

**Form for "*Statutory report on foundation governance, cf. section 77a of the Danish Financial Statements Act*".**

## What should this form be used for?

This form is meant as a tool for commercial foundations who wish to report on the foundations compliance with the Recommendations on foundation governance in a standard reporting format, cf. section 77a of the Financial Statements Act.

The report on foundation governance must be published in the management commentary, in the notes to the annual report, or on the foundation's website with a reference to the website in the management commentary or in the notes.

Publication of the report on foundation governance on the foundation's website with a precise reference in the management commentary establishes the highest level of transparency and is easier to access for the public.

Publication on the foundation's website requires that the URL address on which the report on foundation governance is published is stated in the management commentary or in the notes. The URL address must be the internet address which can be used to access the report **directly**.

For more information about publication of the report on foundation governance on the foundation's website the Committee refers to the relevant Executive Order on report on foundation governance and on report on the foundation's distribution policy on the foundation's website etc.

**Note:** The form below contains the Recommendations of the Committee on Foundation Governance of December 2014. These Recommendations are available from the Committee's website: [www.godfondsledelse.dk](http://www.godfondsledelse.dk). **The form can be used to prepare report on foundation governance in the annual report.**

**"Comply or explain"**

Section 77a of the Financial Statements Act, which is covered by the Commercial Foundations Act (*Lov om erhvervsdrivende fonde*) states that foundations must include a report by the board of directors on foundation governance, cf. section 60 of the Commercial Foundations Act, in the management commentary or in the notes.

According to section 60 of the Commercial Foundations Act the report contains information on how the commercial foundation has addressed the Recommendations. The board of directors can choose to comply with the Recommendations or explain what they have chosen to do instead.

*Failure to comply with a Recommendation is **not** considered as a breach of rules but merely implies that the board of directors has chosen a different approach.*

Reporting must reflect the current type of management at the date of the annual report. In the event of significant changes during the year, or after the balance sheet date, this should be described in the report on foundation governance. It is important that board of directors consider the individual Recommendations.

## Statutory report on foundation governance, cf. section 77a of the Financial Statements Act

### Note:

The report is an integrated part of the management commentary in the annual report of the foundation for the following accounting period: **1<sup>st</sup> January 2017 – 31<sup>st</sup> December 2017.**

## Recommendations on foundation governance

The foundation is covered by the Recommendations on Foundation Governance, which are available on the website of the Committee on Foundation Governance [www.godfondsledelse.dk](http://www.godfondsledelse.dk).

| Recommendation  | The foundation complies | The foundation explains |
|---|-------------------------|-------------------------|
| <b>1. Transparency and communication</b>  |                         |                         |
| 1.1. <b>IT IS RECOMMENDED</b> that the board of directors adopt guidelines for external communication, including who can make public statements on behalf of the foundation and on what matters. The guidelines should address the need for transparency and stakeholders' needs and possibilities to obtain relevant up-to-date information about the circumstances of the foundation. | √                       |                         |

| Recommendation  | The foundation complies | The foundation explains |
|---|-------------------------|-------------------------|
| <b>2. Tasks and responsibilities of the board of directors</b>  |                         |                         |
| 2.1 Overall tasks and responsibilities  |                         |                         |
| 2.1.1 <b>IT IS RECOMMENDED</b> that, in order to secure the activities of the commercial foundation in accordance with the purposes and interests of the foundation, at least once a year the board of directors take a position on the overall strategy and distribution policy of the foundation on the basis of the articles of association.   | √                       |                         |
| 2.2 Chairman and vice-chairman of the board of directors  |                         |                         |
| 2.2.1 <b>IT IS RECOMMENDED</b> that the chairman of the board of directors organise, convene and chair meetings of the board of directors in order to ensure effective board work and to establish the best conditions for the work of the board members individually and collectively.   | √                       |                         |
| 2.2.2 <b>IT IS RECOMMENDED</b> that if, in addition to the position as chairman, in exceptional circumstances, the chairman of the board of directors is requested to perform specific operating functions for the commercial foundation, a board resolution be passed which ensures that the board of directors retains its independent, overall management and control function. Appropriate allocation of responsibilities should be ensured between the chairman, the vice-chairman, the other members of the board of directors and the executive board, if any. | √                       |                         |
| 2.3 Composition and organization of the board of directors  |                         |                         |

| Recommendation  | The foundation complies | The foundation explains |
|---|-------------------------|-------------------------|
| 2.3.1 <b>IT IS RECOMMENDED</b> that the board of directors regularly assess and stipulate the competences that the board of directors is to possess in order to perform the tasks incumbent upon the board of directors as well as possible.  | √                       |                         |
| 2.3.2 <b>IT IS RECOMMENDED</b> that, with due respect of any right in the articles of association to make appointments, the board of directors ensures a structured, thorough and transparent process for selection and nomination of candidates for the board of directors.  | √                       |                         |
| 2.3.3 <b>IT IS RECOMMENDED</b> that members of the board of directors are appointed on the basis of their personal qualities and competences taking into account the collective competences of the board and when composing and nominating new members of the board the need for introducing new talent is weighed against the need for continuity and the need for diversity is considered in relation to commercial and grants experience, age and gender.  | √                       |                         |
| 2.3.4 <b>IT IS RECOMMENDED</b> that in the management review in the annual report and on the commercial foundation's website, there is an account of the composition of the board of directors, including its diversity, and that the following information is provided on each board member: <ul style="list-style-type: none"> <li>• the name and position of the member,</li> <li>• the age and gender of the member,</li> <li>• date of original appointment to the board whether the member has been re-elected, and expiry of the current election period,</li> <li>• any special competences possessed by the member,</li> </ul> | √                       |                         |

