



Statutory Corporate Governance Report for the financial year January 1, 2014 - December 31, 2014, cf. section 107b of the Danish Financial Statements Act.

This statement forms part of the management's review in the Veloxis Pharmaceuticals Annual Report covering the period 1 January – 31 December 2014.

As required for a listed company on NASDAQ OMX Copenhagen under the rules for issuers of shares, Veloxis issues the below statement of compliance with the Danish Committee on Corporate Governance's recommendations using the "comply or explain"-principle. The recommendations have been published at www.corporategovernance.dk. The recommendations specify that it is equally legitimate for a company to provide an explanation, as to comply with a specific recommendation, as the key issue is to create transparency in corporate governance matters.

The schedule below contains the Committee on Corporate Governance's recommendations of May 2013 and updated November 2014.

This corporate governance report also contains a description of the company's risk management and internal controls in relation to financial reporting.

Management

Veloxis has a two-tier management system in which the Board of Directors and the Executive Management team are responsible for managing the company's affairs. The Board of Directors is currently comprised of 4 members, who are all elected at the Annual General Meeting. The Board of Directors has established two committees: the Audit Committee and the Remuneration Committee.

The purpose of the Audit Committee, currently consisting of two members of the Board of Directors, is to assist the Board of Directors in monitoring aspects relating to accounting, auditing, and internal control.

The purpose of the Remuneration Committee, currently consisting of three members of the Board of Directors, is to assist the Board of Directors with respect to its responsibilities relating to remuneration of the Company's Executive Management, Senior Management and employees as well as to oversee and advise the Board of Directors on the adoption of policies that govern the Company's remuneration programs, including warrant and benefit plans.

The Executive Management team consists of 2 people who are responsible for the day-to-day management of the company, observing the recommendations, guidelines and decisions issued by the Board of Directors.

Risk Management

Veloxis is exposed to certain risks. Some of these may significantly affect our ability to execute our strategy. We categorize these as critical risks – and we have a program in place to ensure that we proactively identify, manage and mitigate them.

Contrary to the majority of biotechnology and pharma companies, Veloxis is less susceptible to development risks. Veloxis is currently working solely with drug substances already approved and being marketed by originator companies. This substantially decreases typical development risks such as lack of efficacy or unacceptable toxicological findings that normally account for more than 90% of the attrition rates in the pharmaceutical industry.

Veloxis is exposed to critical risks within such areas as research and development, commercialization, financial management, currency exposure, legal affairs and in relation to the financial reporting process.

Following are examples of these risks and how they are addressed.

Research and Development risks

Performing research and development within the pharmaceutical industry is subject to significant risk. It is well known that new potential pharmaceutical products have to undergo a lengthy process, from early research through clinical studies and development activities, before they can be approved and authorized for sale on the market. Some product candidates are never approved; other projects are abandoned, for various reasons, during the research and development process.

Clinical studies are lengthy, time consuming, and expensive, and they have uncertain outcomes. Nevertheless, it is a regulatory requirement to conduct them to provide the necessary documentation for our product candidates to obtain a marketing authorization. Over the development period, we work closely with the health authorities to ensure our development programs have the best possible chance of success.

Commercial risks

Diverse commercial risk factors include risks related to market acceptance, effective commercialization, and competition related to Envarsus[®], as well as the ability to attract and retain employees and partners.

We continuously monitor and evaluate the market development of, and the competitive landscape for, our products and product candidates to proactively manage applicable risks.

Our business strategy provides us with the freedom to seek partners for certain product candidates and develop our own sales and marketing organization for others. In 2008, we concluded an agreement with Cowen Healthcare Royalty Partners whereby we sold the future royalty stream related to the sale of Fenoglide[®] in North America and thereby mitigated the commercial risk significantly.

Financial risks

Our expenses and investments are primarily in Danish kroner (DKK) and US dollars (USD). However, our revenues are in currencies other than DKK, primarily USD. Therefore, our net expenses and any future investment or other income may be vulnerable to fluctuations in exchange rates.

