

This Statutory Report on Corporate Governance regards January 1 to December 31, 2015 and forms part of the Management Review in BioPorto's Annual Report 2015. The corporate Governance section is not covered by the auditor's statement in the Annual Report. The particulars concerning the composition of BioPorto's management bodies are covered by the auditor's statement on the Management Review in BioPorto's Annual Report.

In its management process, BioPorto is focused on investor relations, and the Board of Directors gives priority to exercising sound corporate governance, which is defined on the basis of the company's articles of association, values and policies as well as relevant legislation and Nasdaq Copenhagen A/S' "Rules for Issuers of Shares".

### **Corporate governance recommendations**

BioPorto is subject to the recommendations prepared by the Committee on Corporate Governance, which are available at [www.corporategovernance.dk](http://www.corporategovernance.dk).

The Board of Directors regularly assesses how the recommendations may contribute to strengthening the management of BioPorto and ensure maximum value creation for the company's shareholders. Once a year, the Board of Directors reviews the recommendations, valuating BioPorto's degree of compliance. The Board of Directors believes that BioPorto complies with all of the recommendations of the Committee. This report on the company's compliance with the corporate governance recommendations is available at the company's website.

### **Work of the Board of Directors and the Management Board**

The Board of Directors defines BioPorto's objectives, policies and areas of activity. Furthermore, the Board makes decisions in all unusual matters or matters with far-reaching implications. In addition, the Board of Directors approves, monitors, evaluates and revises the Management Board's business strategy and action plans.

The Board also ensures that BioPorto is being properly managed as required by the articles of association, other guidelines, policies and applicable rules and regulations. The Board of Directors defines guidelines for the distribution of responsibilities between the Board of Directors and the Management Board, but does not participate in the day-to-day management of the company. The duties of the Board of Directors are described in the rules of procedure for the Board of Directors and the Management Board. The Board held seven board meetings in 2015, including one lengthy strategy meeting and two conference calls. Six meetings are planned for 2016 in accordance with the Board's annual schedule, which obviously can be changed at any time to allow for additional meetings, if the need arises.

The Board of Directors appoints the company's Management Board and defines the working conditions and assignments to be undertaken by the Management Board. BioPorto's Management Board is responsible towards the Board of Directors for ensuring that the day-to-day operations are conducted in a commercially and legally responsible manner. The chairman of the Board is responsible for evaluating the Board of Directors and the Management Board every year. The evaluation also includes the collaboration with the Management Board and the composition and special qualifications of the Board of Directors, and it must produce an assessment of the results achieved during the year, which are subsequently presented and discussed at a board meeting.

### **Composition of the Board of Directors**



The general meeting, which is BioPorto's supreme authority, elects between three and seven members to the Board of Directors. The board of Directors elects a chairman and a vice chairman and currently consists of four members elected by the shareholders.

The members elected by the shareholders hold office for terms of one year at a time. Only persons who have not attained the age of 70 at the time of election are eligible for election to the Board of Directors. The members of the Board are nominated and stand for election on the basis of their specific qualifications and experience of relevance to BioPorto. Thus, the Board is composed with a view to ensuring an optimum combination of professional industry experience in general, in research and development, in IP rights and conclusion of contracts, in sales and marketing, as well as in finance and economics. All current board members are considered independent. Each board member's special qualifications can be seen on the company's website: <http://www.bioporto.com/About-Us/Board-of-directors.aspx>.

#### **Board committees**

BioPorto's Board of Directors has set up a remuneration committee, a nomination committee and an audit committee as well as ad hoc committees. The vice chairman of the Board of Directors is chairman of the audit committee and possesses the necessary professional qualifications and experience. A review of the terms of reference of the board committees and their composition is available on the company's website.

#### **Internal controls and risk management in relation to the financial reporting process**

The primary responsibility for the Group's risk management and internal controls in relation to the financial reporting process rests with the Board of Directors and the Management Board. BioPorto's policy is to identify and mitigate risks deriving from the Group's operations and to establish sufficient insurance coverage. The Group's control and risk management systems may provide reasonable, but not absolute, assurance that misappropriation of assets, losses and/or significant errors and omissions in the financial reporting are avoided. Management believes that all significant elements of risk have been identified and addressed. The Board of Directors has discussed the need for an internal audit function and finds that, with only 24 employees, the company does not need such a function, nor is it possible in practice.

The Group's internal controls and risk management in relation to the financial reporting process is available on the company's website in accordance with Danish law.

