

Recommendations on Foundation Governance

KR Foundation is not a commercially operating foundation. KR Foundation values transparency and has therefore chosen to voluntarily report on the Foundation's activities and adhere to the recommendations for good governance of foundations, which are available on the website of the Committee on Foundation Governance, www.godfondsledelse.dk.

1. Transparency and communication

<p>1.1 It is recommended that the board of directors adopt principles for external communication that address the need for transparency and stakeholders' needs and possibilities to obtain relevant up-to-date information about the circumstances of the foundation.</p>			
The foundation complies	The foundation explains		Not applicable
	<i>why</i>	<i>how</i>	
X			

2. Tasks and responsibilities of the board of directors

2.1 Overall tasks and responsibilities of the board of directors

<p>2.1.1 It is recommended that, in order to secure the activities of the commercial foundation in accordance with the purposes and interests of the foundation, the board of directors should, at least once a year, take a position on the overall strategy and distribution policy of the foundation on the basis of the articles of association.</p>			
The foundation complies	The foundation explains		Not applicable
	<i>why</i>	<i>how</i>	
X			

In case of lack of compliance with a recommendation, the foundation must explain why the board of directors has chosen differently, and how the board of directors has chosen to do instead. An adequate explanation answers both questions and categorises the answer as being in compliance with the recommendation. It is therefore important that the foundation answer both questions in its explanation.

2.1.2 It is **recommended** that the board of directors regularly address whether the foundation's management of its total capital is in line with the purpose of the foundation and its long- and short-term needs.

The foundation complies	The foundation explains		Not applicable
	<i>why</i>	<i>how</i>	
X			

2.2. The chairman and the other members of the board of directors

2.2.1 It is **recommended** 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.

The foundation complies	The foundation explains		Not applicable
	<i>why</i>	<i>how</i>	
X			

2.2.2 It is **recommended** that if the board of directors asks a board member to perform special activities for the foundation which extend beyond board duties, a board resolution to that effect be passed to ensure that the board of directors maintains its independent, general management and control function. Appropriate allocation of responsibilities should be ensured between the chairman and the other members of the board of directors and the executive board, if any.

The foundation complies	The foundation explains		Not applicable
	<i>why</i>	<i>how</i>	
X			

2.2.3 It is **recommended** that the financial statements disclose any transactions that the foundation has entered into with related undertakings. The information should include the nature of the relationship between the foundation and the related undertaking, the nature of the transaction and the amount of the transaction.

The foundation complies	The foundation explains		Not applicable
	<i>why</i>	<i>how</i>	
X			

2.3. Composition and organisation of the board of directors

2.3.1 It is **recommended** that the board of directors regularly, and at least every second year, assess and stipulate the competences that the board of directors needs to possess in order to best perform the tasks and responsibilities incumbent upon the board of directors.

The foundation complies	The foundation explains		Not applicable
	<i>why</i>	<i>how</i>	
X			

2.3.2 It is **recommended** that the board of directors approve a structured, thorough and transparent process for selection and nomination of candidates for the board of directors, taking into account any right in the articles of association to make appointments.

The foundation complies	The foundation explains		Not applicable
	<i>why</i>	<i>how</i>	
X			

2.3.3 It is **recommended** 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. When composing and nominating new members to the board, the need for introducing new talent should be weighed against the need for continuity and the need for diversity in relation to, inter alia, commercial and grants experience, age and gender.

The foundation complies	The foundation explains		Not applicable
	<i>why</i>	<i>how</i>	
X			

2.3.4 It is **recommended** that both in the management commentary in the annual report and on the commercial foundation's website, if any, 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:

- the name and position of the member,
- the age and gender of the member,
- date of original appointment to the board, whether the member has been reappointed, and expiry of the current appointment period,
- any special competences possessed by the member,
- 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,
- whether the member owns shares, options, warrants and similar in the foundation's subsidiaries and/or associated companies,
- whether the member has been appointed by authorities/providers of grants etc., and
- whether the member is considered independent.

