

GOODVALLEY

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Statutory corporate governance statement, cf. Section 107b of the Danish Financial Statements

This statement is part of the management report in Goodvalley A/S' annual report 2017, covering the period from 1 January to 31 December 2017.

The statement includes a description of Goodvalley's management structure as well as a description of the main elements of the company's internal control and risk management systems related to financial reporting. In addition, the statement includes Goodvalley's standings on the recommendations of the Danish Committee on Corporate Governance.

Corporate Governance

The Board of Directors of Goodvalley A/S considers it the primary task to promote the long-term interests of the Group and thus of all shareholders.

This corporate governance statement describes the overall tasks and responsibilities of Goodvalley's management in connection with the planning of working procedures and principles of, e.g.;

- the Group's relationship with its stakeholders, including the general public and the press
- the Group's external communication
- the composition and tasks of the Board of Directors, including its Charter
- the tasks of the Executive Board, including its Charter
- the relationship between the Board of Directors and the Executive Board; and
- the remuneration and incentive programmes for Group Management and employees.

The corporate governance reporting framework is intended to ensure efficient, adequate, appropriate and sound management of Goodvalley and has been prepared within the scope of Goodvalley Articles of Association as well as the prevailing legislation and rules applicable for Danish listed companies.

Recommendations on Corporate Governance

In 2017, Goodvalley complied with the Recommendations on Corporate Governance issued by the Danish Committee on Corporate Governance except as stated below.

Recommendation 3.1.4: "The Committee **recommends** that the company's articles of association stipulate a retirement age for members of the board of directors."

Due to the annual self-evaluation of the Board of Directors, which is vested in the charter of the Board of Directors via the Nomination Committee, the competences and contributions of any Board member is evaluated regularly irrespectively of his or her age. Consequently, it is the opinion of Goodvalley that age in itself is not a valid measuring point.

Recommendation 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."

Due to Goodvalley's historical ownership structure, with one controlling shareholder, Polen Invest A/S owning 83.6% of the shares in Goodvalley A/S and having Board members represented on the Board of Goodvalley, only three of Goodvalley's Board members are currently independent. Goodvalley is aware of this and is aiming to change this situation in due course.

The complete list of all recommendations and Goodvalley's position on these can be found at the end of this statutory annual corporate governance statement.

"Recommendation 3.4.6: The Committee **recommends** that the board of directors establish a nomination committee chaired by the chairman of the board of directors..."

The Board of Directors had not established a nomination committee in 2017, but this committee has been established in February 2018.

"Recommendation 3.4.7: The Committee **recommends** that the board of directors establish a remuneration committee".

The Board of Directors had not established a remuneration committee in 2017, but this committee has been established in February 2018.

Management structure Shareholders

Shareholders can exercise their rights at the general meeting of shareholders, which is the company's supreme governing body. All shareholders are entitled to attend and vote at general meetings, in person or by proxy. Generally, resolutions passed at general meetings are passed by a simple majority of votes. However, resolutions to amend the company's articles of association and certain other resolutions require the support of two-thirds of both the votes cast and of the voting stock represented at the general meeting. Between general meetings, the shareholders receive information about the company via company announcements and interim reports. Shareholders are encouraged to actively exercise their rights by way of dialogue with the company in any way convenient for them.

Board of Directors

The overall task of Goodvalley's Board of Directors is to create value for the shareholders by managing the company. The Board resolves matters relating to Goodvalley's strategic development,

budgets, risk factors, acquisitions and divestments as well as major development and investment projects. Furthermore, the Board of Directors supervises the Executive Board.

The Board of Directors consists of 7 members, who are all elected by the shareholders. Board members are elected for a term of one year and they are eligible for re-election. Board members are nominated for election at the general meeting on the basis of an overall assessment of both individual competencies and their contribution to an appropriate composition of the shared competencies and the profile of the Board of Directors. Priority is given to ensuring that the Board of Directors possesses skills in the areas of farming, finance and accounting, international management and marketing. When nominating new candidates for the Board of Directors at a general meeting, a presentation is submitted to the shareholders of the candidates' competencies and other directorships and managerial positions. The board work is governed by a charter, which has been prepared in accordance with the provisions of the Danish Companies Act and is subject to annual review. In 2017, the Board of Directors held 8 meetings with 1 instance of non-attendance by a member.

