

STATUTORY REPORT ON CORPORATE GOVERNANCE

(cf. SECTION 107b)

Zealand Pharma A/S (Zealand) has in accordance with the Danish Financial Statements Act, section 107b, prepared the following report on corporate governance.

As a company listed on NASDAQ OMX Copenhagen, Zealand follows Danish securities law and it is Zealand's intent to be guided by the Corporate Governance Recommendations designated by NASDAQ OMX Copenhagen.

Zealand regularly reviews its rules, policies and practices with the purpose of ensuring that it meets its obligations to the shareholders, employees, regulatory authorities and other stakeholders, while serving to maximize long-term value.

Board of Directors practices

The Board of Directors meets at least six times a year and otherwise when the chairman finds it necessary. During 2014 there have been six physical meetings of which four were attended by all board members; one of the members were excused at two meetings. In addition there have been one strategy seminar and two telephone meetings. The chairman represents the Board of Directors. The Board of Directors also appoints a vice chairman and it is the responsibility of the vice chairman to handle the chairman's responsibilities in his absence.

The Board of Directors conducts its business according to its rules of procedure. These rules of procedure set out, among other things, that the Board of Directors shall establish Zealand's strategy, policies and activities to achieve its objectives in accordance with the articles of association. It also establishes the responsibilities of the Board of Directors, e.g., that the Board of Directors shall ensure that Zealand's book-keeping, accounting, asset management, information technology systems, budgeting and internal control are properly organized. The rules of procedure also provide guidelines for the division of responsibilities between the Board of Directors, the Executive Management, the audit committee, the remuneration committee and the nomination committee.

The chairman is leading the Board of Director's annual self-evaluation of their performance. Each member of the Board of Directors, other than the employee-elected representatives, is appointed by the General Meeting for one-year terms. Employee representatives are elected for four-year terms, with the next election scheduled before the Annual General Meeting in 2016.



Committees of the Board of Directors

The Board of Directors has established three committees:

Audit committee

The audit committee consists of Jørgen Lindegaard (chairman) and Daniël Jan Ellens. The audit committee assists the Board of Directors with the oversight of: financial reporting, systems of internal control and risk management, external audit of the annual report, control of auditor's independence including oversight of non-audit services and other activities delegated from the Board of Directors. The audit committee has held four meetings in 2014. Specific topics discussed in 2014 have been: the auditors report, accounting policies, internal controls and risk management, the finance policy, the insurance policy, year-end issues, the bond financing etc. The charter of the audit committee is available on the Zealand's website at

<http://www.zealandpharma.com/investors/corporategovernance>

Remuneration committee

The remuneration committee consists of Daniël Jan Ellens (chairman) and Mike Owen. The remuneration committee proposes a remuneration policy and general guidelines for incentive remuneration for the Board of Directors and the CEO of the company, as well as proposals on the targets for Company-operated performance-related incentive programs. These policies and guidelines establish the guidelines for the different components of the remuneration, including fixed and variable remunerations such as pension schemes, benefits, retention bonuses, severance and incentive schemes as well as bonus and evaluation criteria in relation thereto. The proposed remuneration policy and general guidelines for incentive remuneration are subject to the approval of the shareholders at the annual General Meeting. Specific topics that were discussed in 2014: warrant programs, company goals, employee salary levels, employee pensions, CEO and board compensation.

The charter of the remuneration committee, the remuneration policy and guidelines for incentive remuneration are available on the Zealand's website at <http://www.zealandpharma.com/investors/corporategovernance>

The remuneration committee has held three meetings in 2014.

Nomination committee

At the Annual General Meeting 2013 a proposal for a new structure on the Nomination Committee was passed by the assembly. The new nomination committee will consist of up to five members; two members of the Committee are elected by the General Meeting among the Company's Board of Directors, and up to three shareholder representatives are elected by the General Meeting. The first shareholder representatives were elected at the Annual General Meeting in 2014.

The nomination committee describes the qualifications required, evaluates the skills, knowledge and experience of the individual members of the Board of Directors and the CEO. It also considers proposals submitted by relevant persons, including shareholders, for board and CEO positions and identifies and recommends candidates to the Board of Directors. The nomination committee has held two physical meetings and two phone meetings in 2014.



Remuneration policy

In accordance with Danish company law the Annual General Meeting must adopt general guidelines for incentive remuneration to management of Zealand and also a remuneration policy. Below is an overview of the general principles for the remuneration to the Board of Directors and Executive Management of Zealand.