The foundation complies	The foundation explains		Not applicable
	<i>why</i>	<i>how</i>	
X (website only)			

2.3.5 It is **recommended** 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.

The foundation complies	The foundation explains		Not applicable
	<i>why</i>	<i>how</i>	
X			

2.3.6 It is **recommended** that the board of directors elect the chairman and the vice-chairman (if any) of the foundation for one year at a time. Re-election may take place.

The foundation complies	The foundation explains		Not applicable
	<i>why</i>	<i>how</i>	
X			

2.4. Independence

2.4.1 It is **recommended** that at least one third of the members of the board of directors (excluding employee representatives) are independent.

To be considered independent, this person may not, for example:

- be, or within the past three years have been, a member of the executive board or senior employee of the foundation or of an essential subsidiary or an essential associated company of the foundation,
- within the past five years have received larger emoluments, including distributions or other benefits from the foundation or a subsidiary or associated company to the foundation in other capacity than as member of the board of directors of the foundation,
- 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 or a subsidiary or associated company of the foundation,
- be, or within the past three years have been, an employee or partner of the external auditor of the foundation or its subsidiaries,
- have been a member of the board of directors or executive board of the foundation for more than 12 years,
- be a close relative or in another way be very close to persons who are not considered as independent,
- be the founder or significant donor or contributor,
- be a member of the board of directors of the foundation if the purpose of the foundation is to grant support to the board member's family or others who are especially close to the board member,
- be 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, or
- be a member of the management of an organisation, another foundation or similar, which grants or repeatedly within the past five years have granted significant donations to the foundation.

The foundation complies	The foundation explains		Not applicable
	<i>why</i>	<i>how</i>	
X			

2.5. Appointment period

2.5.1 It is **recommended** that members of the board of directors be appointed for a minimum period of two years at a time and a maximum period of four years at a time. Reappointment can take place.

The foundation complies	The foundation explains		Not applicable
	<i>why</i>	<i>how</i>	
X			

2.5.2 It is **recommended** that an age limit for members of the board of directors be set, which is published in the management commentary or on the foundation's website.

The foundation complies	The foundation explains		Not applicable
	<i>why</i>	<i>how</i>	
X			

2.6. Evaluation

2.6.1 It is **recommended** that the board of directors establish an evaluation procedure in which the contributions and performance of the board, the chairman and the individual members are evaluated annually, and that the result is discussed by the board. The nature and scope of the evaluation procedure will depend on the specific circumstances of the foundation and may vary from year to year.

The foundation complies	The foundation explains		Not applicable
	<i>why</i>	<i>how</i>	
X			

2.6.2 It is **recommended** 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 and that the chairman reviews this with the person(s) concerned.

The foundation complies	The foundation explains		Not applicable
	<i>why</i>	<i>how</i>	
X			

3. Remuneration of the board of directors and executive board, if any

3.1.1 It is **recommended** that any remuneration to the foundation's board members is fixed and not variable. Members of a potential executive board should also be remunerated with a fixed remuneration, possibly combined with a bonus which should not be dependent upon accounting results.

The foundation complies	The foundation explains		Not applicable
	<i>why</i>	<i>how</i>	
X			

3.1.2 It is **recommended** that the financial statements provide information about the full remuneration received by each member of the board of directors and executive board, if any, (itemised) from the commercial foundation and from the foundation's subsidiaries and associated companies. Furthermore, there should be information on any other remuneration which members of the board of directors and an executive board, if any, have received for performing other work or tasks for the foundation, the foundation's subsidiaries or associated companies, except for the remuneration of employee representatives as employees.

The foundation complies	The foundation explains		Not applicable
	<i>why</i>	<i>how</i>	
	<p>The Foundation observes the recommendation as regards the board's remuneration.</p> <p>As regards the executive board's remuneration, the Foundation recognizes the public interest in having access to this information. However, the Foundation also recognizes the consideration of the individual executive board member's right to privacy, and the Foundation will therefore not provide information of the individual executive board members' remuneration.</p>	<p>The Foundation does not provide information of the individual executive board members' remuneration.</p>	

The foundation will comply with the recommendations by either complying or explaining. If the foundation does not comply a recommendation, the board of directors must explain why the board of directors has chosen differently, and how the board of directors has chosen to do instead.