

# Corporate Governance Report 2019

## Statutory report on Corporate Governance cf. section 107b of the Danish Financial Statements Act

This statutory report on Corporate Governance for Athena Investments A/S (Athena) forms part of the Management Review in the Annual Report 2019 covering the period 1 January – 31 December 2019.

The report comprises:

- I. Status on compliance with the recommendations for Corporate Governance
- II. Account of control and risk management in connection with the financial reporting process
- III. Composition of Management structure and committee functions



**ATHENA**  
INVESTMENTS

## I: Status on compliance with the recommendations for Corporate Governance

As required for companies listed on Nasdaq Copenhagen according to "Rules for issuers of shares", Athena reports on compliance with the recommendations on Corporate Governance which are available on the Danish Committee on Corporate Governance's website ([www.corporategovernance.dk](http://www.corporategovernance.dk)). The edition of the recommendations currently effective was published 23 November 2017.

The Board of Directors and the Board of Management of Athena actively employ the corporate governance recommendations in the Company's day-to-day operations and have implemented the vast majority of the corporate governance recommendations in connection with the management bodies' duties.

Athena believes that corporate governance is a key component to achieving the Group's strategy and targets, and that good communication with the Group's stakeholders is a prerequisite for the valuation of the Athena share actually reflecting the value of the Company.

Below, Athena issues the Company's statement of compliance on the individual Corporate Governance recommendations employing the "comply or explain" principle by listing the recommendations on the left; indicating compliance/non-compliance in the middle; and related comments on the right. The recommendations specify that it is equally legitimate to provide an explanation of non-compliance as to comply with a specific recommendation, since the key issue is to create transparency on corporate governance matters.

The report is available on [www.athenainvestments.com](http://www.athenainvestments.com) under "Corporate Governance" in the "Investor" section.

## 1. Communication and interaction by the company with its investors and other stakeholders

Corporate governance recommendations	Athena Investments A/S complies	Athena Investments A/S does not comply	Athena Investments A/S complies/does not comply due to the following reason
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### 1.1. Dialogue between company, shareholders and other stakeholders

**1.1.1. THE COMMITTEE RECOMMENDS** that the board of directors ensure ongoing dialogue between the company and its shareholders in order for the shareholders to gain relevant insight into the company'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.



Athena gives high priority to the contact to shareholders and potential investors.

Athena communicates with existing and potential shareholders through various channels: telephone, e-mail, face-to-face meetings and the website and provides extensive information through materials such as financial reports, company announcements, monthly reports and presentations.

All relevant requests presented by shareholders are answered currently taking into consideration applicable rules about disclosure of information.

Athena encourages its shareholders to participate in the annual general meeting which is considered a convenient forum for dialogue and exchange of point of views.

**1.1.2. THE COMMITTEE RECOMMENDS** 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.



Athena has defined a stakeholder policy which considers the Company's relationship with investors and shareholders. In addition to the Company's communication and IR policies, the stakeholder policy is available on the Company's website.

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**1.1.3. THE COMMITTEE RECOMMENDS** that the company publish quarterly reports.

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Considering that, historically, the business of Athena has had a stable and recurring trend over the year, and that since November 2015 the publication of quarterly reports is no more mandatory, the Company has decided to publish only H1 results and the Annual report.

Athena also publishes monthly announcements disclosing the production realised and other material events in order to keep its stakeholders, including shareholders and other investors, informed on a regular basis.

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## 1.2. General meeting

**1.2.1. THE COMMITTEE RECOMMENDS** that, when organising the company's general meeting, the board of directors plans the meeting to support active ownership.

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The Board of Directors encourages the shareholders of the Company to participate in general meetings and exercise their shareholder rights to support active ownership.

The Annual General Meeting of Athena is a unique forum for communication and discussion and the venue for shareholders to express their views and make decisions.

General meetings are convened according to the articles of association. The agenda is drawn up in such a way that the shareholders are provided with a satisfactory picture of the matters included in the points on the agenda. The individual items on the agenda are supplemented by an oral presentation at the general meeting.

The Board of Directors monitors the technological developments and the possibility to conduct, fully or partly, electronic general meetings on an ongoing basis. So far, the Board of Directors has not found this relevant.