Goodvalley has established an Audit Committee, which assists the Board of Directors within the fields of risk management, monitoring the process for preparation of financial statements, financial reporting and internal controls as well as monitoring of and communications with the auditor appointed by the shareholders. The Committee has 2 members who are both members of the Board of Directors and meet quarterly. The Chairman of the Audit Committee reports to the Board of Directors at board

meetings. The charter of the Audit Committee is available at <https://www.goodvalley.com/media/1242/chartauditcomite.pdf>

On 28 February 2018, the Board of Directors established a Nomination Committee and a Remuneration Committee, consisting of 2 and 3 members, respectively.

The members of the Executive Board participate in board meetings with a view to ensuring that the Board of Directors is kept well informed about the company's operations and the Chairmanship engages in an on-going dialogue with the Executive Board. The members of the Executive Board may speak but cannot vote at board meetings, and they are not present when matters reserved for the Board of Directors are considered.

Executive Board

The Executive Board of Goodvalley is appointed by the Board of Directors and is responsible for the company's day-to-day management, including the development and results of the company's operations as well as the company's internal development. The Executive Board is responsible for implementing Goodvalley's strategy and the overall resolutions approved by the Board of Directors.

Remuneration of members of the Board of Directors and the Executive Board

Goodvalley seeks to ensure that the remuneration of the Board of Directors and the Executive Board is at a competitive and reasonable level compared with companies of the same size and with the same complexity as that of Goodvalley to ensure that

Goodvalley is able to attract and retain competent executives. The members of the company's Board of Directors receive a fixed fee, the amount of which is subject to shareholder approval.

The members of the Board of Directors are not eligible for any incentive-based remuneration. The remuneration and employment terms of the members of the Executive Board are determined by the Board of Directors, which also evaluates the work of the Executive Board. The members of the Executive Board receive a fixed annual salary, a performance-related cash bonus and a share-based long-term incentive program (LTI). Goodvalley's remuneration policy is available at <https://www.goodvalley.com/media/1246/remunpol.pdf> and the remuneration paid for 2017 is specified in note 2.4 to the financial statements in Goodvalley's annual report for 2017.

Changes in 2017

In 2017, Helle Okholm was elected as new member of the Board of Directors, and COO Kristian Brokop Jakobsen replaced Ole Østergaard Lauritsen in the Executive Board.

Internal controls and risk management

The internal control and risk management systems can be divided into:

- Control environment
- Risk assessment
- Control activities
- Information and communication
- Monitoring

Control environment

The Board of Directors and the Executive Board set out general requirements for business processes and internal controls. A number of policies are defined by the Executive Board and approved by the Board of Directors.

The overall operational responsibility for risk management and internal controls relating to financial reporting rests with the Executive Board. The Audit Committee appointed by the Board of Directors assesses at regular intervals Goodvalley's overall organisational structure and organisation and the staffing of the functions that are important to internal controls and risk management.

In collaboration with the local management of the individual subsidiaries, the Executive Board assesses whether the Group has an appropriate and effective control environment. The Executive Board reports regularly to the Board of Directors on the development of Goodvalley's operations, the company's financial performance and risk position.

Goodvalley's central finance function is responsible for risk management and internal controls relating to financial reporting. The Group finance function prepares Group accounting policies and instructions and ensures that the company has permanent procedures in place for the preparation of financial statements, including an assessment of new accounting regulation and the presentation of the financial reporting to Goodvalley's stakeholders.

In relation to its financial reporting process, Goodvalley has set up a number of internal controls to ensure that the company's financial reporting gives a true and fair view free from material misstatement. The internal control and risk management systems also ensure that the financial reporting complies with applicable laws and standards.

The financial reporting process is subject to systematic assessment on an ongoing basis in collaboration with the Audit Committee. The tasks and focus areas of the Audit Committee are updated every year in the form of an annual wheel. According to the annual wheel, the tasks of the Audit Committee include monitoring the financial reporting process in connection with the publication of annual and interim reports, including a review of accounting policies and significant accounting estimates and judgments.

Risk assessment

The Board of Directors and Executive Board regularly assess key risks and internal control systems in connection with the presentation of consolidated financial statements. The risk management process is designed to ensure that key business risk factors and financial and management control systems relating to financial reporting are assessed by the Board of Directors at least once a year.

