

# Corporate governance statement

HusCompagniet A/S, CVR no. 36 97 29 63



**1 HusCompagniet A/S – Statement on Corporate Governance**

This corporate governance statement for HusCompagniet A/S, company registration no. 36 97 29 63 (“HusCompagniet” or the “Company”) has been prepared pursuant to Section 107b of the Danish Financial Statements Act and the Rules for Issuers of Shares of Nasdaq Copenhagen A/S. This statement has been prepared in connection with HusCompagniet’s annual report for 2020 and forms part of the Management Review.

**2 Management structure**

HusCompagniet has a two-tier management structure consisting of the Board of Directors and the Executive Management. The two bodies are separate and have no overlapping members. The Board of Directors is responsible for the overall and strategic management and proper organization of HusCompagniet’s business and operations and it supervises HusCompagniet’s activities, management and organization. The Board of Directors appoints and dismisses the members of the Executive Management, who are responsible for the day-to-day management of HusCompagniet.

**3 Board of Directors**

Pursuant to the Articles of Association, the Board of Directors shall consist of not less than four and not more than eight members elected by the general meeting. Currently, the Board of Directors consists of six members elected by the general meeting. The Board of Directors elects a Chairperson and a Vice Chairperson of the Board of Directors among its members. Under the current Recommendations on Corporate Governance, three members of the Board of Directors have been assessed by HusCompagniet to be independent whereas HusCompagniet has three members of the Board of Directors who are not considered independent. The members of the Board of Directors comprise a group of professionally skilled business people also representing diversity and international experience.

The members of the Board of Directors elected by the general meeting are elected for a term of one year until the next annual general meeting. Members of the Board of Directors may be re-elected.

The Board of Directors normally holds at least five regular meetings annually, including a strategy review, plus ad hoc meetings as required.

**4 Board Committees**

The Board of Directors has established an Audit Committee and a Remuneration and Nomination Committee, each of which has a charter setting forth its purpose and responsibilities. All the committees report and make recommendations to the Board of Directors.

**4.1 Audit Committee**

The Audit Committee consists of three members appointed by and among the Board of Directors. The overall purpose of the Audit Committee is to review accounting and audit matters that by decision of the Board of Directors or the Audit Committee require a more thorough evaluation, and assess the internal controls and risk management systems of HusCompagniet. Its duties also include supervision of HusCompagniet’s auditors and review of the audit process.

The Audit Committee shall convene when it is deemed necessary or appropriate, however it is expected to be convened at least three times a year. HusCompagniet's CFO shall participate in the meetings of the Audit Committee, unless otherwise requested by the Audit Committee, and HusCompagniet's external auditor shall participate in meetings of the Audit Committee if so requested by the Audit Committee. The external auditor shall attend at least one meeting per year or the relevant part hereof where the Executive Management is not present.

The majority of the members of the Audit Committee meets the independence requirement set out in the Corporate Governance Recommendations.

#### 4.2 Remuneration and Nomination Committee

The Remuneration and Nomination Committee consists of three members appointed by and among the Board of Directors. The overall purpose of the Remuneration and Nomination Committee is to assist the Board of Directors with matters related to the remuneration of the Board of Directors and Executive Management, including reviewing and updating HusCompagniet's remuneration policy in accordance with Sections 139 and 139a of the Danish Companies Act, evaluating and making recommendations for the remuneration of the members of the Board of Directors and the Executive Management as well as the preparation of the remuneration report in accordance with Section 139b of the Danish Companies Act. Further, the Remuneration and Nomination Committee assists the Board of Directors with ensuring that appropriate plans and processes are in place for nomination of candidates to the Board of Directors, the Executive Management and the board committees. Moreover, the Remuneration and Nomination Committee evaluates the composition of the Board of Directors and the Executive Management, which includes making recommendations for nomination or appointment of members of (a) the Board of Directors, (b) the Executive Management and (c) the board committees established by the Board of Directors.

The Remuneration and Nomination Committee shall convene when it is deemed necessary or appropriate, however expected to be convened at least once a year.

The majority of the members of the Remuneration and Nomination Committee meet the independence requirements set out in the Corporate Governance Recommendations.

