engages actively with its shareholders in connection with general meetings. Shareholders may ask questions to the management prior to the general meeting, and shareholders who are not able to attend a general meeting can vote by proxy or correspondence. The general meeting is broadcasted live in Danish and English on Coloplast's website via webcast without any log-in requirement.
1.2.2. The Committee recommends that proxies and postal votes to be used at the general meeting enable the shareholders to consider each individual item on the agenda.	Complies		Proxy forms and postal votes allow the shareholders to vote on each individual item on the agenda.
1.3. Takeover bids			
1.3.1. The Committee recommends 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.	Complies		Coloplast has adopted a takeover response handbook which, among others, sets out a road map in the event of a takeover scenario. Coloplast's takeover response handbook ensures 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.
1.4. Corporate Social Responsibility			
1.4.1. The Committee recommends 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.	Complies		Coloplast has global policies and position papers in place addressing corporate social responsibility and sustainability in line with the recommendation. Coloplast's global policies and position papers are described in Coloplast's annual report and available on Coloplast's website.
1.4.2. The Committee recommends that the board of directors adopts a tax policy to be made available on the company's website.	Complies		The board of directors of Coloplast has adopted a tax policy which is available on Coloplast's website.

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2. The duties and responsibilities of the board of directors (GOV-1)			
2.1. Overall tasks and responsibilities			
2.1.1. The Committee recommends 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.	Complies		The board of directors actively supports the company's purpose which aligns with the company's mission and actively promotes a good culture and sound values. Information about the company's mission, vision and values are available at the company's website.
2.1.2. The Committee recommends 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.	Complies		Once a year, the board of directors holds a two-day strategy meeting. Based on presentations from the Executive Leadership Team, the board of directors discuss the progress on strategic objectives and the overall development of the company. During the financial year 2025/26, the board of directors has held a dedicated two-day Impact4 strategy status meeting in the US.
2.1.3. The Committee recommends 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.	Complies		The board of directors regularly reviews and considers Coloplast's capital and share structure to ensure it supports Coloplast's strategy and long-term value creation. The review includes an assessment of Coloplast's credit rating, including any obligation to repay debt, and possibility of allocating positive cash flow towards share buyback or increasing the pay-out ratio to the shareholders.
2.1.4. The Committee recommends that the board of directors prepares and on an annual basis reviews guidelines for the executive management, including requirements in respect of the reporting to the board of directors.	Complies		The board of directors has adopted Guidelines for the Executive Leadership Team which, among others, includes requirements in respect of reporting to the board of directors. The Guidelines for the Executive Leadership Team are reviewed annually.
2.2. Members of the board of directors			
2.2.1. The Committee recommends 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.	Complies		Immediately after the annual general meeting, the board of directors holds a meeting and elects the Chairman and the Deputy Chairman. The Deputy Chairman assumes the duties and powers of the

Recommendation	The company complies	The company explains why	The company explains how
			Chairman in his/her absence. The Rules of Procedure for the board of directors contain a description of the duties and responsibilities of the Chairman and the Deputy Chairman.
2.2.2. The Committee recommends 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.	Complies		As part of the annual self-assessment carried out by the board of directors, it is also determined which competencies should be represented in the board of directors. Each member of the board of directors possesses competencies and knowledge deemed relevant and through the annual self-assessment it is ensured that each board member continues to have up-to-date and relevant knowledge. The board of directors utilises the special competencies of each board member in a number of ways, e.g. in the composition of board committees but also for ad hoc projects where one or more board members have specialist knowledge.
2.2.3. The Committee recommends 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 a short period 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 of directors to take part in the daily management, including the expected duration thereof.	Complies		During financial year 2024/25, Lars Rasmussen assumed the role as President & CEO of Coloplast in an interim period. This was approved by the board of directors and Coloplast published a company announcement, all in accordance with the recommendation. On 1 May 2026, Gavin Wood joined Coloplast as President & CEO and consequently, Lars Rasmussen stepped down from his interim role as President & CEO.
3. The composition, organisation and evaluation of the board of directors (GOV-1)			
3.1. Composition			
3.1.1. The Committee recommends that the board of directors on an annual basis reviews and in the management commentary and/or on the company's website states • which qualifications the board of directors should possess, collectively and individually, in order to perform its duties in the best possible manner, and	Complies		Management's Report in Coloplast's annual report contains a description of the qualifications the board of directors should possess collectively and individually to perform its tasks. Management's Report also shows composition and diversity in the