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
<b>1. Communication and interaction by the company with its investors and other stakeholders</b>				
<i>1.1. Dialogue between company, shareholders and other stakeholders</i>				
1.1.1. The Committee <b>recommends</b> that the board of directors ensure ongoing dialogue between the company and its shareholders in order for the shareholders to gain relevant insight into the company's potential and policies, and in order for the board of directors to be aware of the shareholders' views, interests and opinions on the company.	✓			Both IR and Management are in dialogue with shareholders. IR updates Management and Board of Directors on a regular basis. IR material is made available to all on the website.
1.1.2. The Committee <b>recommends</b> that the board of directors adopt policies on the company's relationship with its stakeholders, including shareholders and other investors, and that the board ensures that the interests of the shareholders are respected in accordance with company policies.	✓			The Board of Directors has adopted a stakeholder policy. The policy is updated once a year.
1.1.3. The Committee <b>recommends</b> that the company publish quarterly reports	✓			The company publishes quarterly reports
<i>1.2. General meeting</i>				
1.2.1. The Committee <b>recommends</b> that when organizing the company's general meeting, the board of directors plans the meeting to support active ownership.	✓			BioPorto encourages shareholders to use their influence, especially by voting at the AGM, on the website, in each annual report and the summoning of the AGM.

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
1.2.2. The Committee <b>recommends</b> that proxies granted for the general meeting allow shareholders to consider each individual item on the agenda.	✓			Proxies given to the Board of Directors allow shareholders to consider each individual item on the agenda.
<i>1.3. Takeover bids</i>				
1.3.1. The Committee <b>recommends</b> that the company set up contingency procedures in the event of takeover bids from the time that the board of directors has reason to believe that a takeover bid will be made. According to such contingency procedures, the board of directors should not without the acceptance of the general meeting, attempt to counter the takeover bid by making decisions which in reality prevent the shareholders from deciding on the takeover bid themselves.	✓			BioPorto has prepared a procedure for any takeover bids which does not prevent shareholders from deciding on the bid.
<b>2. Tasks and responsibilities of the board of directors</b>				
<i>2.1. Overall tasks and responsibilities</i>				
2.1.1. The Committee <b>recommends</b> that at least once a year the board of directors take a position on the matters related to the board's performance of its responsibilities.	✓			The Board prepares a plan for the year in which the responsibilities are scheduled.
2.1.2. The Committee <b>recommends</b> that at least once a year the board of directors take a position on the overall strategy of the company with a view to ensuring value creation in the company.	✓			The Board of Directors annually reviews the strategy at an all-day meeting.
2.1.3. The Committee <b>recommends</b> that the board of directors ensure that the company has a capital and share structure ensuring that the strategy and longterm value creation of the company are in the best interest of the shareholders and the company, and that the board of directors presents this in the management commentary on the company's annual report and/or on the company's website.	✓			The evaluation is part of the plan for the year and is subsequently accounted for in the annual report

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
2.1.4. The Committee <b>recommends</b> that the board of directors annually review and approve guidelines for the executive board; this includes establishing requirements for the executive board on timely, accurate and adequate reporting to the board of directors.	✓			The Board of Directors reviews its rules of procedure annually.
2.1.5. The Committee <b>recommends</b> that at least once a year the board of directors discuss the composition of the executive board, as well as developments, risks and succession plans.	✓			The board discusses the composition of the executive board annually.
2.1.6. The Committee <b>recommends</b> that once a year the board of directors discuss the company's activities to ensure relevant diversity at management levels, including setting specific goals and accounting for its objectives and progress made in achieving the objectives in the management commentary on the company's annual report and/or on the website of the company.	✓			BioPorto has defined the objective that, no later than in 2018, at least two of four members of the board must be women, This target must not detract from other competency requirements in the nomination of board members. The board currently comprises four male members. The objectives and status are included in the management commentary in the annual report.
<i>2.2. Corporate social responsibility</i>				
2.2.1. The Committee <b>recommends</b> that the board of directors adopt policies on corporate social responsibility.	✓			The Board of Directors has adopted a policy on corporate social responsibility and is taking part in UN Global Compact.
<i>2.3. Chairman and vice-chairman of the board of directors</i>				
2.3.1. The Committee <b>recommends</b> appointing a vice-chairman of the board of directors who will assume the responsibilities of the chairman in the event of the chairman's absence, and who will also act as effective sparring partner for the chairman.	✓			The board has appointed a vice-chairman.

