



CORPORATE GOVERNANCE




STATUTORY REPORT
ON CORPORATE
GOVERNANCE ACCORDING
TO SECTION 107B OF
THE DANISH FINANCIAL
STATEMENTS ACT

FINANCIAL PERIOD:
1 OCTOBER 2016 - 30 SEPTEMBER 2017

RTX
WIRELESS WISDOM

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-  The company complies with the recommendation
-  The company partly complies with the recom
-  The company does not comply with the recom

Statutory report on corporate governance 2016/17

The company complies with the recommendations	43
The company partly complies with the recommendations	4
The company does not comply with the recommendations	0

NOTE!

The report is partly included in the management review of the company's annual report for the financial period October 2016 to September 2017.

PREFACE

Main elements in the Company's internal control and risk management system relating to the accounting process

Main elements in RTX's internal control and risk management systems relating to the accounting for the financial year 2016/17.

The Board of Directors and the Executive Management have the primary responsibility for risk management and internal control systems in RTX, including compliance with the rules in force and other standards for financial reporting. RTX's risk management and internal control systems concerning the financing, including IT and tax, are described with the purpose of efficiently limiting the risk for faults and deficiencies in the accounting.

CONTROL

The internal control in RTX is based on the company's organizational structure, decision processes, authorizations and responsibilities. Internal control is also carried out on the basis of procedures in manuals and notes. Central functions as group finances and IT have together with the Executive Board a responsibility for complying, controlling and assuring that relevant legislation and other requirements for accounting are kept, and this also includes accounting in the subsidiaries. RTX's audit committee comprises of the entire Board of Directors, who has the task of evaluating and discussing important subjects influencing the company's accounting.

The Group has established internal control systems to ensure that the internal and external financial reporting gives

a true and fair view without significant misinformation. The Chairmanship and the Executive Management currently consider major risks and internal controls in connection with the Group's activities and their impact on the process for accounting.

The control primarily consists of an organization with clearly defined roles supporting an efficient and relevant allocation of responsibilities, from an internal control perspective, and secondly of specific control activities intended to identify and reduce the risk for faults in the accounting. The control activities are based on an estimation of risk and significance.

The Executive Management currently supervises that relevant legislation and other rules for accounting are kept, and they report to the Board of Directors and the audit committee. The Board of Directors and the audit committee supervise the Executive Management's response to any control weaknesses, and the auditors give current reports.

To guard the shareholders' and public interests the Board of Directors will recommend a state authorized auditor for election at the Annual General Meeting.









"The Board of Directors continuously assesses the guidelines for the Executive Management of RTX including the policies and processes characterizing RTX. This ensures the necessary transparency and control in order for the Executive Management to run RTX in a responsible way."

PETER THOSTRUP
Chairman of the Board






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

The company is comprised by the recommendations on corporate governance available on the website of the Committee on Corporate Governance www.corporategovernance.dk.

RECOMMENDATION	COMPLIANCE	COMMENT
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.		<p>RTX continuously conducts an open and active dialogue with current and potential investors, analysts as well as other interested parties about the company's business development and financial position.</p> <p>ANNUAL GENERAL MEETING: RTX invites investors to express their opinions at the annual general meeting either by addressing questions beforehand or ask questions at the assembly.</p> <p>FINANCIAL REPORTING: On a quarterly basis, RTX's Executive Management presents the financial results and main events from the previous quarter. At these presentations it is possible for investors and analytics to ask questions directly to the Executive Board.</p> <p>COMPANY ANNOUNCEMENTS: All company announcements are in both Danish and English.</p>
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.		<p>RTX strives to maintain good relations to the company's key stakeholders, as this is considered very important to the company.</p> <p>In accordance with the company's IR policy published at the website.</p>

RECOMMENDATION	COMPLIANCE	COMMENT
1.1.3. The Committee recommends that the company publish quarterly reports.		RTX publishes quarterly financial results.
1.2. ANNUAL GENERAL MEETING		
1.2.1. The Committee recommends that when organizing the company's annual general meeting, the Board of Directors plans the meeting to support active ownership.		<p>The date of the annual general meeting is announced with the financial calendar for the coming financial year. The date of the next Annual General Meeting was announced on 31 August 2017.</p> <p>In order to promote active ownership, the Board of Directors recommends that voting shareholders exercise their voting rights at the Annual General Meeting.</p>
1.2.2. The Committee recommends that proxies granted for the annual general meeting allow shareholders to consider each individual item on the agenda.		<p>Proxies to the Board of Directors are given for one Annual General Meeting at a time.</p> <p>The shareholder will have the possibility to take a position on each item on the agenda on the proxies that RTX employs.</p>
1.3. TAKEOVER BIDS		
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.		The Board of Directors' opinion is in accordance with the recommendation should the situation occur.