Recommendation	The company complies	The company explains why	The company explains how
• the composition of and diversity on the board of directors.			board of directors. Determining the qualifications needed in the board of directors is an integral part of the annual self-assessment carried out by the board of directors.
3.1.2. The Committee recommends 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.	Complies		The board of directors annually discusses Coloplast's activities to ensure relevant diversity at the different management levels. The board of directors has adopted a Diversity, Equity, and Inclusion Policy which is available on Coloplast's website. Coloplast is comprised by the Gender Balance Act and the information required to be included in Management's Report pursuant to Section 107f in the Danish Financial Statement Act has been included. **Target for the underrepresented gender in other management levels** Coloplast A/S has set specific gender distribution targets to comply with Section 4, subsection 3 in the Gender Balance Act. Coloplast A/S has a target of 40/60 gender distribution by 2030 for the Executive Leadership Team as well as their direct reports with management responsibility who are employed in Coloplast A/S. The split is currently 39% women and 61% men. **The board of directors** The board of directors have a 50/50 split on gender among members elected by the shareholders and therefore no underrepresented gender. For employee elected board members, the election committee has defined a process and criteria for election in accordance with Section 6 and 7 in the Gender Balance Act.
3.1.3. The committee recommends 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.	Complies		The board of directors has established a thorough and transparent process for selecting and nominating candidates to the board of directors. A Remuneration and Nomination Committee has been established to assist in nominating candidates to the board of directors. This process ensures

Recommendation	The company complies	The company explains why	The company explains how
			consideration of all relevant factors when nominating new candidates for the board of directors.
3.1.4. The Committee recommends 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 proposed candidates' • qualifications, • other managerial duties in commercial undertakings, including board committees, • demanding organisational assignments and • independence.	Complies		The notice convening general meetings where election of members to the board of directors is on the agenda includes information on the candidates' qualifications, other managerial duties in commercial undertakings including board committees, demanding organisational assignments and whether each candidate is considered independent.
3.1.5. The Committee recommends 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.	Complies		Members of the board of directors stand for election every year at Coloplast's annual general meeting. The members are nominated and elected individually.
3.2. The board of director's independence			
3.2.1. The Committee recommends 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. In order to be independent, the member in question may not: • 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, • 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, • represent or be associated with a controlling shareholder, • within the past year have had a business relationship (e.g. personally or indirectly as a 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, • 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, • be a CEO in a company with cross-memberships in the company's management, • have been a member of the board of directors for more than twelve years, or • be closely related to persons, who are not independent, cf. the above-stated criteria. 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.	Complies		Five out of six members of the board of directors elected by the shareholders are independent. In the assessment of independence, the board of directors has taken into account both the specific criteria mentioned but also considered whether each shareholder-elected board member can be considered non-independent for other reasons.

Recommendation	The company complies	The company explains why	The company explains how
3.2.2. The Committee recommends that 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.	Complies		No member of Coloplast's executive management is part of the board of directors and the interim President & CEO who resigned during the financial year 2025/26 has not joined the board of directors.
3.3. Members of the board of directors and the number of other managerial duties			
3.3.1. The Committee recommends 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.	Complies		As part of the annual self-assessment, each member of the board of directors assesses how much time is required to perform his/her duties as board member in Coloplast to ensure each board member does not take up an excessive number of positions. If a board member wishes to take on additional directorships, the board member will discuss it with the Chairman of the board of directors. An overview of each board member's directorships and other demanding positions are published on Coloplast's website.
3.3.2. The Committee recommends that the management commentary, in addition to the statutory requirements, contains the following information on the individual members of the board of directors: • position, age and gender, • competencies and qualifications relevant to the company, • independence, • year of joining the board of directors, • year of expiry of the current election period, • participation in meetings of the board of directors and committee meetings, • managerial duties in other commercial undertakings, including board committees, and demanding organisational assignments, and • 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.	Complies		The required information is included in Management's Report in Coloplast's annual report.
3.4. Board committees			
3.4.1. The Committee recommends that the management describes in the management commentary:	Complies		The required information is included in Management's Report in Coloplast's annual report. In