### 5 **Executive Management**

Pursuant to the Articles of Association, the Executive Management shall consist of one to three members appointed by the Board of Directors. Currently, the Executive Management consists of two members, the Chief Executive Officer and the Chief Financial Officer, who are responsible for the day-to-day management and compliance with the procedures, instructions, guidelines and recommendations issued by the Board of Directors. The Executive Management's responsibilities include inter alia organisation of HusCompagniet as well as allocation of resources, determination and implementation of strategies and policies and ensuring timely reporting to the Board of Directors. The Executive Management also presents and recommends proposals on the overall strategy and objectives to the Board of Directors.

**6 Internal control and financial reporting procedures**

The Board of Directors, the Audit Committee and the Executive Management are ultimately responsible for HusCompagniet's risk management and internal controls in relation to its financial reporting, and approve HusCompagniet's general policies in that regard. The Audit Committee assists the Board of Directors in overseeing the reporting process and the most important risks involved in this respect. The Executive Management is responsible for the effectiveness of the internal controls and risk management and for the implementation of such controls aimed at mitigating the risk associated with the financial reporting.

HusCompagniet has internal control and financial reporting procedures aimed at enabling it to monitor its performance, operations, funding and risk. Currently, HusCompagniet does not have any internal audit function. The Board of Directors will continuously review the need for such function.

**7 Recommendations for good corporate governance**

HusCompagniet will be subject to the Recommendations on Corporate Governance from November 2017, which are available on the Committee on Corporate Governance's website [www.corporategovernance.dk](http://www.corporategovernance.dk). As a company listed on Nasdaq Copenhagen, HusCompagniet will be required to report on its compliance with these recommendations according to the "comply or explain" principle. HusCompagniet's position on each recommendation is described in the following and reflects the situation at the time of the reporting.

HusCompagniet complies with the Recommendations on Corporate Governance in all material respects, except that HusCompagniet has opted to deviate in the following area:

- HusCompagniet will not publish quarterly reports, but will instead publish trading statements for Q1 and Q3. HusCompagniet believes that trading statements will provide investors and other stakeholders with sufficient information on the financials of HusCompagniet.

Adopted on 5 November 2020.

## Corporate Governance Overview

Recommendation	Complies	Deviates	
		Why	How
<b>1. Communication and interaction by the company with its investors and other stakeholders</b>			
<b>1.1. Dialogue between company, shareholders and other stakeholders</b>			
1.1.1. The Committee recommends that the board of directors ensure ongoing dialogue between the company and its shareholders so that the shareholders gain relevant insight into the company and in order for the board of directors to be aware of the shareholders' views, interests and opinions in relation to the company.	√		
1.1.2. The Committee recommends that the board of directors adopt policies on the company's relationship with its stakeholders, including shareholders, and that the board of directors ensure that the interests of the stakeholders are respected in accordance with company policies.	√		
1.1.3. The Committee recommends that the company publish quarterly reports.		The Company believes that trading statements will provide investors and other stakeholders with sufficient information on the financials of the Company.	The Company will not publish quarterly reports, but will instead publish trading statements for Q1 and Q3.
<b>1.2. General meeting</b>			
1.2.1. The Committee recommends that in organising the company's general meeting, the board of directors plans the meeting to support active ownership.	√		
1.2.2. The Committee recommends that proxies or votes by post for the general meeting allow shareholders to consider each individual item on the agenda.	√		

Recommendation	Complies	Deviates	
		Why	How
<b>1.3. Takeover bids</b>			
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. The contingency procedures should establish that 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.	√		
<b>2. Tasks and responsibilities of the board of directors</b>			
<b>2.1. Overall tasks and responsibilities</b>			
2.1.1. The Committee recommends that at least once annually the board of directors consider the matters that should be included in the board's performance of its work.	√		
2.1.2. The Committee recommends that at least once annually the board of directors consider the overall strategy of the company with a view to ensuring value creation in the company.	√		
2.1.3. The Committee recommends that the board of directors ensure that the company has a capital and share structure which supports 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 explain this in the management commentary and/or on the company's website.	√		
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's reporting to the board of directors.	√		
2.1.5. The Committee recommends that at least once annually, the board of directors discuss the composition, developments, risks and succession plans of the executive board.	√		