Board of Directors

The Board of Directors receives a fixed fee. Currently the chairman of the board and employee elected board members participate in incentive based programs, see note 14 in the 2014 Annual report.

Executive Management

The Board of Directors believes that a combination of fixed and performance based pay is the best way to attract, retain and motivate Executive Management. In addition to cash based remuneration the Executive Management is aligned with shareholders through participation in share based warrant programs.

Fixed salary

The fixed salary should be set at market level. The total remuneration of the Executive Management is described in note 14 in the 2014 Annual Report.

Bonus

Members of the Executive Management may be eligible to cash bonus schemes. These may consist of an annual bonus, which the individual member can receive if specific targets of the company and other possible personal targets for the relevant year are met.

Share Based Schemes

Members of the Executive Management may receive incentive-based remuneration based on development in the share price; both on-going, single-based and event-based.

Pension

The pension contribution for executives is 0-10 % of the fixed base salary.

Other benefits

Executives receive non-monetary benefits, such as company car, phone, and broad band at home etc.

Severance payment

Zealand may terminate the employment by giving executives a notice of between 6-12 months. There is no severance pay for members of the Executive Management.



Corporate governance recommendations

NASDAQ OMX Copenhagen has incorporated the Recommendations by the Danish Committee of Corporate Governance, and Zealand intends to meet in all material respects these recommendations. This must be done applying the “comply or explain” principle. It is the view of Management that Zealand comply with the recommendations with the exception of the one highlighted below.

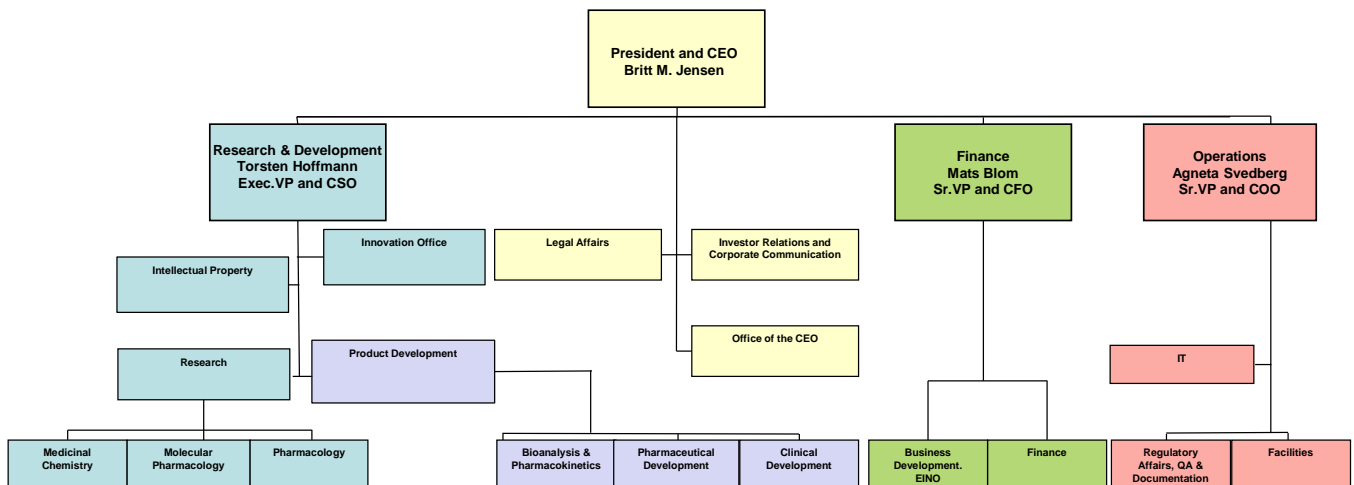
- Recommendations section 3.4.8: The remuneration committee will be using the same external advisors as the Executive Management. It is the Board of Directors' evaluation that the external advisors will provide professional and unbiased advice in both capacities as adviser to the Executive Management and to the remuneration committee.

A full review of all Recommendations and Zealand’s compliance can be found in Appendix 1 to this document.

Internal Controls and Risk Management

Zealand strives to conduct its operations in accordance with the highest ethical standards. Being a knowledge intensive company there is a high focus on competence and personal development. The management philosophy is based on a high degree of trust in the company’s employees however policies and operational processes are well described with regular reporting and controls. The operations are performed mainly within one legal entity and all operations are based on one site in Glostrup.

Organisation



Control Environment

Zealand has a number of internal control and risk management systems in place to ensure that its financial statements provide a true and fair view and is in accordance with the International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies. On a yearly basis evaluation - with



a special emphasis on risk management and internal control related to the financial reporting - is done to ensure that risks are managed in a responsible and efficient manner.