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**1.2.2. THE COMMITTEE RECOMMENDS** that proxies or votes by post for the general meeting allow shareholders to consider each individual item on the agenda.

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The proxy and the votes by post form employed for general meetings allows the shareholder to express his/her position on each individual item on the agenda.

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### 1.3. Takeover bids

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**1.3.1. THE COMMITTEE RECOMMENDS** that the company set up contingency procedures in the event of takeover bids from the time that the board of directors has reason to believe that a takeover bid will be made. According to such contingency procedures, the board of directors should not without the acceptance of the general meeting, attempt to counter the takeover bid by making decisions which in reality prevent the shareholders from deciding on the takeover bid themselves.



The Board of Directors regularly discusses the optimum shareholder structure. In principle, the Board of Directors believes that substantial changes in this respect should be presented at the general meeting to the extent possible, including any takeover bids.

Within the duties of the Board of Directors, the Board shall comment the offer to inform, to the extent possible, all shareholders of the offer, but will not limit in any way whatsoever the shareholders' decision in matters of takeover bids.

## 2. Tasks and responsibilities of the board of directors

Corporate governance recommendations	Athena Investments A/S complies	Athena Investments A/S does not comply	Athena Investments A/S complies/does not comply due to the following reason
<b>2.1. Overall tasks and responsibilities</b>			
<b>2.1.1. THE COMMITTEE 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 of Directors of Athena performs its responsibilities according to the established rules of procedure which are continuously reviewed.
<b>2.1.2. THE COMMITTEE 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 has resolved to introduce periodically held strategy seminars to discuss the Company's future strategy and risks, make plans and determine the distribution of responsibilities.
<b>2.1.3. THE COMMITTEE 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.	√		<p>As an integral part of its work, the Board of Directors regularly assesses the most expedient capital and share structure to ensure that the strategy and long-term value creation are in the best interest of the shareholders and the Company.</p> <p>The Company's Board of Directors wants to ensure continuously improved liquidity of the Company's share, which the Board anticipates to be enabled by a continuously improved information level, on-going implementation of the planned strategy as well as an increase in the number of national and international institutional investors.</p>

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**2.1.4. THE COMMITTEE RECOMMENDS** that the board of directors annually review and approve guidelines for the executive board; this includes establishing requirements for the executive board on timely, accurate and adequate reporting to the board of directors.



The instructions to the Management Board are reviewed on an ongoing basis.

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**2.1.5. THE COMMITTEE RECOMMENDS** that at least once a year the board of directors discuss the composition of the executive board, as well as developments, risks and succession plans.



The Board of Directors regularly discusses the Board of Management's composition, development and risks being committed to ensuring that the Board of Management is composed of the most qualified members and with a view to minimise risks and enhance successful execution of plans.

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## **2.2 Corporate social responsibility**

**2.2.1. The COMMITTEE RECOMMENDS** that the board of directors adopt policies on corporate social responsibility.



In considerations relating to CSR initiatives, Athena seeks inspiration in the UN Global Compact initiative for corporate social responsibility and the UN Sustainable Development Goals (SDGs). The 10 UN principles on human rights, labour rights, environment and anticorruption and the 17 SDGs thus constitute the framework on which Athena's CSR efforts are based and form the basis of the company policies on CSR.

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## 2.3. Chairman and vice-chairman of the board of directors

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**2.3.1. THE COMMITTEE RECOMMENDS** appointing a vice-chairman of the board of directors who will assume the responsibilities of the chairman in the event of the chairman's absence, and who will also act as effective sparring partner for the chairman.



The Board of Directors elects a chairman and a deputy chairman among its members. The role, tasks and responsibilities of the deputy chairman are in accordance with the recommendations and described in the rules of procedure for the Board of Directors.

**2.3.2. THE COMMITTEE RECOMMENDS** ensuring that, if the board of directors, in exceptional cases, asks the chairman of the board of directors or other board members to perform special 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.



The chairman and other board members will only perform special tasks for the Company according to special consent given by the Board of Directors. In 2019, no special tasks have been performed by the members of the Board of Directors.

Resolutions on the chairman's or other board members' participation in day-to-day management and the expected duration hereof should be published in a company announcement.