Recommendation	Complies	Deviates	
		Why	How
<b>2.2. Corporate social responsibility</b>			
2.2.1. The Committee recommends that the board of directors adopt policies on corporate social responsibility.	√		
<b>2.3. Chairman and vice-chairman of the board of directors</b>			
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.	√		
2.3.2. The Committee recommends that, if the board of directors, in exceptional cases, asks the chairman of the board of directors or other board members to perform special activities for the company, including briefly participating in the day-to-day management, a board resolution to that effect should be passed to ensure that the board of directors maintains its independent, general management and control function. Resolutions on the chairman's or other board members' participation in day-to-day management and the expected duration hereof should be publicly announced.	√		
<b>3. Composition and organisation of the board of directors</b>			
<b>3.1. Composition</b>			
3.1.1. The Committee recommends that the board of directors annually evaluate and in the management commentary account for <ul style="list-style-type: none"> <li>– the competencies that it must have to best perform its tasks,</li> <li>– the composition of the board of directors, and</li> <li>– the special competencies of each member.</li> </ul>	√		
3.1.2. The Committee recommends that the board of directors annually discuss the company's activities to ensure relevant diversity at management levels and prepare	√		

Recommendation	Complies	Deviates	
		Why	How
and adopt a policy on diversity. The policy should be published on the company's website.			
3.1.3. The Committee recommends that the selection and nomination of candidates for the board of directors be carried out through a careful and transparent process approved by the board of directors. When assessing its composition and nominating new candidates, the board of directors should, in addition to the need for competencies and qualifications, take into consideration the need for integration of new talent and diversity.	√		
3.1.4. The Committee recommends that the notice convening a general meeting where the agenda includes the election of members to the board of directors, include (in addition to the statutory requirements) a description of the qualifications of nominated candidates, including information about the candidates' <ul style="list-style-type: none"> <li>– other executive functions, including positions on executive boards, boards of directors and supervisory boards, including board committees, in Danish and foreign enterprises, and</li> <li>– demanding organisational tasks.</li> </ul> Furthermore, it should be indicated if the candidates to the board of directors are considered independent.	√		
3.1.5. The Committee recommends that members of the company's executive board be not members of the board of directors and that a resigning chief executive officer be not directly elected as chairman or vice chairman for the same company.	√		
3.1.6. 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.	√		
<b>3.2 Independence of the board of directors</b>			
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:	√		

Recommendation	Complies	Deviates	
		Why	How
<ul style="list-style-type: none"> <li>– be or within the past five years have been a member of the executive board, or senior staff member in the company, a subsidiary or an associated company,</li> <li>– within the last five years, have received significant remuneration from the company/group, a subsidiary or an associated company in a different capacity than as member of the board of directors,</li> <li>– represent or be associated with a controlling shareholder,</li> <li>– within the past year, have had significant business relations (e.g. personally or indirectly as partner or employee, shareholder, customer, supplier or member of management in companies with corresponding connection) with the company, a subsidiary or an associated company.</li> <li>– be or within the past three years have been employed or been a partner in the same company as the auditor elected by the general meeting,</li> <li>– be the chief executive officer in a company with cross-memberships with the company,</li> <li>– have been a member of the board of directors for more than 12 years, or</li> <li>– be a close relative with persons who are not considered independent.</li> </ul> <p>Even if a member of the board of directors is not covered by the above criteria, certain conditions may exist that will lead the board of directors to decide that one or more members cannot be regarded as independent.</p>			
<b>3.3. Members of the board of directors and the number of other management functions</b>			
3.3.1. The Committee recommends that each member of the board of directors assess the expected time commitment for each function so that the member does not take on more functions than he/she can complete at a satisfactory level for the company.	√		
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: <ul style="list-style-type: none"> <li>– the position of the relevant person,</li> </ul>	√		