The assessment of risk factors is based on regular reporting to the Audit committee and the identified risks are matched with internal procedures and controls to monitor and mitigate risks. The assessment also comprises a formal assessment of

the risks relating to all important resolutions, e.g. in relation to major investments etc.

Control activities

The control activities are designed to address the risks identified by the Executive Board.

Goodvalley's control activities are implemented to verify that rules and procedures are complied with, and that material misstatements are prevented, discovered and remedied.

The Group functions set out minimum requirement of controls systems that apply to all Group companies.

The auditor appointed by the shareholders reports any material weaknesses of the internal control and risk management systems to the Audit Committee and the Board of Directors or, in the event of less severe matters, to the Executive Board. The Audit Committee, the Board of Directors and the Executive Board are responsible for addressing such weaknesses.

Information and communication

Goodvalley's financial reporting procedures are based on standardized information and reporting systems. Group reporting instructions are sent out, instructing in the communication and reporting process in the Group and are continuously revised and evaluated to constantly ensure that financial reports are reliable and transparent. The instructions are intended to ensure that Goodvalley's financial reporting gives a true and fair view and is in compliance with legislation and that other internal control procedures of the Group are observed.

Goodvalley seeks to maintain a high information and communication level in order to ensure a high level of quality in its regular reporting, which forms the basis of the company's presentation of financial statements and financial control.

Monitoring

Goodvalley monitors and collects financial reporting data through an integrated finance and information system, which provides the finance function with a high degree of transparency in relation to the individual business units. This enables the finance function to analyse the reported data for errors or irregularities and to detect any weaknesses in the internal controls, as well as any non-compliance with the company's procedures, policies, etc.

The Executive Board and the Board of Directors receive monthly reports.

Goodvalley has also implemented a groupwide whistleblower program rooted in the Audit Committee. This program enables the employees and the public to anonymously report any material offences or suspicion thereof and contributes to strengthening the monitoring of compliance with Group policies.

The report concerns the financial year 1/1-2016-31/12-2017 (period)

RECOMMENDATION	THE COMPANY COMPLIES	THE COMPANY COMPLIES PARTIALLY	THE COMPANY DOES NOT COMPLY	THE EXPLANATION FOR COMPLYING/ COMPLYING PARTIALLY/ NOT COMPLYING WITH THE RECOMMENDATION
1. COMMUNICATION AND INTERACTION BY THE COMPANY WITH ITS INVESTORS AND OTHER STAKEHOLDERS				
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 share-holders' views, interests and opinions on the company.	X			Goodvalley communicates with its shareholders through annual reporting, company announcements, the corporate website, at general meetings and investor meetings, which may be face-to-face or by telephone. All company an-nouncements are distributed via Globe Newswire and simultaneously posted on the corporate website. Goodvalley has adopted an IR policy in order to secure that investors and other stakeholders receive information about Goodvalley in a timely fashion and compliant with the rules of Nasdaq Copenhagen and relevant legislation. According to the disclosure guidelines, the Executive Board and the Investor Rela-tions team are responsible for the flow of information pursuant to guidelines agreed with the Board of Directors. The communication of information complies with the rules laid down by Nasdaq Copenhagen comprising:

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				<ul style="list-style-type: none"> · Full-year and interim financial statements and the annual report · Site visits by investors and analysts · Investor presentations · Capital markets days for analysts and investors · Conference calls in connection with the release of financial statements · Investor relations section on the Goodvalley corporate website. <p>All information released to the public is available in English on the corporate website.</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.	X			Goodvalley is committed to maintaining a transparent and constructive dialogue with investors and other stakeholders. The dialogue and relationship are managed in accordance with the company's IR policy.
1.1.3. The Committee recommends that the company publish quarterly reports	X			Goodvalley publishes quarterly reports.
1.2. General meeting				
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			Goodvalley is committed to maintaining a constructive dialogue and a high level of transparency when communicating with its shareholders and other stakeholders. The Board of Directors and the Executive Board encourage shareholders to participate actively in the Annual General Meeting. The date of the Annual General Meeting is published in the financial calendar.