Zealand has a number of policies and procedures in key areas of financial reporting. The internal control and risk management systems are designed to mitigate detect and correct material misstatements rather than eliminate the risks identified in the financial reporting process.

A review and prioritization of material accounting items is also performed. Items in the financial statements that are based on estimates or that are generated through complex processes carry a relatively higher risk for error. Zealand performs continual risk assessments to identify such items and to assess the scope of the related risk.

The policies and procedures are approved by the Board of Directors and on a daily basis the responsibility is of the Executive Management. The Board of Directors has established an audit committee with an advisory role relatively to the Board of Directors.

Considering Zealand's legal structure, size and the fact that operations are carried out at one single site, the Board of Directors have concluded that it is not relevant to establish an internal audit function in Zealand.

Audit

Zealand's external auditors are appointed for a term of one year by the Shareholders at the Annual General Meeting upon recommendation from the Board of Directors. Before such recommendation, the Board of Directors assesses, in consultation with the audit committee and Executive Management, the independence and competencies and other matters pertaining to the auditors.

The framework for the auditors' duties, including their remuneration, audit and non-audit tasks, is agreed between the Board of Directors and the auditors on recommendation from the audit committee.

Description of management reporting systems and internal control systems

Zealand has management reporting and internal control systems in place, which enable it to monitor performance, strategy, operations, business environment, organization, procedures, funding, risk and internal control. The company believes that the reporting and internal control system is adequate to avoid misstatements in the financial reporting.

The management reporting and internal control systems include the following reports:

- A business plan including strategic planning and corporate objectives for the upcoming three years;
- an annual budget (anchor budget);
- quarterly reports including updates of annual estimates; and
- monthly reports

Regular reporting by management includes:

- financial performance and financial position;
- the comparison of budgeted and actual performance;
- the analysis of cash flows;
- project management and cost control, identification of responsible project managers and regular project reporting and follow-up;



- summaries of project management key performance indicators;
- controls over purchasing and maintenance of assets;
- the review of potential claims and litigation;
- contract and collaboration agreement review and maintenance to ensure that all commitments and liabilities are recognized as well as all incomes to which Zealand is entitled

In addition to the above mentioned reports the internal control system includes a number of detailed policies and procedures including:

- Financial Policy guiding the investments of liquid assets
- Authorizations manual guiding the sign off of expenses and investments
- The Employee manual guiding on policies, rules and procedures associated with the employment at Zealand.

Zealand also maintains detailed controls to ensure the completeness and accuracy of accounting records.

The management of Zealand consider that the above high-level and detailed controls ensure effective financial reporting procedures.

Risk Assessment

As part of the risk assessment a review and prioritization of material accounting items have been performed, based on the accounts as of 30 June 2014.

Accounting items with a high total risk profile have been analysed and relevant controls described. The accounting items deemed to have a high-risk profile are:

- Revenue recognition
- Counterpart risk for liquid assets
- Risk of Fraud

It is management's view that the current controls are sufficient to reduce the risks of significant errors in the accounts.

IT

In addition to controls performed by management Zealand's IT department has in place controls securing back up of data, access control etc.

The company is certified according to ISO 20000 standards within IT service delivery and IT security. The outcome includes process for: IT user access to data, back up, data security, data theft etc.

The End of Period Process

In addition to controls of individual accounting items it is important to keep a high level of control of the different steps in transforming the raw accounting data into a final quarterly or Annual Report.

The year end process involves detailed documentation of each balance sheet item as well as documentation supporting all notes to the accounts.



Management, together with the auditors, review the accounting principles used and makes an assessment of any new accounting principles that might be relevant.

Any items where estimates and/or assessments influence the accounts are discussed with the audit committee as well as the external auditors and are also described in Note 1 in the Annual Report.



Appendix 1

Introduction/conclusion: Report regarding 1 January - 31 December 2014 (period)

Compliance Statement

Zealand Pharma A/S ("Zealand") is generally committed to adhering to high corporate governance standards. In addition to the Recommendations of the Committee on Corporate Governance in Denmark as adopted by NASDAQ OMX Copenhagen (the "Recommendations"), the corporate governance in Zealand is further based on the Danish Companies Act, the Danish Financial Statements Act, IFRS, the Securities Trading Act, Zealand's articles of association as well as good practice for companies of the same size and with the same international reach as Zealand.