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### 3. Composition and organisation of the board of directors

Corporate governance recommendations	Athena Investments A/S complies	Athena Investments A/S does not comply	Athena Investments A/S complies/does not comply due to the following reason
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#### 3.1. Composition

##### 3.1.1. THE COMMITTEE RECOMMENDS

that the board of directors annually accounts for

- the skills it must have to best perform its tasks,
- the composition of the board of directors, and
- the special skills of each member.



Athena Investments A/S focuses on having a Board of Directors that is able to inspire and support the Company's Management through a relevant and differentiated composition of skills. The relevant general skills and special qualifications of the individual members as well as the composition of the Board of Directors are accounted for on the Company's website and in the annual report.

New members of the Board of Directors receive a thorough presentation of the Company and the Board of Directors regularly considers potential supplementary updating, if so required.

##### 3.1.2. THE COMMITTEE RECOMMENDS

that once a year the board of directors discuss the company's activities to ensure relevant diversity at management levels, prepares and adopts a policy on diversity. The policy should be published on the company website. 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.



Employment in Athena is based on competences, abilities and results and is independent of race, colour, ethnic, national or social background, gender, religion, age, disability, political opinion or sexuality.

Athena encourages diversity of the Company's workforce, as the Company believes this increases innovation and strengthens the culture of the organisation.

The Company has adopted a policy on diversity which is available on the Company's website.

The Board of Directors has also implemented measurable objectives to ensure equal opportunities for both sexes at management level. The Board of Directors reports on the status of goal achievement and policies in the Company's annual report. Employment in Athena, at all levels, is, however, above all based on the employees' merits and qualifications.

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**3.1.3. THE COMMITTEE RECOMMENDS** that the selection and nomination of candidates for the board of directors be carried out through a 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.



When assessing the composition of and nomination of new candidates for the Board of Directors, the need for integration of new talent and diversity is taken into consideration. The skills and experience of the candidates are however decisive factors in relation to the nomination.

The Company's Board of Directors is composed of members with international experience, relevant skills, originating from three different European countries and with a broad age composition.

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**3.1.4. THE COMMITTEE RECOMMENDS** that the notice convening the general meeting when election of members to the board of directors is on the agenda be accompanied by a description of the nominated candidates' qualifications, including information about the candidates'

- other executive functions, among these memberships in executive boards, boards of directors, and



Athena Investments A/S incorporates a description of the candidates, including their qualifications, other executive functions (domestic and foreign) and independence, in the notice convening the general meeting.

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- supervisory boards, including board committees in Danish and foreign enterprises
- demanding organisational tasks, and information about
  - whether candidates to the board of directors are considered independent.
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**3.1.5. THE COMMITTEE RECOMMENDS** that members of the Company's executive board are not members of the board of directors and that a chief executive officer who is stepping down does not take up the position of chairman or vice chairman for the same company.



Save for the current Deputy Chairman of the Board of Directors, who stepped down as CEO on October 2014 and joined the Board on April 2018 as non-independent Director, members of the Company's Board of Directors and the Chairman of the Company are not a former chief executive officer of the Company.

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**3.1.6. THE COMMITTEE RECOMMENDS** that members of the board of directors elected by the general meeting be up for election every year at the annual general meeting.



Members of the Board of Directors are up for election every year at the annual general meeting.

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## 3.2 Independence of the board of directors

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**3.2.1. THE COMMITTEE RECOMMENDS** that at least half of the members of the board of directors elected by the general meeting be independent persons, in order for the board of directors to be able to act independently of special interests.

To be considered independent, this person may not:

- 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,
- within the past five years, have received larger emoluments from the company/group, a subsidiary undertaking or an associate in another capacity than as member of the board of directors,
- represent the interests of a controlling shareholder,
- 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

4 out of 5 members of the Board of Directors of Athena are considered independent with no special interests in the Company, except, possibly, as shareholders. Peter Høstgaard-Jensen is currently the only independent board member who holds shares in the Company.

Sigieri Diaz della Vittoria Pallavicini is considered as a non-independent board member as he indirectly represents the asset management company of SDP RAIF - Genesis which is the second largest shareholder of Athena Investments A/S.

Under the Board of Directors' rules of procedure, no board member may take part in dealing with issues concerning an agreement between the Company and the board member in question. The same applies to issues regarding agreements between the Company and a third party if the board member has a material interest in such agreement.



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management in companies with corresponding connection) with the company, a subsidiary undertaking or an associate.