Recommendation	The company complies	The company explains why	The company explains how
• the board committees' most significant activities and number of meetings in the past year, and • the members on the individual board committees, including the chairperson and the independence of the members of the committee in question. In addition, it is recommended that the board committees' terms of reference are published on the company's website.			addition, the charters for both the Audit Committee and the Remuneration and Nomination Committee are available on Coloplast's website.
3.4.2. The Committee recommends 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.	Complies		The Audit Committee and the Remuneration and Nomination Committee are comprised solely of members of the board of directors. The Audit Committee is comprised by three members, all of which are considered independent. The Remuneration and Nomination Committee is comprised by four members of which three are considered independent.
3.4.3. The Committee recommends 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: • supervising the correctness of the published financial information, including accounting practices in significant areas, significant accounting estimates and related party transactions, • reviewing internal control and risk areas in order to ensure management of significant risks, including in relation to the announced financial outlook, • assessing the need for internal audit, • performing the evaluation of the auditor elected by the general meeting, • reviewing the auditor fee for the auditor elected by the general meeting, • supervising the scope of the non-audit services performed by the auditor elected by the general meeting, and • 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. 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: • 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, • ensure that the internal audit function has sufficient resources and competencies to perform its role, and	Complies		The board of directors has established an Audit Committee and the chairman for the Audit Committee is not the Chairman of the board of directors. The Audit Committee performs, among others, the duties described in the recommendations. The functions and duties of the Audit Committee are described in the Charter for the Audit Committee which is available on Coloplast's website. In summary, the main duties of the Audit Committee consist of monitoring the financial and sustainability reporting process and making recommendations or proposals for securing integrity, including compliance with applicable legislation, accounting standards and other regulations for listed companies in respect of financial reporting and the publication of financial reports. The Audit Committee also reviews significant accounting estimates and related party transactions, and ensures that the published information is true and fair. The Audit Committee also monitors the efficiency of the Company's internal controls and risk management systems. This includes significant risks in relation to the announced financial outlook.

Recommendation	The company complies	The company explains why	The company explains how
• supervise the executive management's follow-up on the conclusions and recommendations of the internal audit function.			For interim financial reports, the board of directors completes the described duties that are otherwise handled by the Audit Committee. Based on a recommendation from the Audit Committee, no internal audit function has been established.
3.4.4. The Committee recommends that the board of directors establishes a nomination committee to perform at least the following preparatory tasks: • 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, • 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, • 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, • handling the recruitment of new members to the board of directors and the executive management and nominating candidates for the board of directors' approval, • ensuring that a succession plan for the executive management is in place, • supervising executive managements' policy for the engagement of executive employees, and • supervising the preparation of a diversity policy for the board of directors' approval.	Complies		Coloplast has established a Remuneration and Nomination Committee. The committee has stand-alone meetings on assignments within the responsibility of a remuneration committee and a nomination committee, respectively, and thus functions as two committees with overlapping members. The functions and duties of the Remuneration and Nomination Committee are described in the Charter for the Remuneration and Nomination Committee which is available on Coloplast's website. The duties of the Remuneration and Nomination Committee that relate to sustainability matters are to monitor, review and make recommendations to the Board on the short-term incentive schemes for the Executive Leadership Team, the senior management team and other relevant employees, including proposing bonus parameters and triggers. The committee also oversee the composition of the Board of Directors and the Executive Leadership Team in relation to diversity considerations, including recommendations on specific targets. Furthermore, the Remuneration and Nomination Committee assesses the Company's Diversity, Equity and Inclusion Policy, for the Coloplast Group, including setting overall goals, targets for the underrepresented gender, tracking on progress made and report on progress in the Company's annual report and ensure the Company's practices within people and culture support the strategic direction and objectives of the Company.
3.4.5. The Committee recommends that the board of directors establishes a remuneration committee to perform at least the following preparatory tasks:	Complies		Coloplast has established a Remuneration and Nomination Committee. The committee has stand-alone meetings on assignments within the