We actively mitigate such fluctuation by placing some of our cash position in demand deposits in USD. If we fail to manage foreign exchange risk adequately, the results of our operations and expectations, and the value of Veloxis, may be adversely affected.

We do not have any interest-bearing debt. Our interest risk is, therefore related to our cash position and cash equivalents. It is essential to our activities to ensure we maintain our capital while at the same time we maximize the income derived from our excess cash without significantly increasing the risk. Veloxis' treasury policy allows the company to hold excess cash at deposits with major Danish banks and in short term Danish government and mortgage bonds.

Legal risks

Biotechnology and pharmaceutical companies are often involved in legal proceedings concerning a variety of issues, including product liability claims, claims related to quality and safety, and infringement of intellectual property rights. Currently the company is in a lawsuit in the federal district court for the District of Columbia against the Food and Drug Administration, seeking an order requiring FDA to grant final approval to Envarsus® XR.

The appropriateness of the Veloxis insurance policies is assessed regularly. At least once a year, the Board of Directors reviews the insurance policies in detail. Currently, Veloxis carries product liability insurance for our product candidates in clinical development.

At Veloxis, quality and safety matters are of utmost importance. A detailed quality assurance system is in place for in-house company activities as well as for our external partners and suppliers.

Internal controls and risk management in relation to the financial reporting

Veloxis internal controls and risk management are planned with a view to presenting financial reports in accordance with International Financial Reporting Standards (IFRS), as approved by the EU, and other disclosure requirements to annual reports of listed companies, providing a true and fair view without material misstatement; selecting and applying appropriate accounting policies and exercise of accounting estimates that are reasonable in the circumstances.

The Executive Management and Board of Directors determine and approve the overall policies, procedures, and controls in material areas relating to the financial reporting process.

The Board of Directors has set up an Audit Committee to assist the Board of Directors and Executive Management in monitoring the financial reporting and the efficiency of internal control and risk management systems at Veloxis.

The maintenance of an efficient control environment and internal control and risk management systems is the responsibility of the Executive Management. As a tool to identify and manage the critical risks, Veloxis has implemented a control environment with internal systems designed to reduce identified risks to an acceptable level.

Veloxis’ position on the individual corporate governance recommendations is described in the following.

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
1. Communication and interaction by the company with its investors and other stakeholders				
<i>1.1. Dialogue between company, shareholders and other stakeholders</i>				
<p>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.</p>	X			<p>Veloxis ensures through its shareholder communication, website, annual general meeting and investor meetings to have an effective communication between the shareholders and Veloxis, which includes use of information technology. Veloxis ensures that investor meetings are held and that the board receives feedback from such meetings, and that investor relations and other shareholder reporting is available on the Veloxis website. Further, all investor presentations are accessible on the Veloxis website.</p> <p>Veloxis’ policy is available on Veloxis’ website www.veloxis.com. Further, the Board has adopted procedures for the timely disclosure of price sensitive information.</p>
<p>1.1.2. The Committee recommends that the board of directors adopt policies on the company’s relationship with its stakeholders, including</p>	X			<p>Veloxis has processes to ensure that the stakeholders’ interests and roles are respected. The board oversees the activities</p>

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shareholders and other investors, and that the board ensures that the interests of the shareholders are respected in accordance with company policies.				in this area. Veloxis has a communication policy and a code of conduct with guidelines for interaction with stakeholders.
1.1.3. The Committee recommends that the company publish quarterly reports	X			Veloxis publishes quarterly financial reports.
<i>1.2. General meeting</i>				
1.2.1. The Committee recommends that when organizing the company's general meeting, the board of directors plans the meeting to support active ownership.	X			The annual general meeting is convened with not less than three weeks' notice in line with the Danish companies act. The notice include descriptions of the complete proposals.
1.2.2. The Committee recommends that proxies granted for the general meeting allow shareholders to consider each individual item on the agenda.	X			Proxies include the position of the shareholders in relation to each item on the agenda.
<i>1.3. Takeover bids</i>				
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.	X			Veloxis intends to comply with this recommendation in the case of takeover bids.