- be or within the past three years have been employed or partner at the external auditor,
- have been chief executive in a company holding cross-memberships with the company,
- have been member of the board of directors for more than 12 years, or
- have been close relatives with persons who are not considered independent.

Even if a member of the Board of Directors is not covered by the above criteria, certain conditions may exist that lead the board of directors to decide that one or more members cannot be regarded as independent.

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

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**3.3.1. THE COMMITTEE RECOMMENDS** that each member of the board of directors assesses the expected time commitment for each function in order that the member does not take on more



The Board of Directors focuses on each member being able to deliver the commitment and the work that is required to have a professional and dynamic Board of Directors.

In connection with the individual board member's decision to seek election or re-election, he/she for him/herself assesses the expected time

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functions than he/she can manage satisfactorily for the company.

commitment to ensure not taking on more tasks than he/she can manage satisfactorily.

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**3.3.2. THE COMMITTEE RECOMMENDS** that the management commentary, in addition to the provisions laid down by legislation, includes the following information about the members of the board of directors:

- the position of the relevant person,
- the age and gender of the relevant person,
- the respective person's competences and qualifications that are relevant to the company,
- whether the member is considered independent,
- the date of appointment to the board of directors of the member,
- expiry of the current election period,
- the member's participation in the meetings of the board of directors and committee meetings,
- other executive functions, e.g. memberships in executive boards, boards of directors, and supervisory boards, including board



Athena Investments A/S' gives a detailed presentation of the Board of Directors, including the position, age, independence, date of appointment and expiry of election period, meeting participation, other executive functions in Danish or foreign companies, shareholdings and any changes hereto of the individual board members in the annual report.

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- committees in Danish and foreign enterprises and
- demanding organisational tasks, and
  - 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.

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**3.3.3. THE COMMITTEE RECOMMENDS** that the annual evaluation procedure, cf. section 3.5, includes an evaluation of what is regarded as a reasonable level for the number of other executive functions, where the number, level and complexity of the other executive functions are taken into account.



The annual evaluation procedure includes such evaluation,

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### 3.4. Board committees

**3.4.1. THE COMMITTEE RECOMMENDS** that the company publish the following on the company's website:



The Board of Directors of Athena acts jointly as the audit committee and has established no further committees. Consequently, no specific information on committees is published on the Company's website.

- The terms of reference of the board committees,
- the most important activities of the committees during the year, and the number of meetings held by each committee, and
- the names of the members of each committee, including the chairmen of the committees, as well as information on which members are independent members and which members have special qualifications.

**3.4.2. THE COMMITTEE RECOMMENDS** that a majority of the members of a board committee be independent.



The Board of Directors of Athena has established an audit committee consisting of all board members acting jointly. Consequently, the majority of the committee is considered independent in line with the general consideration of the board (4 out of 5 members). See 3.4.1 and 3.2.1.

**3.4.3. THE COMMITTEE RECOMMENDS** that the members of the board of directors set up an audit committee and that a chairman of the committee is appointed who is not the chairman of the board of directors.



An audit committee has been established, consisting of all members of the Board of Directors. This is considered appropriate due to the size of the Board of Directors, the Company and the accounting and audit conditions.

The members of the Board of Directors possess the required expertise and experience as to provide insight into relevant financial, accounting and audit aspects of a listed company.

**3.4.4. THE COMMITTEE RECOMMENDS** that, prior to the approval of the annual report and other financial reports, the audit committee



The Board of Directors, acting jointly as the audit committee, monitors the significant issues as included in the recommendations.



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monitors and reports to the board of directors about:

- significant accounting policies,
- significant accounting estimates,
- related party transactions, and
- uncertainties and risks, including in relation to the outlook for the current year.

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**3.4.5. THE COMMITTEE RECOMMENDS** that the audit committee:

- 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,
- ensures that if an internal audit has been established, a description of its functions is available and approved by the board of directors,
- ensures that if an internal audit has been established, that adequate resources and competences



The Board of Directors, acting jointly as the audit committee, regularly assesses the need for an internal audit. So far, the establishment of an internal audit function has not been deemed necessary.

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are allocated to carry out the word, and

- monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function.