2. Tasks and responsibilities of the Board of Directors

RECOMMENDATION	COMPLIANCE	COMMENT
2.1. OVERALL TASKS AND RESPONSIBILITIES		
2.1.1. The Committee recommends that at least once a year the Board of Directors takes a position on the matters related to the Board's performance of its responsibilities.		On an annual basis, the rules of procedure defined by the Board of Directors is considered/adjusted (if necessary) by the Chairmanship.
2.1.2. The Committee recommends that at least once a year the Board of Directors takes a position on the overall strategy of the company with a view to ensuring value creation in the company.		As part of the work in the board during the year, an annual strategy seminar is held to discuss and adjust the strategic guidance in relation to the developments in the market.
2.1.3. The Committee recommends that the Board of Directors ensures 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.		<p>On an ongoing basis, the Board of Directors considers if the capital and share structure supports the company's strategic guidance.</p> <p>During the period, RTX has carried out a share repurchase programme and paid dividend to the company's shareholders and thereby actively adjusted the capital and share structure of the company.</p> <p>A description of the company's capital and share structure is given on page 27 of the Annual Report 2016/17.</p>
2.1.4. The Committee recommends that the Board of Directors annually reviews and approves guidelines for the Executive Board; this includes establishing requirements for the Executive Board on timely, accurate and adequate reporting to the Board of Directors.		At least once a year the Chairmanship evaluates the rules of procedure for the Executive Board. These rules of procedure include among other things the requirements to the reporting by the Executive Board, and the communication between the Board of Directors and the Executive Management.
2.1.5. The Committee recommends that at least once a year the Board of Directors discusses the composition of the Executive Board, as well as developments, risks and succession plans.		At least once a year and on a currently basis, the Board of Directors discusses the composition of the Executive Management in RTX.

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2.1.6. The Committee **recommends** that once a year the Board of Directors discusses 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.



In April 2013, the Board of Directors decided a policy to ensure an increased number of women of the board members elected at the Annual General Meeting. The objective is to ensure diversity in a male dominated industry and for 2016/17 the Board of Directors consists 100% of men. The Board of Directors has an objective that 17% of the board members elected at the Annual General Meeting shall be female.

RTX's staff policy includes a purpose to attract and maintain highly qualified and motivated employees. In relation to employment and recruitment, RTX strives to have a reasonable split between male and female candidates, despite the fact that the company operates in a male dominated working environment. RTX realizes that the present share of women among our engineering staff may be too low to ensure a pipeline of future female candidates for the management in RTX. In our recruitment process RTX encourages qualified female applicants to apply for vacant positions as they arise. The general split between male and female employees is 14% women and 86% men. In addition, the company seeks to ensure international and age diversity as the company is of the opinion that diversity generates the best results in the organization.



2.2. CORPORATE SOCIAL RESPONSIBILITY

2.2.1. The Committee **recommends** that the Board of Directors adopt policies on corporate social responsibility.



For many years, the Board of Directors and the Executive Management have been aware of the company's relations to its stakeholders. In the annual reports the CSR initiatives have currently been described as well as the cooperation with suppliers and major customers. In 2013/14, RTX adopted the UN's Global Compact.

The company has defined policies for its staff including a policy for social responsibility. The COP report is published once a year and is available on the company's website.

RECOMMENDATION	COMPLIANCE	COMMENT
2.3. CHAIRMAN AND DEPUTY CHAIRMAN OF THE BOARD OF DIRECTORS		
2.3.1. The Committee recommends appointing a deputy 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 has elected 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 independence, overall management and control function. Resolutions on the chairman's participation in day-to-day management and the expected duration hereof shall be published in a company announcement.		The rules of procedure include an overall description of the tasks, duties and responsibilities of the Chairman and Deputy Chairman.