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2. Tasks and responsibilities of the board of directors				
<i>2.1. Overall tasks and responsibilities</i>				
2.1.1. The Committee recommends 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.	X			The board regularly and at least once annually discusses and assesses its control and supervision procedures as well as its rules of procedure. The board ensures via a fixed annual calendar that it addresses the main tasks in a timely manner. The number of board meetings is published in the annual report.
2.1.2. The Committee recommends 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.	X			The board discusses and determines Veloxis’ overall strategy, necessary qualifications and resources regularly and at least annually.
2.1.3. The Committee recommends 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.	X			The board assesses regularly – and at least once a year – whether the capital and share structure are in the interest of the shareholders. The annual report contains an account of the board’s assessment.
2.1.4. The Committee recommends that the board of directors annually review and approve guidelines for the executive board; this includes establishing	X			The board regularly evaluates executive management’s work and performance. Further, the board annually reviews and

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requirements for the executive board on timely, accurate and adequate reporting to the board of directors.				approves the procedures for the executive management.
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.	X			According to the procedures for the executive management, the executive management shall give, on every ordinary board meeting, an account of the activities of the company during the past period, including the interim financial statements, outlook, any material news and changes to the risk assessment. The board's rules of procedure include annual review of the instructions for the executive board. Succession planning is addressed by the chairmanship.
2.1.6. The Committee recommends 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.			X	The board support equal opportunities for both sexes and annually discuss the company's activities to ensure diversity. Veloxis is a small company and do not intend to formalize objectives for the time being.
<i>2.2. Corporate social responsibility</i>				
2.2.1. The Committee recommends that the board of directors adopt policies on corporate social	X			The board has adopted specific policies within the areas that the board considers to

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responsibility.				be of significant importance to Veloxis - such as working environment.
<i>2.3. Chairman and vice-chairman of the board of directors</i>				
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.	X			The board has elected a chairman and a deputy chairman.
2.3.2. The Committee recommends ensuring that, if the board of directors, in exceptional cases, asks the chairman of the board of directors to perform special operating activities for the company, including briefly participating in the day-to-day management, a board resolution to that effect be passed to ensure that the board of directors maintains its independent, overall 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.	X			The chairmanship's tasks, duties and responsibilities are described in the rules of procedure for the board, which can be found on Veloxis' homepage. In such cases where the chairman of the board would be appointed to perform day-to-day management tasks, a board resolution would be published in a company announcement.
3. Composition and organization of the board of directors				
<i>3.1. Composition</i>				
3.1.1. The Committee recommends that the board	X			The board assesses the competences that are required and the composition of the

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of directors annually accounts for <ul style="list-style-type: none"> the skills it must have to best perform its tasks, the composition of the board of directors, and the special skills of each member. 				board and proposals for nomination/replacement are based on such assessment. A profile of each board member is included in the annual report
3.1.2. 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.	X			A formal process for assessing and selecting candidates is carried out in connection with nominations/ replacements, to ensure needed competences. The board takes the need for new talent and diversity into consideration when assessing its composition.
3.1.3. The Committee recommends that a description of the nominated candidates' qualifications, including information about the candidates' <ul style="list-style-type: none"> 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. demanding organizational tasks, and information 	X			The recommended information is provided in the notice convening the relevant general meeting. Disclosure on independence is included in the annual report and on Veloxis' website.