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**3.4.6. THE COMMITTEE RECOMMENDS** 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:

- describe the qualifications required by the board of directors and the executive board, and for a specific membership, state the time expected to be spent on having to carry out the membership, as well as assess the competences, knowledge and experience of the two governing bodies combined,
- annually assess the structure, size, composition and results of the board of directors and the executive board, as well as

Due to the relatively low complexity and to the limited size of the Company which allows a generally high transparency internally and externally, the Board of Directors, so far, has not considered the establishment of a nomination committee as an added-value initiative.



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- recommend any changes to the board of directors,
- annually assess the competences, knowledge and experience of the individual members of management, and report to the board of directors in this respect,
  - 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
  - propose an action plan to the board of directors on the future composition of the board of directors, including proposals for specific changes.

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**3.4.7. THE COMMITTEE RECOMMENDS** that the board of directors establish a remuneration committee with at least the following preparatory tasks:

- to recommend the remuneration policy (including the general guidelines for incentive-based remuneration) to the board of directors and the executive



Due to the relatively low complexity and to the limited size of the Company which allow a generally high transparency internally and externally, the Board of Directors, so far, has not considered the establishment of a remuneration committee as an added-value initiative.

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- board for approval by the board of directors prior to approval by the general meeting,
- make proposals to the board of directors on remuneration for members of the board of directors and the executive board, as well as ensure that the remuneration is in compliance with the company's remuneration policy and the assessment of the performance of the persons concerned. The committee should have information about the total amount of remuneration that members of the board of directors and the executive board receive from other companies in the group,
  - recommend a remuneration policy applicable for the company in general, and
  - assist with the preparation of the annual remuneration report.

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**3.4.8. THE COMMITTEE RECOMMENDS** that the remuneration committee do not consult with the same external

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N/A

Athena has not established a remuneration committee, and the recommendation is not relevant to Athena.

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advisers as the executive board of the company.

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

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**3.5.1. THE COMMITTEE RECOMMENDS** that the board of directors establish an evaluation procedure for an annual evaluation of the board of directors and the individual members. External assistance should be obtained at least every third year. Inter alia, the evaluation should include:

- Contribution and results,
- Cooperation with the executive board,
- The chairman's leadership of the board of directors,
- The composition of the board of directors (including competences, diversity and the number of members),
- The work in the committees and the committee structure, and
- The organisation and quality of the material that is submitted to the board of directors.

The evaluation procedure and the general conclusions should be described in the management commentary

The Board of Directors of Athena has implemented a formalised, annual self-evaluation procedure.



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and on the company website. The chairman should account for the evaluation of the board of directors, including the process and general conclusions, at the General Meeting prior to the election of the board of directors.

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**3.5.2. THE COMMITTEE RECOMMENDS** that at least once every year the board of directors evaluate the work and performance of the executive board in accordance with predefined clear criteria. Furthermore, the board of directors should evaluate the need for changes to the structure and composition of the executive board, in light of the company's strategy.



The Board of Directors of Athena has implemented a formalised, annual evaluation fulfilling the recommended criteria.

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**3.5.3. THE COMMITTEE RECOMMENDS** that the executive board and the board of directors establish a procedure according to which their cooperation is evaluated annually through a formalised dialogue between the chairman of the board of directors and the chief executive officer and that the outcome of the evaluation be presented to the board of directors.



The Board of Directors of Athena has implemented a formalised, annual evaluation fulfilling the recommended criteria.

## 4. Remuneration of management

Corporate governance recommendations	Athena Investments A/S complies	Athena Investments A/S does not comply	Athena Investments A/S complies/does not comply due to the following reason
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### 4.1. Form and content of the remuneration policy

**4.1.1. THE COMMITTEE RECOMMENDS** that the board of directors prepare a clear and transparent remuneration policy for the board of directors and the executive board, including

- a detailed description of the components of the remuneration for members of the board of directors and the executive board,
- the reasons for choosing the individual components of the remuneration,
- a description of the criteria on which the balance between the individual components of the remuneration is based, and
- an explanation for the connection between the remuneration policy and the company's long-term value creation and relevant related goals.



The General Meeting has approved general guidelines for incentive remuneration of Athena's Board of Directors and Board of Management, which are published on Athena's website. The guidelines contain a description of the components of the remuneration, background and criteria regarding the various components. A Remuneration Policy covering the Management Board and the Board of Directors will be proposed for approval at the Annual General Meeting 2020.