| Recommendation  | The foundation complies | The foundation explains |
|---|-------------------------|-------------------------|
| <ul style="list-style-type: none"> <li>• other managerial positions held by the member, including positions on executive boards, boards of directors and supervisory boards and board committees in Danish and foreign foundations, enterprises and institutions, as well as other demanding organisation tasks,</li> <li>• whether the member has been appointed by authorities/providers of grants etc., and</li> <li>• whether the member is considered independent.</li> </ul>  |                         |                         |
| <p>2.3.5 <b>IT IS RECOMMENDED</b> that the majority of the members of the board of directors of the commercial foundation are not also members of the board of directors or executive board of the foundation's subsidiary(ies), unless it is a fully owned actual holding company.</p>   | √                       |                         |
| <p><b><u>2.4 Independence</u></b></p>   |                         |                         |
| <p>2.4.1 <b>IT IS RECOMMENDED</b> that an appropriate proportion of the board of directors be independent.</p> <p>If the board of directors (excluding employee representatives) is composed of up to four members, at least one member should be independent. If the board of directors is composed of between five and eight members, at least two members should be independent. If the board of directors is composed of nine to eleven members, at least three members should be independent, and so on.</p> <p>To be considered independent, this person may not:</p> <ul style="list-style-type: none"> <li>• be or within the past three years have been member of the executive board, or senior employee in the foundation, or a subsidiary or associated company to the foundation,</li> </ul> | √                       |                         |

| Recommendation   | The foundation complies | The foundation explains |
|--|-------------------------|-------------------------|
| <ul style="list-style-type: none"> <li>• within the past five years have received larger emoluments, including distributions or other benefits from the foundation/group or a subsidiary or associated company to the foundation in other capacity than as member of the board of directors or executive board of the foundation,</li> <li>• within the past year have had a significant business relationship (e.g. personal or indirectly as partner or employee, shareholder, customer, supplier or member of the executive management of companies with corresponding connection) with the foundation/group or a subsidiary or associated company of the foundation,</li> <li>• be or within the past three years have been employed or partner at the external auditor,</li> <li>• have been a member of the board of directors or executive board of the foundation for more than 12 years,</li> <li>• have close relatives with persons who are not considered as independent,</li> <li>• is the founder or a significant donor if the purpose of the foundation is to grant support to this person's family or others who are especially close to this person, or</li> <li>• a member of the management of an organisation, another foundation or similar, which receives or repeatedly within the past five years have received significant donations from the foundation.</li> </ul> |                         |                         |
| 2.5 Appointment period   |                         |                         |



| Recommendation  | The foundation complies | The foundation explains  |
|---|-------------------------|--|
| 2.5.1 <b>IT IS RECOMMENDED</b> that members of the board of directors be appointed for a minimum period of two years and a maximum period of four years.  |                         | Specialisterne Foundation have not implemented a maximum period of appointment |
| 2.5.2 <b>IT IS RECOMMENDED</b> that an age limit for members of the board of directors be set, which is published in the management review or on the foundation's website.  |                         | Specialisterne Foundation have not implemented a maximum age limit             |
| 2.6 Evaluation of the performance of the board of directors and the executive board   |                         |  |
| 2.6.1 <b>IT IS RECOMMENDED</b> that the board of directors establish an evaluation procedure in which the board of directors, the chairman and the contributions and performance of individual members are evaluated annually and the result is discussed by the board of directors.  | √                       |  |
| 2.6.2 <b>IT IS RECOMMENDED</b> that once a year the board of directors evaluate the work and performance of the executive board and/or the administrator (where relevant) in accordance with predefined clear criteria.   | √                       |  |
| <b>3. Remuneration of management</b>  |                         |  |
| 3.1. <b>IT IS RECOMMENDED</b> that the members of the board of directors of commercial foundations be remunerated with a fixed remuneration and that members of a possible executive board be remunerated with a fixed remuneration, possibly combined with a bonus which should not be dependent upon accounting results. The remuneration should reflect the work and responsibilities consequential to the position. |                         | Specialisterne Foundation Board Members do not receive remuneration.           |
| 3.2 <b>IT IS RECOMMENDED</b> that the annual financial statements provide information about the full remuneration received by each member of the board of directors and executive board (if relevant) from  |                         |  |

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|---|-------------------------|---|
| <p>the commercial foundation and from other enterprises in the group. Furthermore there should be information on any other remuneration which members of the board of directors, except for employee representatives, have received for performing tasks for the foundation, subsidiaries of the foundation or enterprises in the same group as the foundation.</p> |                         | <p>As a consequence of 3.1 Special-isterne Foundation do not need to provide such information</p> |