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<ul style="list-style-type: none"> about whether candidates to the board of directors are considered independent. 				
<p>3.1.4. The Committee recommends that the company's articles of association stipulate a retirement age for members of the board of directors.</p>	X			<p>According to the articles of association members of the board must retire at the first annual general meeting after having reached the age of 75. Veloxis states the age of its board members in its annual reports and on Veloxis' website.</p>
<p>3.1.5. 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.</p>	X			<p>Shareholder-elected board members serve for a one-year term and can be re-elected by the annual general meeting.</p>
<p><i>3.2. Independence of the board of directors</i></p>				
<p>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:</p> <ul style="list-style-type: none"> 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, 	X			<p>The majority of the members of the board are independent as defined by the Danish corporate governance rules.</p>

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<ul style="list-style-type: none"> • 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 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. 				
<i>3.3. Members of the board of directors and the number of other executive functions</i>				
3.3.1. The Committee recommends that each member of the board of directors assesses the expected time commitment for each function in order that the member does not take on more functions than he/she can manage satisfactorily for the company.	X			Each member assesses his/her ability to properly discharge his/her board duties in light of other commitments.

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<p>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:</p> <ul style="list-style-type: none"> • the position of the relevant person, • the age and gender of the relevant person, • whether the member is considered independent, • the date of appointment to the board of directors of the member, • expiry of the current election period, • other executive functions, e.g. memberships in executive boards, boards of directors, and supervisory boards, including board committees in foreign enterprises and • demanding organizational 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. 	X			Disclosure of the required information is included in the annual report and on Veloxis' website.
<i>3.4. Board committees</i>				
<p>3.4.1. The Committee recommends that the company publish the following on the company's website:</p>	X			The Company publishes the information in the annual report.

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<p>The terms of reference of the board committees,</p> <ul style="list-style-type: none"> 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. 				
<p>3.4.2. The Committee recommends that a majority of the members of a board committee be independent.</p>	X			<p>The majority of the members of Veloxis' audit committee and remuneration committee are independent.</p>
<p>3.4.3. The Committee recommends that the board of directors set up a formal <u>audit committee</u> composed such that</p> <ul style="list-style-type: none"> the chairman of the board of directors is not chairman of the audit committee, and 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. 	X			<p>The board has established an audit committee with two members. The chairman of the audit committee is not chairman of the board. Between the members they possess such expertise and experience as to provide an updated insight into and experience in the financial, accounting and audit aspects of the company.</p>
<p>3.4.4. The Committee recommends that, prior to the approval of the annual report and other financial reports, the audit committee monitors and</p>	X			<p>The audit committee complies with this recommendation.</p>

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<p>reports to the board of directors about:</p> <ul style="list-style-type: none"> significant accounting policies, significant accounting estimates, related party transactions, and uncertainties and risks, including in relation to the outlook for the current year. 				
<p>3.4.5. The Committee recommends that the audit committee:</p> <ul style="list-style-type: none"> 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 monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function. 	X			The audit committee complies with this recommendation.
<p>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:</p> <ul style="list-style-type: none"> 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 			X	The chairmanship performs the tasks of a nomination committee.

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<p>two governing bodies combined,</p> <ul style="list-style-type: none"> • 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, • 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. 				
<p>3.4.7. The Committee recommends that the board of directors establish a remuneration committee with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> • 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 	X			<p>The board has established a remuneration committee. The committee's purpose is to evaluate and make recommendations to the board regarding remuneration paid to the members of management and the board. The board has approved a charter for the remuneration committee setting out its responsibilities and powers generally in line with the recommendations.</p>

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<p>general meeting,</p> <ul style="list-style-type: none"> 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 recommend a remuneration policy applicable for the company in general. 				
<p>3.4.8. The Committee recommends that the remuneration committee do not consult with the same external advisers as the executive board of the company.</p>	X			The compensation committee may itself choose its external advisers.
<p><i>3.5. Evaluation of the performance of the board of directors and the executive board</i></p>				
<p>3.5.1. The Committee recommends 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. Significant changes deriving from the evaluation should be included in the management</p>	X			The board conducts a formal self-assessment. The chairman is in charge of the procedure.