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
2.3.2. The Committee <b>recommends</b> ensuring that, if the board of directors, in exceptional cases, asks the chairman of the board of directors to perform special operating activities for the company, including briefly participating in the day-to-day management, a board resolution to that effect be passed to ensure that the board of directors maintains its independent, overall management and control function. Resolutions on the chairman's participation in day-to-day management and the expected duration hereof should be published in a company announcement.	✓			The Board of Director's Rules of Procedure include the mentioned guidelines for chairman's exceptional participation in specific duties for the company.
<b>3. Composition and organization of the board of directors</b>				
<i>3.1. Composition</i>				
3.1.1. The Committee <b>recommends</b> that the board of directors annually accounts for <ul style="list-style-type: none"> <li>the skills it must have to best perform its tasks,</li> <li>the composition of the board of directors, and</li> <li>the special skills of each member.</li> </ul>	✓			An account for the composition of the Board and the matters referred to are included in the annual report. The special skills of each member are listed in their resumes on the website.
3.1.2. The Committee <b>recommends</b> that the selection and nomination of candidates for the board of directors be carried out through a thoroughly transparent process approved by the overall board of directors. When assessing its composition and nominating new candidates, the board of directors must take into consideration the need for integration of new talent and diversity in relation to age, international experience and gender.	✓			A process for selection is included in the rules of procedure, which are updated each year.
3.1.3. The Committee <b>recommends</b> that a description of the nominated candidates' qualifications, including information about the candidates' <ul style="list-style-type: none"> <li>other executive functions, e.g. memberships in executive boards, boards of directors, and supervisory boards, including board committees in foreign enterprises, be accompanied by the notice convening the general meeting when election of members to the board of directors is on the agenda.</li> <li>demanding organizational tasks, and information</li> </ul>	✓			The summoning of the AGM includes the mentioned descriptions of the board members and any new candidates.

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
<ul style="list-style-type: none"> <li>about whether candidates to the board of directors are considered independent.</li> </ul>				
3.1.4. The Committee <b>recommends</b> that the company's articles of association stipulate a retirement age for members of the board of directors.	✓			BioPorto has a fixed retirement age for board members at 70 years.
3.1.5. The Committee <b>recommends</b> that members of the board of directors elected by the general meeting be up for election every year at the annual general meeting.	✓			Board members are elected for one year at the time and are thus up for election each year.
<i>3.2. Independence of the board of directors</i>				
3.2.1. The Committee <b>recommends</b> that at least half of the members of the board of directors elected by the general meeting be independent persons, in order for the board of directors to be able to act independently of special interests. To be considered independent, this person may not: <ul style="list-style-type: none"> <li>be or within the past five years have been member of the executive board, or senior staff member in the company, a subsidiary undertaking or an associate,</li> <li>within the past five years, have received larger emoluments from the company/group,</li> <li>a subsidiary undertaking or an associate in another capacity than as member of the board of directors,</li> <li>represent the interests of a controlling shareholder,</li> <li>within the past year, have had significant business relations (e.g. personal or indirectly as partner or employee, shareholder, customer, supplier or member of the executive management in companies with corresponding connection) with the company, a subsidiary undertaking or an associate.</li> <li>be or within the past three years have been employed or partner at the external auditor,</li> <li>have been chief executive in a company holding cross-memberships with the company,</li> <li>have been member of the board of directors for more than 12 years, or</li> <li>have been close relatives with persons who are not considered independent.</li> </ul>	✓			All board members are independent.
<i>3.3. Members of the board of directors and the number of other executive functions</i>				

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
3.3.1. The Committee <b>recommends</b> that each member of the board of directors assesses the expected time commitment for each function in order that the member does not take on more functions than he/she can manage satisfactorily for the company.	✓			Each board member makes this assessment.
3.3.2. The Committee <b>recommends</b> that the management commentary, in addition to the provisions laid down by legislation, includes the following information about the members of the board of directors: <ul style="list-style-type: none"> <li>the position of the relevant person,</li> <li>the age and gender of the relevant person,</li> <li>whether the member is considered independent,</li> <li>the date of appointment to the board of directors of the member,</li> <li>expiry of the current election period,</li> <li>other executive functions, e.g. memberships in executive boards, boards of directors, and supervisory boards, including board committees in foreign enterprises and</li> <li>demanding organizational tasks, and</li> <li>the number of shares, options, warrants and similar in the company, and other group companies of the company, owned by the member, as well as changes in the portfolio of the member of the securities mentioned which have occurred during the financial year.</li> </ul>	✓			The mentioned information is available in the annual report.
<b>3.4. Board committees</b>				
3.4.1. The Committee <b>recommends</b> that the company publish the following on the company's website:  The terms of reference of the board committees, <ul style="list-style-type: none"> <li>the most important activities of the committees during the year, and the number of meetings held by each committee, and</li> <li>the names of the members of each committee, including the chairmen of the committees, as well as information on which members are independent members and which members have special qualifications.</li> </ul>	✓			Information regarding board committees are available from the website.



Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
3.4.2. The Committee <b>recommends</b> that a majority of the members of a board committee be independent.	✓			All board members are independent.
3.4.3. The Committee <b>recommends</b> that the board of directors set up a formal <u>audit committee</u> composed such that <ul style="list-style-type: none"> <li>the chairman of the board of directors is not chairman of the audit committee, and</li> <li>between them, the members should possess such expertise and experience as to provide an updated insight into and experience in the financial, accounting and audit aspects of companies whose shares are admitted to trading on a regulated market.</li> </ul>	✓			The vice chairman of the board is chairman of the committee and possesses the mentioned expertise and experience.
3.4.4. The Committee <b>recommends</b> that, prior to the approval of the annual report and other financial reports, the audit committee monitors and reports to the board of directors about: <ul style="list-style-type: none"> <li>significant accounting policies,</li> <li>significant accounting estimates,</li> <li>related party transactions, and</li> <li>uncertainties and risks, including in relation to the outlook for the current year.</li> </ul>	✓			The mentioned tasks are performed by the committee.
3.4.5. The Committee <b>recommends</b> that the audit committee: <ul style="list-style-type: none"> <li>annually assesses the need for an internal audit, and in such case, makes recommendations on selecting, appointing and removing the head of the internal audit function and on the budget of the internal audit function, and</li> <li>monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function.</li> </ul>	✓			The board does not find the need for an internal audit function. The need is considered annually and the mentioned tasks are part of the rules of procedure.
3.4.6. The Committee <b>recommends</b> that the board of directors establish a nomination committee chaired by the chairman of the board of directors with at least the following preparatory tasks: <ul style="list-style-type: none"> <li>describe the qualifications required by the board of directors and the executive board, and for a specific membership, state the time expected to be spent on having to carry</li> </ul>	✓			The board has set up a nomination committee chaired by the chairman of the board to perform the mentioned tasks.

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
<p>out the membership, as well as assess the competences, knowledge and experience of the two governing bodies combined,</p> <ul style="list-style-type: none"> <li>• annually assess the structure, size, composition and results of the board of directors and the executive board, as well as recommend any changes to the board of directors,</li> <li>• annually assess the competences, knowledge and experience of the individual members of management, and report to the board of directors in this respect,</li> <li>• consider proposals from relevant persons, including shareholders and members of the board of directors and the executive board for candidates for the board of directors and the executive board, and</li> <li>• propose an action plan to the board of directors on the future composition of the board of directors, including proposals for specific changes.</li> </ul>				
<p>3.4.7. The Committee <b>recommends</b> that the board of directors establish a remuneration committee with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>• to recommend the remuneration policy (including the general guidelines for incentive-based remuneration) to the board of directors and the executive board for approval by the board of directors prior to approval by the general meeting,</li> <li>• make proposals to the board of directors on remuneration for members of the board of directors and the executive board, as well as ensure that the remuneration is in compliance with the company's remuneration policy and the assessment of the performance of the persons concerned. The committee should have information about the total amount of remuneration that members of the board of directors and the executive board receive from other companies in the group, and</li> <li>• recommend a remuneration policy applicable for the company in general.</li> </ul>	✓			The board has set up a remuneration committee to perform the mentioned tasks.
<p>3.4.8. The Committee <b>recommends</b> that the remuneration committee do not consult with the same external advisers as the executive board of the company.</p>	✓			The remuneration committee does not consult the same external advisers as the executive management.
<i>3.5. Evaluation of the performance of the board of directors and the executive board</i>				
<p>3.5.1. The Committee <b>recommends</b> that the board of directors establish an evaluation procedure where contributions and results of the board of directors and the individual members, as well as collaboration with the executive board are annually evaluated.</p>	✓			The board undertakes an annual evaluation of the performance and achievements of the board.