3. Composition and organization of the Board of Directors

RECOMMENDATION	COMPLIANCE	COMMENT
3.1. COMPOSITION		
3.1.1. The Committee recommends that the Board of Directors annually accounts for <ul style="list-style-type: none"> • competencies required in the Board of Directors to solve the tasks in the best possible way, • composition of the Board and Directors, and • competencies of each member. 		In its Annual Report the company has listed the directories of each member of the Board of Directors. The Company has listed the composition of the Executive Management and the competencies of each member of the Board of Directors.
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 whole 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.		On an ongoing basis, the Board of Directors discusses required competencies and act upon the assessment. In relation to the election of board members at the Annual General Meeting each candidate's competence profile is presented including international experience, age and gender.
3.1.3. The Committee recommends that notices for Annual General Meetings including elections of board members, include a description of the nominated candidates' qualifications, including information about: <ul style="list-style-type: none"> • other executive functions, e.g. memberships in Executive Boards, Board of Directors and supervisory boards, including board committees in foreign enterprises • demanding organizational tasks, and information about • independence of the candidates to the Board of Directors. 		The Board of Directors must have joined competencies within: international management, including knowledge of managing technological companies. Besides, the board must have knowledge of international business activities, business-to-business sales and accounting and finance. The Board of Directors motivates the candidates' qualifications in the notice to the Annual General Meeting.
3.1.4. The Committee recommends that the company's Articles of Association stipulate a retirement age for members of the Board of Directors.		Persons who at the time of the Annual General Meeting are 70 years can not be (re)elected for the Board of Directors. In the annual report states the age of the members of the Board of Directors.
3.1.5. The Committee recommends that the members of the Board of Directors elected by the Annual General Meeting are up for election every year.		In accordance with the company's Articles of Association (11.3) members of the Board of Directors are elected at the Annual General Meeting for one year at a time.

RECOMMENDATION**COMPLIANCE****COMMENT**

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 Annual General Meeting are independent in order for the Board of Directors to be able to act independently of special interests.

To be considered independent the member may not:

- be or have been, within the past 5 years, a member of the Executive Board or a manager in the company, a subsidiary or an associated company,
- within the past 5 years have received major emoluments from the company/group, a subsidiary or an associated company in another capacity than board member,
- represent the interests of a controlling shareholder,
- within the past year have had significant business relations (e.g. personally or indirectly as partner or employee, shareholder, customer, supplier or member of the Executive Management in companies with corresponding connections) with the company, a subsidiary or an associated company,
- be or within the past 3 years have been employed or partner at the external auditors,
- 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 closely related to persons who are not considered independent.



Two of the five members of the Board of Directors elected by the Annual General Meeting are considered non-independent.

Jens Hansen, an employee in the Group, is one of the company's founders, and he is also a considerable shareholder with more than 5% of the company shares. Jesper Mailind was in the period October 2009 to January 2013 part of the Executive Board in RTX.

In connection with the presentation of the candidates for the election at the Annual General Meeting, it will be indicated if the candidate is considered independent.

3.3. MEMBERS OF THE BOARD OF DIRECTORS AND NUMBER OF OTHER EXECUTIVE FUNCTIONS

3.3.1. The Committee **recommends** that each member of the Board of Directors assesses the expected time commitment for each function so the member does not take on more functions than he/she can manage satisfactorily for the company.



RTX is of the belief that each member of the Board of Directors is capable of estimating his/her own time, so the necessary time for work of high quality in the board is allocated to RTX.

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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,
- whether the member is considered independent,
- the date of appointment to the Board of Directors,
- 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.



The annual report includes the information in question for all members of the Board of Directors.

3.4. BOARD COMMITTEES

3.4.1. The Committee **recommends** that the company publishes the following at its 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.



Based on the size of the company it has not yet been considered necessary to establish other committees than the audit committee, which is handled by the entire Board of Directors.

3.4.2. The Committee **recommends** that the majority of the members of the Board of Directors are independent.



RECOMMENDATION	COMPLIANCE	COMMENT
<p>3.4.3. The Committee recommends that the Board of Directors set up a formal audit committee 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 that • 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. 		<p>Based on the new composition in January 2015, the Board of Directors has decided that the auditing concerns the entire board, and in 2015/16 it was found appropriate not to establish an audit committee, but leave this to the entire Board of Directors. There is an approved committee for the audit committee, and as a rule four annual meetings are held in connection with the ordinary board meetings.</p>
<p>3.4.4. The Committee recommends that the audit committee prior to 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. 		<p>According to the above, the financial reporting is reviewed at the four quarterly board meetings. In connection with the annual report, accounting policies, significant estimates, transactions with related parties, as well as risks and uncertainties are reviewed. In addition, the audit is invited as an independent party to present the independent audit report, as well as any general observations.</p>
<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. 		<p>It is annually estimated if an internal audit committee is required, which was considered not necessary at the latest estimate.</p>

RECOMMENDATION**COMPLIANCE****COMMENT**

- 3.4.6. The Committee **recommends** that the Board of Directors establishes 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 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.