Recommendation	The company complies	The company explains why	The company explains how
• preparing a draft remuneration policy for the board of directors' approval prior to the presentation at the general meeting, • providing a proposal to the board of directors on the remuneration of the members of the executive management, • providing a proposal to the board of directors on the remuneration of the board of directors prior to the presentation at the general meeting, • ensuring that the management's actual remuneration complies with the company's remuneration policy and the evaluation of the individual member's performance, and • assisting in the preparation of the annual remuneration report for the board of directors' approval prior to the presentation for the general meeting's advisory vote.			responsibility of a remuneration committee and a nomination committee, respectively, and thus functions as two committees with overlapping members. The functions and duties of the Remuneration and Nomination Committee are described in the Charter for the Remuneration and Nomination Committee which is available on Coloplast's website. For the role of the committee on sustainability matters, please refer to the comment under recommendation 3.4.4.
3.5. Evaluation of the board of directors and the executive management			
3.5.1. The Committee recommends 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 the board of directors' work, efficiency, composition and organisation, cf. recommendations 3.1.-3.4. above, and that the evaluation as a minimum always includes the following topics: • the composition of the board of directors with focus on competencies and diversity • the board of directors and the individual member's contribution and results, • the cooperation on the board of directors and between the board of directors and the executive management, • the chairperson's leadership of the board of directors, • the committee structure and the work in the committees, • the organisation of the work of the board of directors and the quality of the material provided to the board of directors, and • the board members' preparation for and active participation in the meetings of the board of directors.	Complies		The board of directors continuously assess their work and the contributions of the individual members of the board of directors. Further, the board of directors perform an annual self-assessment. At least every second year, the annual self-assessment is carried out with external assistance and in the financial year 2025/26 the self-assessment was carried out with external assistance. The annual self-assessment includes, among others, the topics described in the recommendation. The board of directors also assess whether the appropriate skills and expertise are available to oversee sustainability matters. In addition, a part of the tasks of the Remuneration and Nomination Committee is to assess the qualifications and competencies required in the Executive Leadership Team both collectively and for each ELT member.
3.5.2. The Committee recommends 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.	Complies		The Chairman is responsible for carrying out the assessment and the results are discussed by the entire board of directors. The results and the procedure are described in the management report in Coloplast's annual report, on Coloplast's website and at Coloplast's general meeting.
3.5.3. The Committee recommends that the board of directors at least once a year evaluates the work and results of the executive management according to pre-established 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	Complies		The Executive Leadership Team comprises seven members. The Executive Leadership Team observes guidelines issued by the board of directors setting out the roles and responsibilities of the Executive Leadership Team.

Recommendation	The company complies	The company explains why	The company explains how
composition of the executive management, including in respect of diversity, succession planning and risks, in light of the company's strategy.			The Chairman and the Deputy Chairman perform an annual assessment of the Executive Leadership Team's work and results. The assessment and any relevant actions are discussed by the entire board of directors without the presence of the Executive Leadership Team and is subsequently presented to the Executive Leadership Team. The board of directors continuously assess the need for changes in the structure and composition of the Executive Leadership Team. The assessment includes, among others, diversity, succession planning and risks.
4. Remuneration of management			
4.1. Remuneration of the board of directors and the executive management			
4.1.1. The Committee recommends 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.	Complies		The board of directors assess both remuneration for the board of directors and the Executive Leadership Team on an annual basis and in the assessment benchmarks the remuneration against an appropriate peer group of Danish and international companies to ensure the remuneration is competitive and consistent with Coloplast's long-term shareholder interests.
4.1.2. The Committee recommends that 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.	Complies		Coloplast's long-term incentive programme consists of share options. As a general rule, share options are granted periodically. The share options are exercisable after three years. The number of share options awarded to each member of the Executive Management and their value is disclosed in the annual report and the remuneration report.
4.1.3. The Committee recommends 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.	Complies		The shareholders in Coloplast have adopted a Remuneration Policy which applies to the board of directors and the Executive Management. The Remuneration Policy sets out a cap for variable remuneration at the time of grant. The

Recommendation	The company complies	The company explains why	The company explains how
			Remuneration Report includes transparency on the potential value at the time of exercise under pessimistic, expected and optimistic scenarios.
4.1.4. The Committee recommends 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.	Complies		The total value of remuneration relating to the notice period, including severance payments is capped at a maximum of two years' remuneration, including all components of the remuneration.
4.1.5. The Committee recommends that members of the board of directors are not remunerated with share options and warrants.	Complies		The members of the board of directors do not receive any incentive remuneration in their capacity as board members.
4.1.6. The Committee recommends 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.	Complies		Coloplast has the option to reclaim variable remuneration in the scenarios described in the recommendation.
5. Risk management (GOV-1 & GOV-2)			
5.1. Identification of risks and openness in respect of additional information			
5.1.1. The Committee recommends 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.	Complies		The management in each of Coloplast's individual business units and staff functions are responsible for identifying and managing risks in their part of the organisation. The most significant risks are reported quarterly to Corporate Risk Management. This report together with interviews with the relevant employees leads to a quarterly risk update to the Executive Leadership Team and the board of directors. The board of directors review and consider, on a quarterly basis, the conclusions and recommendations submitted by the Executive Leadership Team. The management report gives an account for these risks, including Coloplast's risk management.

Recommendation	The company complies	The company explains why	The company explains how
5.1.2. The Committee recommends 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.	Complies		Coloplast established a global whistleblower hotline in October 2010 which is administered by an independent third party to enable expedient and confidential reporting of unlawful or unethical behaviour. The hotline allows employees as well as external parties to report concerns online or through an app.