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
Significant changes deriving from the evaluation should be included in the management commentary or on the company's website.				
3.5.2. The Committee <b>recommends</b> that in connection with preparation of the general meeting, the board of directors consider whether the number of members is appropriate in relation to the requirements of the company. This should help ensure a constructive debate and an effective decision-making process in which all members are given the opportunity to participate actively.	✓			The annual assessment forms part of the evaluation.
3.5.3. The Committee <b>recommends</b> that at least once every year the board of directors evaluate the work and performance of the executive board in accordance with predefined clear criteria.	✓			As part of the annual evaluation, the executive management's work and performance is evaluated.
3.5.4. The Committee <b>recommends</b> that the executive board and the board of directors establish a procedure according to which their cooperation is evaluated annually through a formalized dialogue between the chairman of the board of directors and the chief executive officer and that the outcome of the evaluation be presented to the board of directors.	✓			The chairman of the board and the CEO have a formalized dialogue on the matter at least once a year.
<b>4. Remuneration of management</b>				
<i>4.1. Form and content of the remuneration policy</i>				
<p>4.1.1. The Committee <b>recommends</b> that the board of directors prepare a clear and transparent remuneration policy for the board of directors and the executive board, including</p> <ul style="list-style-type: none"> <li>a detailed description of the components of the remuneration for members of the board of directors and the executive board,</li> <li>the reasons for choosing the individual components of the remuneration, and</li> <li>a description of the criteria on which the balance between the individual components of the remuneration is based.</li> </ul> <p>The remuneration policy should be approved by the general meeting and published on the company's website.</p>	✓			The board prepares a remuneration policy applicable to the board of directors and the executive management. The remuneration policy is approved by the AGM and made available from the company's website.

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
<p>4.1.2. The Committee <b>recommends</b> that, if the remuneration policy includes variable components,</p> <ul style="list-style-type: none"> <li>limits be set on the variable components of the total remuneration package,</li> <li>a reasonable and balanced linkage be ensured between remuneration for governing body members, expected risks and the value creation for shareholders in the short and long terms,</li> <li>there be clarity about performance criteria and measurability for award of variable components,</li> <li>there be criteria ensuring that qualifying periods for variable components in remuneration agreements are longer than one calendar year, and</li> <li>an agreement is made which, in exceptional cases, entitles the company to reclaim in full or in part variable components of remuneration that were paid on the basis of data, which proved to be misstated.</li> </ul>	✓			The remuneration policy includes variable components and is designed according to the recommendations.
4.1.3. The Committee <b>recommends</b> that remuneration of members of the board of directors does not include share options.	✓			The remuneration of the board members does not include share or warrant programmes.
4.1.4. The Committee <b>recommends that</b> if share-based remuneration is provided, such programmes be established as roll-over programmes, i.e. the options are granted periodically and should have a maturity of at least three years from the date of allocation.	✓			(no share-based remuneration)
4.1.5. The Committee <b>recommends that</b> agreements on termination payments should not amount to more than two years' annual remuneration.	✓			No extraordinary or unusual agreements exist regarding termination of payment.
<i>4.2. Disclosure of the remuneration policy</i>				
4.2.1. The Committee <b>recommends</b> that the company's remuneration policy and compliance with this policy be explained and justified annually in the chairman's statement at the company's general meeting.	✓			The company's remuneration policy is explained and justified annually in the chairman's statement at the AGM.

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
4.2.2. The Committee <b>recommends</b> that the proposed remuneration for the board of directors for the current financial year be approved by the shareholders at the general meeting.	✓			The proposal for remuneration of the board is approved by the AGM.
4.2.3. The Committee <b>recommends</b> that the total remuneration granted to each member of the board of directors and the executive board by the company and other companies in the group, including information on the most important contents of retention and retirement/resignation schemes, be disclosed in the annual report and that the linkage with the remuneration policy be explained.	✓			The total remuneration granted to each member of the board and the executive management is stated in the annual report.
<b>5. Financial reporting, risk management and audits</b>				
<i>5.1. Identification of risks and transparency about other relevant information</i>				
5.1.1. The Committee <b>recommends</b> that the board of directors in the management commentary review and account for the most important strategic and business-related risks, risks in connection with the financial reporting as well as for the company's risk management.	✓			The board identifies and discusses important business risks at each board meeting. A review of the company's risk management is available from the company's website.
<i>5.2. Whistleblower scheme</i>				
5.2.1. The Committee <b>recommends</b> that the board of directors decide whether to establish a whistleblower scheme for expedient and confidential notification of possible or suspected wrongdoing.	✓			The board has discussed the need for a whistleblower scheme and has found that the company with its current number of employees has neither the need nor the size to implement such a scheme.
<i>5.3. Contact to auditor</i>				

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
5.3.1. The Committee <b>recommends</b> that the board of directors ensure regular dialogue and exchange of information between the auditor and the board of directors, including that the board of directors and the audit committee at least once a year meet with the auditor without the executive board present. This also applies to the internal auditor, if any.	✓			A regular dialogue and exchange of information with the auditor is part of the plan for the year.
5.3.2. The Committee <b>recommends</b> that the audit agreement and auditors' fee be agreed between the board of directors and the auditor on the basis of a recommendation from the audit committee.	✓			An agreement is agreed each year as part of the plan for the year.