The recommendation is partly followed.
Based on the size of the company the role is handled by the Chairmanship.

When needed ad hoc committees may be established for preparation for specific tasks, latest in connection with the change of CFO in RTX in 2016/17.

- 3.4.7. The Committee **recommends** that the Board of Directors establishes 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 Board for approval by the board prior to approval by the general meeting
 - make proposals to the Board of Directors on remuneration for members of the board and the executive board, as well as ensure that the remuneration is in compliance with the company's policy and the assessment of the performance of the persons concerned. The committee should have information about the total 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.



The recommendation is partly followed.
Based on the size of the company the role is handled by the Chairmanship.

RECOMMENDATION	COMPLIANCE	COMMENT
3.4.8. The Committee recommends that a remuneration committee does not consult with the same external advisers as the Executive Board of the company.		The remuneration committee does not consult with the same advisers as the Executive Board of the company.
3.5. EVALUATION OF THE PERFORMANCE OF THE BOARD OF DIRECTORS AND THE EXECUTIVE BOARD		
3.5.1. The Committee recommends that the Board of Directors establishes 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.		The Board of Directors currently assesses its members' skills and knowledge and discusses its composition, size and results in relation to the challenges of the Group.
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.		The present Board of Directors consists of 8 members, 3 employee representatives and 5 members elected at the Annual General Meeting. At the latest assessment it was concluded that the composition and size of the board is suitable to have an efficient decision process and constructive debate.
3.5.3. The Committee recommends at least once every year the Board of Directors evaluates the work and performance of the Executive Board in accordance with predefined clear criteria.		The chairmanship annually gives feedback on the work by the Executive Management, including to which extent the Group's objectives have been met, financially, strategically and on its reputation.
3.5.4. The Committee recommends that the Executive Board and the Board of Directors establishes a procedure according to which their cooperation is evaluated annually through a formalized dialogue between the Chairman of the Board of Directors and the Chief Executive Officer and that the outcome of the evaluation be presented to the Board of Directors.		The cooperation between the Executive Management and the Board of Directors is currently evaluated on the chairmanship meetings each quarter. In addition, the Chairman and the CEO of the company has a formal dialogue after the financial year end.

4. Remuneration of the Executive Management

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4.1. FORM AND CONTENT OF THE REMUNERATION POLICY

4.1.1. The Committee **recommends** that the Board of Directors prepares 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, and
- a description of the criteria on which the balance between the individual components of the remuneration is based.

The remuneration policy should be approved by the Annual General Meeting and published on the company's website.









A clear remuneration policy is described and published at the company's website.

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,
- there be criteria ensuring that qualifying periods for variable components in remuneration agreements are longer than one calendar year, and
- 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.




It is evaluated that the valid remuneration policy includes a balanced composition between remuneration, expected risks and value creation for the shareholders.

RECOMMENDATION	COMPLIANCE	COMMENT
4.1.3. The Committee recommends that remuneration of the members of the Board of Directors does not include share options.		The recommendation is partly followed. The employee representatives may be included in the share programmes as a result of their qualification profile and job function.
4.1.4. The Committee recommends 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.		
4.1.5. The Committee recommends that agreements on termination payments should not amount to more than two years' annual remuneration.		
4.2. DISCLOSURE OF THE REMUNERATION POLICY		
4.2.1. The Committee recommends that 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.		
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.		
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.		

5. Financial reporting, risk management and audits

RECOMMENDATION	COMPLIANCE	COMMENT
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.		
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.		In the financial year 2012/13, RTX established a whistleblower scheme.
5.3. CONTACT TO AUDITOR		
5.3.1. The Committee recommends that the Board of Directors ensures regular dialogue and exchange of information between the auditors and the Board of Directors, including that the Board of Directors and the audit committee at least once a year meet with the auditors without the Executive Board present. This also applies to the internal auditor, if any.		
5.3.2. The Committee recommends that the audit agreement and auditors' fee be agreed between the Board of Directors and the auditors on the basis of a recommendation from the audit committee.		



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