Furthermore, the Board of Directors and the Executive Management constantly seek to ensure that Zealand's management structure and control systems are efficient and functioning properly. A number of internal procedures have been developed and are continuously updated in order to ensure active, secure and profitable management of the Company.

In accordance with the NASDAQ OMX Copenhagen Rules for Issuers of Shares, Zealand hereby informs whether it complies with the Recommendations and in accordance with the comply-or-explain principle, the company shall explain any areas of non-compliance.

The Board of Directors of Zealand has thoroughly considered the Recommendations and it is the board's conclusion that Zealand generally complies with the Recommendations with one exemption as explained below.

Composition of the Board of Directors

The Board of Directors of Zealand comprises six members elected by the Annual General Meeting and three employee representatives. In line with the Corporate Governance Recommendations, the Board of Directors annually reviews and determines the qualifications and experience needed on the board in respect of

- Scientific knowledge within bioscience and innovation of pharmaceutical products, in particular diabetes research
- Financial experience and knowledge
- Experience in leading an innovative business and insight into the biopharmaceutical market
- Experience in handling partnering agreements
- Competence to ensure that the obligations of a listed company are fulfilled.

The majority of the board members are considered "independent" in accordance with the Recommendations section 3.2.1



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>Zealand has an on-going dialogue with its shareholders through the regular issuance of news releases, interim reports and annual reports. Further, the management team is regularly in direct dialogue with the company’s shareholders and other stakeholders via road shows, investor meetings and attendance in investor conferences. Information and feedback from such meetings are collected and provided to the company’s Board of Directors.</p>



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				Zealand has an investor relations department to assist in the dialogue with shareholders. Zealand has a section for investor information on its website, where all relevant material to inform of the company and its activities is made readily available.
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.	X			Zealand has developed an IR policy.
1.1.3. The Committee recommends that the company publish quarterly reports	X			
<i>1.2. General Meeting</i>				



Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
1.2.1. The Committee recommends that when organizing the company's General Meeting, the Board of Directors plans the meeting to support active ownership.	X			The Board of Directors intends to comply with this recommendation.
1.2.2. The Committee recommends that proxies granted for the General Meeting allow shareholders to consider each individual item on the agenda.	X			Each item on the agenda can be considered individually by shareholders using proxies at the Annual Meeting.
<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			The Board of Directors intends to comply with this recommendation.
2. Tasks and responsibilities of the Board of Directors				
<i>2.1. Overall tasks and responsibilities</i>				



Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
2.1.1. 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 of Directors makes a yearly review of its performance.
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 of Directors has a strategy seminar once yearly, where the overall strategy for the company is discussed.
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 long term 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 of Directors discusses and ensures that the necessary financial resources are in place in order for the company to achieve its strategic goals at least once every year. This is presented in the Annual Report.
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.	X			Procedures for communication between the Board of Directors and the Executive Management are described in



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				the Rules of Procedure and reviewed annually.
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			The composition of the executive board, as well as developments, risks and succession plans are discussed at least annually.
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 company's activities to ensure relevant diversity at management levels, including setting specific goals are discussed at least once a year. The objectives and progress made in achieving the objectives are published on the website of the company.
<i>2.2. Corporate social responsibility</i>				
2.2.1. The Committee recommends that the Board of Directors adopt policies on corporate social responsibility.	X			Zealand has prepared a policy of corporate social responsibility. The policy is



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				published on the company's website.
2.3. Chairman and vice-chairman of the Board of Directors				
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			Each year the Board of Directors appoints a vice chairman at the self-constitution meeting after the Annual General Meeting.
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 chairman does not perform special tasks for the company nor does he participate in the day-to-day management of the company.
3. Composition and organization of the Board of Directors				
3.1. Composition				
3.1.1. The Committee recommends that the Board of Directors annually accounts for	X			The Board of Directors specifies annually the skill



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"> the skills it must have to best perform its tasks, the composition of the Board of Directors, and the special skills of each member. 				<p>required to perform its tasks. The specification is posted on the website as part of the corporate governance summary.</p>
<p>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.</p>	X			<p>Zealand has established a nomination committee. A number of factors are taken into consideration before nomination of candidates for the Board of Directors, including experience, diversity, specific skills etc.</p>
<p>3.1.3. The Committee recommends that the notice convening the General Meeting when election of the Board of Directors is on the agenda be accompanied by a description of the nominated candidates' qualifications, including information about the candidates'</p> <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. 	X			<p>A description of nominated candidates' qualifications will accompany the notice convening the General Meeting when election of members to the Board of Directors is on the agenda.</p>



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<ul style="list-style-type: none"> demanding organizational tasks, and information about whether candidates to the Board of Directors are considered independent. 				
3.1.4. The Committee recommends that the company’s articles of association stipulate a retirement age for members of the Board of Directors.	X			Zealand’s articles of association stipulate a retirement age for members of the Board of Directors of 70 years.
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.	X			The members of the Board of Directors elected at the Annual General Meeting are up for election every year.
3.2. Independence of the Board of Directors				
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: <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			The majority of the board members elected at the Annual General Meeting are regarded independent.