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commentary or on the company's website.				
3.5.2. The Committee recommends that in connection with preparation of the general meeting, the board of directors considers 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.	X			The board consists of four members which number is deemed sufficient to allow a constructive debate as well as an effective decision-making process. According to Veloxis' articles the board must consist of between 3 – 9 members.
3.5.3. 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.	X			The board performs an annual management review in accordance with predefined criteria.
3.5.4. 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 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.	X			The board has adopted a formal evaluation procedure to ensure systematic evaluation of the work of the board and management. Further, ongoing evaluation of the cooperation between management and the board is part of regular meetings held by the chairmanship of the board and the CEO.
4. Remuneration of management				
<i>4.1. Form and content of the remuneration policy</i>				
4.1.1. The Committee recommends that the board	X			The board has adopted incentive guidelines,

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<p>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"> • 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, and • a description of the criteria on which the balance between the individual components of the remuneration is based. <p>The remuneration policy should be approved by the general meeting and published on the company's website.</p>				<p>which are described and disclosed on the company's website. Any changes to the incentive guidelines are subject to approval at the general meeting.</p>
<p>4.1.2. The Committee recommends that, if the remuneration policy includes variable components,</p> <ul style="list-style-type: none"> • 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, • there be criteria ensuring that qualifying periods 	X			<p>The incentive programs are designed to promote both short-term and long-term behavior and they comply generally with the recommendations made. In accordance with the recommendations, in exceptional cases, the company is entitled to reclaim in full or in part financial benefits received by the executive.</p>

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<p>for variable components in remuneration agreements are longer than one calendar year, and</p> <ul style="list-style-type: none"> 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. 				
<p>4.1.3. The Committee recommends that remuneration of members of the board of directors does not include share options.</p>			X	<p>The remuneration of the board consists of warrant schemes. Three members of the board have been issued warrants conferring a right to subscribe shares in Veloxis. Veloxis believes that the ability to offer warrants as well as other forms of shares as incentive compensation is necessary to attract key people from within the industry (whether as board members, managers or employees).</p>
<p>4.1.4. The Committee recommends that if share-based remuneration is provided, such programmes be established as roll-over programmes, i.e. the options are granted periodically and should have a maturity of at least three years from the date of allocation.</p>	X			<p>Warrants are granted annually but vest over a period of typically 36 months. Warrants typically expire after 7 years, and are always granted at least at market price on the day of grant.</p>
<p>4.1.5. The Committee recommends that agreements on termination payments should not amount to more than two years' annual</p>	X			<p>None of the members of the board are entitled to termination payments. None of the members of the executive management are entitled to severance payments</p>

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remuneration.				exceeding two years of annual remuneration.
<i>4.2. Disclosure of the remuneration policy</i>				
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.	X			The incentive guidelines are described by the chairman of the board at the annual 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.	X			The remuneration of the board is presented for approval to the annual general meeting.
4.2.3. The Committee recommends 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.			X	The total remuneration to each member of the board and the executive management is not disclosed in the annual report. The total remuneration to the entire board and the entire executive management, respectively, is disclosed together with an explanation of the components. It is the company's judgment that disclosure of the remuneration paid to each individual member of the executive management will not add additional value for shareholders and other stakeholders.
5. Financial reporting, risk management and audits				

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<i>5.1. Identification of risks and transparency about other relevant information</i>				
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.	X			Once a year, a strategic plan with identification and evaluation of strategic risk factors is prepared by management. The board reviews and approves the strategic plan. The annual report includes information on Veloxis' risk management activities.
<i>5.2. Whistleblower scheme</i>				
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.	X			Veloxis have a whistleblower scheme for expedient and confidential notification of possible or suspected wrongdoing.
<i>5.3. Contact to auditor</i>				
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.	X			A regular contact is maintained. The audit committee monitors the audit process on an on-going basis. The result of the audit is discussed by the board among other things on the basis of the long-form audit report.
5.3.2. The Committee recommends that the audit agreement and auditors' fee be agreed between the	X			The auditor agreement and the auditor's fee are agreed between the auditor and the

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
board of directors and the auditor on the basis of a recommendation from the audit committee.				board.