Internal controls and risk management systems in relation to the financial reporting process (GOV-1 & GOV-2)

Purpose

The purpose of Coloplast's internal controls and risk management systems in relation to the yearly and interim financial reporting process is to ensure that the internal and external financial statements are presented in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Company's established internal control and risk management systems ensure that material errors or irregularities in the financial statements are identified and corrected but provides no absolute assurance that all errors are detected and corrected. The process for considering impacts risks and opportunities in relation to the Company's strategy and decisions is also embedded into the Enterprise Risk Management system, which is described in the Risk Management section of the annual report, and the full list of risks addressed by the administrative, management and supervisory bodies is disclosed in the same section.

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 set up an audit committee that will assist the Board of Directors in, among other things, supervising the yearly and interim financial reporting process and the efficiency of the company's internal control and risk management systems. The audit committee works on assessing the internal control systems and acts and provides recommendations and assessments to the Board of Directors.

The Executive Leadership Team is responsible for maintaining efficient internal controls and risk management systems. The Executive Leadership Team has implemented the controls necessary to identify potential risks and address these in relation to financial reporting.

The composition of the Board of Directors and the Executive Leadership Team ensures the relevant competencies with respect to internal controls and risk management in relation to the financial reporting process.

Powers and responsibilities are defined in the Board of Directors' instructions to the Executive Leadership Team. The relevant functions at Coloplast issue guidelines and monitor the application of all policies and procedures. Coloplast's accounting policies are set out in the Coloplast financial reporting manual, which is available to all employees. The organisational structure and the internal guidelines combined with laws and other regulations make up the control environment.

Risk assessment

On a quarterly basis, the Board of Directors and the Executive Leadership Team assess risks that Coloplast is exposed to, including risks related to the yearly and interim financial reporting. Reporting on impacts, risks or opportunities is done via quarterly status presentation to the ELT and bi-annually to the Board of Directors.

For more information on risk management at Coloplast, go to Corporate Governance on Coloplast's website.

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

At least once a year, the audit committee reviews the current internal controls to consider whether they are effective in relation to the risks identified in the financial reporting process.

Control activities

The global corporate finance skills are reviewed on an ongoing basis in order to ensure an appropriate and satisfactory control environment.

A clearly defined organisational structure has been set up, in which all regional finance and IT functions report to the company's CFO. Central controlling functions of the Corporate Finance department, reporting to the company's CFO, are responsible for controlling the financial reporting from the parent company and the subsidiaries.

Coloplast has introduced standards for the internal controls relating to the yearly and interim financial reporting. These standards are intended to ensure a certain minimum level of internal controls in Coloplast companies, thus making the control environment more efficient. The internal control standards are focused on segregation of duties and on detective and preventive controls. Coloplast's companies are subject to ongoing controls from a central unit of the Corporate Finance department in order to ensure an appropriate control environment.

Information and communication

Coloplast's financial reporting manual and other reporting instructions, including account-entry instructions as well as policies for credit-granting and capital expenditure, are updated on a regular basis and are available at the Coloplast intranet, where they can be accessed by all employees.

Any major changes to the above are reported in writing to all financial reporting managers.

A global committee has been set up with all finance functions represented. This committee keeps its members informed about all developments in relation to finance at Coloplast. The committee holds about three meetings per year.

Monitoring

Reporting from subsidiaries is controlled on an ongoing basis and procedures have been established for control and testing of such reporting. Procedures have also been set up to ensure that any errors are communicated to and corrected by the reporting subsidiaries.

The internal controls are subject to ongoing reviews, including in connection with the regular control inspections at subsidiaries conducted by a central unit of the Corporate Finance department. Conclusions from these reviews are submitted to the Executive Leadership Team, the audit committee and the independent auditors.

Coloplast's internal yearly and interim financial reporting ensures an effective process to monitor the company's financial results, making it possible to identify and correct any errors or omissions. The monthly financial reporting from the respective subsidiaries is analysed and monitored by the Corporate Finance department in order to identify any weaknesses in the internal controls, failures to comply with procedures and the financial reporting manual, etc. Each subsidiary's General Manager and Financial Reporting Manager declare on a quarterly basis that their financial reporting complies with the current rules at Coloplast.

The audit committee follows up to ensure that any internal control weaknesses are eliminated and that any errors or omissions in the financial statements identified and reported by the auditors are corrected, including that controls or procedures are implemented to prevent such errors or omissions.