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The remuneration policy should be approved by the general meeting and published on the company's website at least every fourth year and upon any critical amendments.

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**4.1.2. THE COMMITTEE RECOMMENDS** that, if the remuneration policy includes variable components,

- limits be set on the variable components of the total remuneration package,
- 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,
- there be clarity about performance criteria and measurability for award of variable components,
- it is ensured that variable remuneration only consists of short and long term remuneration components, and that long-term components must have an earning and maturity period of at least three years, and
- ensures the opportunity for the company to reclaim in full or in part variable



The remuneration policy includes variable components for the Board of Management in accordance with the recommendations except for the last criteria:

Athena's remuneration policy contains no specific clause on the repayment of variable remuneration components paid on the basis of mis-stated information, as the Company considers the rules in Danish law to be sufficient in such cases.



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components of remuneration that were paid on the basis of data, which proved to be misstated.

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**4.1.3. THE COMMITTEE RECOMMENDS** that remuneration of members of the board of directors does not include share options.



According to the general guidelines for the remuneration policy, the Company's Board of Directors may not receive any incentive remuneration.

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**4.1.4. THE COMMITTEE RECOMMENDS** that if, in relation to long-term incentive programmes, a share-based remuneration is used, the programmes should have an earning and maturity period of at least three years after being allocated and should be roll over programmes, i.e. the options should be granted periodically.



No share-based incentive programmes are currently implemented in the Company. If programmes will be implemented, they will be in compliance with the recommendations.

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**4.1.5. THE COMMITTEE RECOMMENDS** that the total value of the remuneration during the notice period, including severance pay, should not exceed two years of remuneration, including all components of the remunerations.



Termination payments do not amount to more than two years' annual remuneration.

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## 4.2. Disclosure of the remuneration policy

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**4.2.1. THE COMMITTEE RECOMMENDS** that the company's remuneration policy and compliance with this policy be explained and justified annually in the chairman's statement at the company's general meeting.

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The overall principles for the Company's remuneration policy have been approved by the General Meeting. If required, the chairman of the Board of Directors would explain and justify the policy at the General Meeting.

**4.2.2. THE COMMITTEE RECOMMENDS** that the proposed remuneration for the board of directors for the current financial year be approved by the shareholders at the general meeting.

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The remuneration of the Company's Board of Directors for the current financial year is approved by the Company's shareholders at the annual general meeting.

**4.2.3. THE COMMITTEE RECOMMENDS** that the company prepares a remuneration report that includes information on 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 and associated for the last three years, including information on the most important contents of retention and retirements/resignation schemes, be disclosed in the annual report and that the linkage between the remuneration and

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The combined remuneration of the Management Board is disclosed in note 5 of the Annual Report. Considered in accordance with practices applied in comparable companies, the remuneration granted to each member of the Management Board is not disclosed in the annual report. The remuneration of the Management Board is in line with the remuneration guidelines and no material retention or severance programmes are currently in place.

Consequently, the Company has not prepared a remuneration report.

company strategy and relevant related goals be explained.

The remuneration report should be published in the company website.

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

Corporate governance recommendations	Athena Investments A/S complies	Athena Investments A/S does not comply	Athena Investments A/S complies/does not comply due to the following reason
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**5.1. Identification of risks and transparency about other relevant information**

**5.1.1. THE COMMITTEE RECOMMENDS** that the board of directors in the management commentary review and account for the most important strategic and business-related risks, risks in connection with the financial reporting as well as for the company’s risk management.



The Board of Directors of Athena maintains detailed and efficient risk management related to a wide range of parameters, including those mentioned in the recommendation. Risk management is moreover described in the annual report.

**5.2. Whistleblower scheme**

**5.2.1. THE COMMITTEE RECOMMENDS** that the board of directors decide whether to establish a whistleblower scheme for expedient and confidential notification of possible or suspected wrongdoing.



The Company’s Board of Directors continuously assesses any need for implementation of a whistleblower scheme. So far, the implementation of such a whistleblower scheme has not been considered relevant by the Board of Directors.

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### 5.3. Contact to auditor

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**5.3.1. THE COMMITTEE RECOMMENDS** that the board of directors ensure regular dialogue and exchange of information between the auditor and the board of directors, including that the board of directors and the audit committee at least once a year meet with the auditor without the executive board present. This also applies to the internal auditor, if any.