Recommendation	Complies	Deviates	
		Why	How
<ul style="list-style-type: none"> <li>– the age and gender of the person in question,</li> <li>– the person’s competencies and qualifications that are relevant to the company</li> <li>– whether the member is considered independent,</li> <li>– the member’s date of appointment to the board of directors,</li> <li>– expiry of the current election term,</li> <li>– the member’s participation in the meetings on the board of directors and committee meetings,</li> <li>– other management functions, including memberships in executive boards, boards of directors, and supervisory boards, including board committees in Danish and foreign enterprises and demanding organisational tasks, and</li> <li>– the number of shares, options, warrants and similar owned by the member in the company and other group companies, as well as changes to the member’s portfolio of the mentioned securities which have occurred during the financial year.</li> </ul>			
3.3.3. The Committee recommends that the annual evaluation procedure, cf. section 3.5, include an evaluation of what is regarded as a reasonable level for the number of other management functions, where the number, level and complexity of the other individual management functions are taken into account.	√		
<b>3.4. Board committees</b>			
3.4.1. The Committee recommends that the company publish the following on the company’s website: <ul style="list-style-type: none"> <li>– the terms of reference of the board committees,</li> <li>– the most important activities of the committees during the year and the number of meetings held by each committee, and</li> <li>– the names of the members of each committee, including the chairmen of the committees, as well as information regarding which members are independent members and which members have special competencies.</li> </ul>	√		

Recommendation	Complies	Deviates	
		Why	How
3.4.2. The Committee recommends that a majority of the members of a board committee be independent.	√		
3.4.3. The Committee recommends that the members of the board of directors set up among its members an <u>audit committee</u> and that a chairman is appointed who is not the chairman of the board of directors.	√		
3.4.4. The Committee recommends that, prior to the approval of the annual report and other financial reports, the audit committee monitor and report to the board of directors about: <ul style="list-style-type: none"> <li>– significant accounting policies,</li> <li>– significant accounting estimates,</li> <li>– related party transactions, and</li> <li>– uncertainties and risks, including in relation to the outlook for the current year.</li> </ul>	√		
3.4.5. The Committee recommends that the audit committee: <ul style="list-style-type: none"> <li>– annually assesses the need for an internal audit function and, in such a case, presents mandates and recommendations on selecting, appointing and removing the head of any internal audit function and on the budget of the internal audit function,</li> <li>– ensure that if an internal audit has been established, a description of its functions is available and approved by the board of directors,</li> <li>– ensure that if an internal audit has been established, adequate resources and competencies are allocated to carry out the work, and</li> <li>– monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function.</li> </ul>	√		
3.4.6. The Committee recommends that the board of directors establish a nomination committee, which is at least, responsible for the following preparatory tasks: <ul style="list-style-type: none"> <li>– describing the qualifications required by the board of directors and the executive board and for a given position, indicating the time expected to be</li> </ul>	√		

Recommendation	Complies	Deviates	
		Why	How
<p>spent carrying out a specific position, as well as assessing the competencies, knowledge and experience found in the two governing bodies,</p> <ul style="list-style-type: none"> <li>– annually assessing the structure, size, composition and results of the board of directors and the executive board and recommend any changes to the board of directors,</li> <li>– annually assessing the competencies, knowledge, experience and succession of the individual members of management and report to the board of directors in this respect,</li> <li>– recommending candidates for the board of directors and the executive board, and</li> <li>– proposing an action plan to the board of directors on the future composition of the board of directors, including proposals for specific changes.</li> </ul>			
<p>3.4.7. The Committee recommends that the board of directors establish a remuneration committee, which is at least, responsible for the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>– recommending 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,</li> <li>– making proposals to the board of directors on remuneration for members of the board of directors and the executive board, as well as ensuring 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 on the total remuneration that members of the board of directors and the executive board receive from other companies in the group,</li> <li>– recommending a remuneration policy applicable for the company in general and</li> <li>– assisting with the preparation of the annual remuneration report.</li> </ul>	√		
<p>3.4.8. The Committee recommends that the remuneration committee do not consult with the same external advisers as the executive board of the company.</p>	√		