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1.2.2. The Committee recommends that proxies granted for the general meeting allow shareholders to consider each individual item on the agenda.	X			According to the articles of association of Goodvalley, the shareholders can vote at general meetings by proxy. From 1/1-2018 all proxies granted to shareholders for general meetings will reflect the agenda of the meeting, including all decision points.
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 themselves.	X			Goodvalley has adopted a set of takeover guidelines with a view to serve and protect the best interests of the shareholders. These guidelines ensure that takeover bids are handled systematically and involving the general meeting of shareholders.
2. TASKS AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS				
2.1. Overall tasks and responsibilities				
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 has adopted a charter regulating the work of the Board, including an annual wheel, where the self-evaluation of the Board's performance is reoccurring once per year.
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			According to the charter of the Board of Directors, at least once per year, the Board of Directors lays down the strategy of the company based on input and proposals from the Executive Board and approves the budget for the coming year as well as plans and forecasts for the future.



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<p>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 longterm 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>	X			<p>The Board of Directors regularly assesses whether the share capital and the share structure are in the best interests of the company and shareholders. The findings are presented in the annual report each year. At present, the company has a single class of shares, and all shares rank pari passu. Each DKK 10 share carries one vote.</p>
<p>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.</p>	X			<p>The Board of Directors has adopted a charter for the Executive Board, which establishes a range of requirements to the Executive Board, including timely, accurate and adequate reporting to the Board of Directors.</p>
<p>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.</p>	X			<p>According to the charter of the Board of Directors, the composition and competences as well as succession plans of the Executive Board are evaluated at least annually.</p>
<p>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.</p>	X			<p>Once a year, the Board of Directors assesses the progress made by the company in achieving the objectives for relevant diversity at management levels. The diversity objectives for the Board of Directors and corporate management teams, as well as progress made on these during the year, are presented in the company's CSR report, which is part of the management report of Goodvalley's annual report.</p>



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2.2. Corporate social responsibility				
2.2.1. The Committee recommends that the board of directors adopt policies on corporate social responsibility.	X			The Board of Directors has adopted a CSR policy, setting out the principles for the company's relations with its employees, its surroundings and stakeholders.
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			According to the charter of the Board of Directors of Goodvalley, the board elects a vice-chairman on the Board meeting following the annual general meeting of shareholders
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 of the Board of Directors does not perform any special operating activities for 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 · the skills it must have to best perform its tasks, · the composition of the board of directors, and · the special skills of each member.	X			According to the charter of the Board of Directors, the composition and competences as well as succession plans of the Executive Board are evaluated at least annually.



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<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>Each year, with input from the Nomination Committee, the Board of Directors is responsible for identifying the appropriate qualifications, experience and skills required of board candidates in order for the Board of Directors to best perform its tasks, taking into account Goodvalley's needs and the current composition of the Board of Directors. A profile of each board member, including the competencies possessed by each board member, is included in the annual report, and in the notice convening the Annual General Meeting</p>
<p>3.1.3. The Committee recommends that 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. · demanding organizational tasks, and information · about whether candidates to the board of directors are considered independent. 	X			<p>Goodvalley ensures that a description of the nominated candidates' qualifications, including information about other board functions and whether they are considered independent, is distributed with the notice convening the Annual General Meeting when election of members to the Board of Directors is on the agenda. Members are elected for one year at a time.</p>
<p>3.1.4. The Committee recommends that the company's articles of association stipulate a retirement age for members of the board of directors.</p>			X	<p>Due to the annual self-evaluation of the Board of Directors, which is vested in the charter of the Board of Directors through the Nomination Committee, the competences and contributions of any Board member is evaluated regularly irrespectively of his or her age. Consequently, it is the opinion of Goodvalley that age in itself is not a valid measuring point.</p>
<p>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.</p>	X			<p>According to the articles of association of Goodvalley, the board members are elected for a term of one year.</p>



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3.2. Independence of the board of directors				
<p>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:</p> <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, • 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. 			X	<p>Due to Goodvalley's historical ownership structure, with one controlling shareholder, Polen Invest A/S owning 83.6% of the shares in Goodvalley A/S and having Board members represented on the Board of Goodvalley, only three of Goodvalley's Board members are currently independent. Goodvalley is aware of this and is aiming to change this situation in due course.</p>
3.3. Members of the board of directors and the number of other executive functions				
<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>The charter for the Board of Directors contains guidelines for the Board members in order to ensure that they devote sufficient time for their work at the Board of Goodvalley.</p>

