

CBS Executive Foundation

Table for “*Statutory report on foundation governance, cf. section 77a of the Danish Financial Statements Act*”.

Prepared in connection with the Foundations statutory accounts for 2015

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.

Recommendation	The foundation complies	The foundation explains
1. Transparency and communication		
<p>1.1. IT IS RECOMMENDED 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.</p>	<p>The Board of Directors has agreed on guidelines for external communication, which will be handled by the Chair and the Chief Executive Officer.</p>	
2. Tasks and responsibilities of the board of directors		
2.1 Overall tasks and responsibilities		
<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, 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.</p>	<p>The Board of Directors reviews once a year the strategy and grant policy of the Foundation, in line with the Board's Rules of Procedure.</p>	

Recommendation	The foundation complies	The foundation explains
2.2 Chairman and vice-chairman 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 Chair organises, calls and leads the meetings of the Board of Directors in compliance with the recommendations, and in line with the Rules of Procedures.	
2.2.2 IT IS RECOMMENDED 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.	To the extent a Board member performs special tasks for the Foundation, such will be authorised by a Board decision. The daily operation of the Foundation is the responsibility of the Chief Executive Officer as agreed upon.	
2.3 Composition and organization of the board of directors		
2.3.1 IT IS RECOMMENDED 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.	The Board of Directors continuously reviews the competence profile required to optimally fulfil the Director role, and assesses the Board member constellation accordingly.	

Recommendation	The foundation complies	The foundation explains
<p>2.3.2 IT IS RECOMMENDED 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.</p>	<p>The selection and appointment of candidates for the Board of Directors is based on these candidates' personal qualities and competences, considering the collective competences of the Board. Nominations consider the need for renewal, continuity and diversity.</p>	
<p>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 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.</p>	<p>The selection and appointment of candidates for the Board of Directors is based on these candidates' personal qualities and competences, considering the collective competences of the Board. Nominations consider the need for renewal, continuity and diversity.</p>	

Recommendation	The foundation complies	The foundation explains
<p>2.3.4 IT IS RECOMMENDED 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:</p> <ul style="list-style-type: none"> • 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 re-elected, and expiry of the current election 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 has been appointed by authorities/providers of grants etc., and • whether the member is considered independent. 	<p>The Foundation's website includes the recommended information, although the gender of each Board member should be evident from the members' names.</p>	
<p>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.</p>	<p>The Foundation has no subsidiaries.</p>	

Recommendation	The foundation complies	The foundation explains
2.4 Independence		
<p>2.4.1 IT IS RECOMMENDED 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"> • 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, • 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, • 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, • be or within the past three years have been employed or partner at the external auditor, • have been a member of the board of directors or executive board of the foundation for more than 12 years, 	<p>Five of the Board of Directors six members are considered independent.</p>	

Recommendation	The foundation complies	The foundation explains
<ul style="list-style-type: none"> • have close relatives with persons who are not considered as independent, • be 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 • 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. 		
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 and a maximum period of four years.	The members of the Board of Directors are appointed for a term of 4 years.	
The members of the Board of Directors are appointed for a term of 4 years.	In accordance with the Articles of Association, Board members can be re-appointed until they reach the age of 70 years.	
2.6 Evaluation of the performance of the board of directors and the executive board		
2.6.1 IT IS RECOMMENDED 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.	In connection with the annual competence evaluation of the Board of Directors, each member's contribution is assessed, as is the need for a possible adjustment of the Board member constellation in order to achieve the desired results.	

Recommendation	The foundation complies	The foundation explains
<p>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.</p>	<p>The Board of Directors evaluates the Chief Executive Officer as part of the evaluation procedure.</p>	
<h3>3. Remuneration of management</h3>		
<p>3.1. IT IS RECOMMENDED 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.</p>	<p>Independent members of the Board of Directors receive a fixed remuneration. Non-independent members do not.</p> <p>The Chief Executive Officer receives a fixed remuneration and a potential bonus for achieving previously agreed annual targets. The remuneration reflects the work and responsibilities consequential to the position.</p>	
<p>3.2 IT IS RECOMMENDED 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 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>The annual report provides information about the remuneration received by the individual members of the Board of Directors.</p>	<p>As the Executive Management only consists of one person, the Chief Executive Officer's remuneration is not shown separately.</p>