Recommendation	Complies	Deviates	
		Why	How
<b>3.5. Evaluation of the performance of the board of directors and the executive board</b>			
<p>3.5.1. The Committee recommends that the board of directors establish an evaluation procedure for an annual evaluation of the board of directors and the individual members. External assistance should be obtained at least every third year. The evaluation should inter alia include:</p> <ul style="list-style-type: none"> <li>– contribution and results,</li> <li>– cooperation with the executive board,</li> <li>– the chairman’s leadership of the board of directors,</li> <li>– the composition of the board of directors (including competencies, diversity and the number of members),</li> <li>– the work in the committees and the committee structure, and</li> <li>– the organisation and quality of the material that is submitted to the board of directors.</li> </ul> <p>The evaluation procedure and the general conclusions should be described in the management commentary and on the company’s website. The chairman should account for the evaluation of the board of directors, including the process and general conclusions on the general meeting prior to the election of the board of directors.</p>	√		
<p>3.5.2. The Committee recommends that at least once annually, the board of directors evaluate the work and performance of the executive board in accordance with pre-defined criteria. Furthermore, the board of directors should evaluate the need for changes to the structure and composition of the executive board, in light of the company’s strategy.</p>	√		
<p>3.5.3. 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 formalised 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.</p>	√		

Recommendation	Complies	Deviates	
		Why	How
<b>4. Remuneration of management</b>			
<b>4.1. Form and content of the remuneration policy</b>			
<p>4.1.1. The Committee recommends that the board of directors prepare a remuneration policy for the board of directors and the executive board, which includes</p> <ul style="list-style-type: none"> <li>– a detailed description of the components of the remuneration for members of the board of directors and the executive board,</li> <li>– the reasons for choosing the individual components of the remuneration,</li> <li>– a description of the criteria that form the basis for the balance between the individual components of the remuneration, and</li> <li>– an explanation for the correlation between the remuneration policy and the company's long-term value creation and relevant related goals.</li> </ul> <p>The remuneration policy should be approved by the general meeting at least every fourth year and upon any material amendments and it should be published on the company's website.</p>	√		
<p>4.1.2. The Committee recommends that if the remuneration policy includes variable components,</p> <ul style="list-style-type: none"> <li>– limits be set on the variable components of the total remuneration package,</li> <li>– a reasonable and balanced composition be ensured between remuneration for members of management and the value creation for shareholders in the long term,</li> <li>– clarity be established about performance criteria and measurability for the award of variable components,</li> <li>– it is ensured that variable remuneration not only consists of short-term remuneration components, and that long-term remuneration components must have a vesting or maturity period of at least three years, and</li> </ul>	√		

Recommendation	Complies	Deviates	
		Why	How
– it be ensured that the company has the ability to reclaim, in full or in part, variable components of remuneration that were paid on the basis of information, which subsequently are found to be incorrect.			
4.1.3. The Committee recommends that remuneration of members of the board of directors does not include share options or warrants.	√		
4.1.4. The Committee recommends that if, in relation to long-term incentive programmes, a share-based remuneration is used, the programmes should have a vesting or maturity period of at least three years after being allocated and should be roll-over programmes, i.e. the options should be granted periodically.	√		
4.1.5. The Committee recommends that the total value of the remuneration relating to the notice period, including severance pay, does not exceed two years of remuneration, including all components of the remuneration.	√		
<b>4.2. Disclosure of the remuneration</b>			
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.	√		
4.2.2. The Committee recommends that shareholders at the general meeting consider proposals for approval of remuneration for the board of directors for the current financial year.	√		
4.2.3. The Committee recommends that the company prepares a remuneration report that includes information on the total remuneration received by each member of the board of directors and the executive board from the company and other companies in the group and associated companies for the last three years, including information on the most important content of retention and resignation arrangements and that the correlation between the remuneration and company strategy and relevant related goals be explained. The remuneration report should be published on the company's website.	√		

Recommendation	Complies	Deviates	
		Why	How
<b>5. Financial reporting, risk management and audits</b>			
<b>5.1. Identification of risks and transparency about other relevant information</b>			
5.1.1. The Committee recommends that the board of directors consider and in the management commentary 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.	√		
<b>5.2. Whistle-blower scheme</b>			
5.2.1. The Committee recommends that the board of directors establish a whistleblower scheme for expedient and confidential notification of serious wrongdoing or suspicions thereof.	√		
<b>5.3. Contact to auditor</b>			
5.3.1. The Committee recommends that the board of directors ensure regular dialogue and exchange of information between the auditor elected by the general meeting and the board of directors, including that the board of directors and the audit committee meet with the auditor elected by the general meeting at least once annually 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 auditor's fee be agreed by the board of directors and the auditor elected by the general meeting based on a recommendation from the audit committee.	√		