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<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			<p>The annual report includes information about each Board member's position, age, nationality, gender, date of appointment, expiry of term, other executive functions, number of securities, and whether the member is considered independent.</p>
3.4. Board committees				
<p>3.4.1. The Committee recommends that the company publish the following on the company's website:</p> <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. 	X			<p>The Board has established an Audit Committee and a Remuneration Committee and a Nomination Committee were established in February 2018. Goodvalley discloses the charters for the said committees on www.Goodvalley.com and descriptions of important activities during the year, number of meetings, participation as well as names, positions and relevant qualifications of committee members.</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 members of the Goodvalley Board Committees are independent members.</p>



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<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 · 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. 	X			<p>Goodvalley has set up an Audit Committee consisting of two members who are both independent members of the Goodvalley Board of Directors. The chairman of the Audit Committee is not the chairman of the Goodvalley Board of Directors. Both members have extensive experience within financial management in listed and unlisted companies, and the chairman of the Audit Committee is a former Danish state authorized public accountant.</p>
<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			<p>According to the charter of the Audit Committee, the Committee reviews the annual report of Goodvalley and provides its findings and recommendations to the Board of Directors prior to the approval of the annual report.</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. 	X			<p>The Audit Committee annually assesses the demand for establishing an internal audit, which is currently not deemed necessary.</p>



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<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> <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. 			X	The Board of Directors had not established a nomination committee in 2017, but this committee has been established in February 2018.
<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 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. 			X	The Board of Directors had not established a remuneration committee in 2017, but this committee has been established in February 2018.
<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>				The Remuneration Committee of Goodvalley does not consult with the same external advisers as the Executive Board.

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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 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			According to the charter of the Board of Directors, the contributions, results and competences of the members of the Board of Directors are evaluated at least annually.
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			According to the charter of the Board of Directors, the contributions, results and competences of the members of the Board of Directors are evaluated at least annually.
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			According to the charter of the Board of Directors, the contributions, results and competences of the members of the Executive Board are evaluated at least annually.
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 Board of Directors and the Executive Board is informally evaluated regularly on meetings between the chairman of the Board and the members of the Executive Board as well as once per year according to the charter of the Board of Directors.
4. REMUNERATION OF MANAGEMENT				
4.1. Form and content of the remuneration policy				
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 <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. The remuneration policy should be approved by the general meeting and published on the company's website.	X			The remuneration policy includes the said components

RECOMMENDATION	THE COMPANY COMPLIES	THE COMPANY COMPLIES PARTIALLY	THE COMPANY DOES NOT COMPLY	THE EXPLANATION FOR COMPLYING/ COMPLYING PARTIALLY/ NOT COMPLYING WITH THE RECOMMENDATION
4.1.2. The Committee recommends that, if the remuneration policy includes variable components, <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 • 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. 	X			The remuneration policy includes the said provisions
4.1.3. The Committee recommends that remuneration of members of the board of directors does not include share options.	X			
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.	X			
4.1.5. The Committee recommends that agreements on termination payments should not amount to more than two years' annual remuneration.	X			According to Goodvalley's remuneration policy, no termination payments are allowed to amount to more than two years' annual remuneration.
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 statement during the annual general includes a disclosure of this information
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 is approved by the Annual General Meeting each year.
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.				The annual report includes a disclosure of this information



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5. FINANCIAL REPORTING, RISK MANAGEMENT AND AUDITS				
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.	x			The annual report includes a description of the company's enterprise risk management process and the most important business and financial risks identified in this process. A description of the risks associated with financial reporting is included in the present annual corporate governance statement.
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.	x			Goodvalley has established a whistleblower function giving the employees of Goodvalley as well as the public a possibility to report any possible or expected wrongdoing based on a web-based platform supplied by the Danish company GotEthics A/S. The whistleblower function is rooted in the Audit Committee, and all cases are handled according to the Goodvalley Whistleblower Policy.
5.3. Contact to auditor				
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			According to the charter of the Board of Directors of Goodvalley, the Board and the Audit Committee shall meet with the company's auditors regularly and at least two times per year, including once without the participation of the Executive Board.
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.				According to the charter of the Audit Committee of Goodvalley, the Audit Committee shall be in charge of the procedure for selecting and recommending auditors for election as well as evaluate the work of the auditor on an ongoing basis.