The Board of Directors maintains a regular dialogue and exchange of information with the auditors to the extent required.

The Board of Directors meets, at least once every year, with the Auditors without the Management Board being present.

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**5.3.2. THE COMMITTEE RECOMMENDS** that the audit agreement and auditors' fee be agreed between the board of directors and the auditor on the basis of a recommendation from the audit committee.



The auditor agreement has been concluded between the Board of Directors and the auditors.

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## **II: Account of control and risk management in connection with the financial reporting**

### **Internal control and risk management systems**

Internal control and risk management system in relation to financial reporting is a process designed to present the Company's financial information in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional disclosure requirements for financial information of listed companies. The general principle of such information is to give a true and fair view of the activities of the Company and to select and apply appropriate accounting policies and make accounting estimates that are reasonable under the circumstances.

Athena's internal control and risk management system only provides reasonable but not absolute assurance that material errors or inconsistencies in the financial reporting process are identified and corrected.

Internal control and risk management systems in relation to financial reporting in Athena may be described in accordance with the following framework.

### **Control environment**

The Board of Directors monitors the financial reporting process and the effectiveness of the Company's internal control and risk management systems and acts in concert as an Audit Committee.

The Management Board is responsible for the day-to-day maintenance of an effective internal control environment and a risk management system in relation to the financial reporting process.

Powers and responsibilities are defined in the policies and procedures from the Board of Directors' instructions to the Management Board. The Board of Directors approves the Company's main policies for communication, stakeholders, IR, treasury and finance policy and risk management. The Management Board approves other policies and procedures and the relevant functions issue guidelines and monitor the application of all policies and procedures. The financial reporting procedure is described in an accounting manual which is available to all finance employees of the Group. The organisational structure and the internal guidelines combine with domestic laws and other regulations as to structure the internal control environment.

### **Risk management**

There is a relatively greater risk of error in items in the Financial Statements which are based on estimates than in other items. Under "Material accounting estimates and uncertainties" (Note 2 to the Financial Statements), we describe the areas and transactions that involve higher risk of errors. The special risks and the management of the Company's exposure to such risks are listed in Note 3 to the Financial Statements of the Annual Report.

### **Control activities**

The purpose of the control activities is to prevent, detect and correct errors or irregularities. These activities are integrated in the Company's accounting and reporting procedures and include procedures such as certification, authorisation, approval, reconciliation, results analysis and segregation of duties.

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Athena has introduced standards for internal control, i.e. standards for control activities in respect of financial reporting adapted to the Group's specific activities. The objective of these standards is to provide assurance of and maintain a uniform level of internal controls in respect of financial reporting throughout the Group.

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### **Information and communication**

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Athena maintains information and communication systems to ensure that its financial reporting is correct and complete. The accounting manual and other reporting instructions are updated when necessary and are reviewed at least once every year. Combined with other policies relevant to internal control in relation to the financial reporting process, these are available to all employees involved in the financial reporting process.

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### **Monitoring**

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Athena applies a finance and reporting system that facilitates the early detection and correction of errors and irregularities in the Group's financial reporting.

Athena applies IFRS rules, which are described in the Company's accounting manual. The accounting manual contains accounting and assessment principles and reporting instructions which must be strictly observed by all companies of the Group. Compliance with the accounting manual is monitored on an on-going basis at group level.

Detailed quarterly accounting data are reported by all group companies. These financial data are analysed and monitored at group level.

Business Review meetings are held on a monthly basis in order to monitor the activities from a financial and operating point of view.

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## **III: Composition of Management structure and committee functions**

### **Management structure**

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Athena Investments A/S is a Danish limited company with a two-tier management structure consisting of a **Board of Directors** and a **Board of Management** which are jointly responsible for the management of the Company. There is no interlocking between the two bodies. The Board of Directors is currently comprised of five members elected at the Annual General Meeting. The Management Board consists of two members (CEO and CFO).

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### **Committees**

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The board of Directors has established one committee: the Audit committee, currently consisting of all members of the Board of Directors. This composition is considered appropriate as the members of the Board of Directors jointly possess the required expertise and experience regarding the financial, accounting and audit matters. See 3.4.1 above.

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