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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. 				
<p><i>3.3. Members of the Board of Directors and the number of other executive functions</i></p>				
<p>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.</p>	X			<p>Zealand believes that each individual member of the Board of Directors can assess the time required to fulfill the function in a satisfactory way for Zealand. In 2014, eight of the ten meetings were conducted with presence of all</p>



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				members of the Board of Directors.
<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			This information is provided each year in the Annual Report.
<i>3.4. Board committees</i>				
3.4.1. The Committee recommends that the company publish the following on the company's website:	X			Terms of reference for the board, information about important activities and



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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>number of held meetings and the names of the members of the remuneration, nomination and audit committee are included in the Statutory Report on Corporate Governance.</p> <p>Charter for the committees are available at Zealand's website.</p>
<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 committee members are regarded 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 	X			<p>The audit committee consists of Jørgen Lindegard (chairman) and Daniël Jan Ellens. Both are independent and have experience and</p>



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<ul style="list-style-type: none"> 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. 				expertise within financial reporting and accounting of listed companies.
<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 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. 	X			The audit committee monitors and reports to the Board of Directors prior to approval of financial reports.
<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 considers the need for an internal audit function on an annual basis and do not see the need for an internal audit function for the time being.
<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>	X			Zealand has established a nomination committee at the



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<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 two governing bodies combined, 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. 				Annual General Meeting in 2014.
<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 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 	X			A remuneration committee was established in 2010. In 2014 the members comprise Daniël Jan Ellens (chairman) and Mike Owen. The committee makes proposals for incentive remuneration of the Board of Directors, the Chief Executive Officer and the



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Board of Directors and the executive board receive from other companies in the group, and <ul style="list-style-type: none"> • recommend a remuneration policy applicable for the company in general. 				company's overall remuneration policy.
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.			X	The remuneration committee will be using the external advisers from the same law firm as the Executive Management. Zealand believes that the external advisers will provide professional and unbiased advice in both capacities as adviser to the Executive Management and to the remuneration committee.
<i>3.5. Evaluation of the performance of the Board of Directors and the executive board</i>				
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 commentary or on the company's website.	X			The Board of Directors undertakes an annual session of evaluation of the board and each individual member.



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3.5.2. The Committee recommends 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.	X			The Board of Directors consider whether the number of members is appropriate as part of the annual evaluation of the board.
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 Executive Management is evaluated in connection with the self-evaluation session.
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 cooperation between the Executive Management and the Board of Directors is evaluated annually through a formalized dialog.
4. Remuneration of management				
<i>4.1. Form and content of the remuneration policy</i>				



Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
<p>4.1.1. 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</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>	X			The Board of Directors has adopted a remuneration policy, which is published on Zealand's website.
<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 for variable components in remuneration agreements are longer than one calendar year, and 	X			The remuneration policy fulfills all these criteria.



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"> 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 company complies. Historically the chairman of the board was allowed to participate in a share based incentive program with the possibility of exercise within three years of receipt.</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>The Executive Management has received warrant based remuneration with the possibility of exercise within three to five years of receipt.</p>
<p>4.1.5. The Committee recommends that agreements on termination payments should not amount to more than two years' annual remuneration.</p>	X			<p>Zealand complies with this recommendation.</p>
<p>4.2. <i>Disclosure of the remuneration policy</i></p>				



Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
4.2.1. 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 chairman's report at the Annual General Meeting also covers the remuneration policy.
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 of Directors for 2014 was approved at the Annual General Meeting in 2014.
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 granted to the Board of Directors and Executive Management is described in the Annual Report.
5. Financial reporting, risk management and audits				
<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	X			Zealand's annual and quarterly reports contain detailed information on the company's risks.



Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
risks, risks in connection with the financial reporting as well as for the company's risk management.				
<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			Zealand has established a whistleblower scheme.
<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			The Board of Directors as well as the audit committee maintains a regular dialog with the auditors including meetings without Executive Management present.
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.	X			The audit fee is agreed based on the recommendation of the audit committee.