

VELUX FONDEN's compliance with the Recommendations on Foundation Governance

VELUX FONDEN is a non-commercial foundation. VELUX FONDEN attaches importance to transparency and has therefore voluntarily chosen to account the Foundation's activities and to decide on how to comply with the Recommendations on Foundation Governance. The information is updated annually.

Recommendations on foundation governance

Recommendation	The foundation complies	The foundation does not comply and 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 Foundation wants its activities to be transparent and open. In its Rules of Procedure, the Foundation has adopted guidelines for external communication, including who may make statements to the public on behalf of the Foundation.</p>	
2. Tasks and responsibilities of the board of directors		
2.1 Overall tasks and responsibilities		

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<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>Each year, the Foundation will hold a strategy meeting at board level. This also appears from the Rules of Procedure.</p>	
<p>2.2 Chairman and vice-chairman of the board of directors</p>		
<p>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.</p>	<p>The chairman will plan board meetings in cooperation with the vice-chairman and the executive board. Fixed chairmanship meetings will also be held prior to each board meeting for the purpose of planning future board meetings. The chairman will chair the board meetings.</p>	
<p>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.</p>	<p>The Foundation will observe the recommendation which has also been incorporated in the board's Rules of Procedure. The chairman and the vice-chairman constitute the chairmanship which will plan board meetings together with the executive board.</p> <p>If the board decides that the chairman is to have special operational assignments, a distribution of assignments will be agreed to ensure that</p>	

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	the board will still be able to be in charge of an independent overall management. So far, this has not been relevant.	
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.	Each year, the board will decide which competencies the board is to have in order to perform its assignment in the best way possible and how to ensure that the board has these competencies. The chairman will maintain a list of competencies upon which the current assessment will be based.	
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.	According to the Rules of Procedure, the chairman will, together with the board, ensure that a structured, thorough and transparent procedure concerning election and recommendation of candidates is prepared in case of new election. The board has also used external consulting services.	
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	The Foundation will observe the recommendation which	

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<p>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>has also been incorporated in the board's Rules of Procedure.</p> <p>The average age of the present board is 63, and the youngest member was born in 1974 and the oldest member in 1945.</p> <p>Two out of six board members are women.</p>	
<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 provides information on the composition of the board, name, position, age, date of commencement, re-election, expiry of the board member's term, other managerial offices and special competencies and independence.</p> <p>No authority, giver, etc. are entitled to appoint board members.</p>	

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<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 recommendation is aimed at commercial foundations which the Foundation is not.</p>	
<p><u>2.4 Independence</u></p>		
<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, 	<p>The Foundation observes the recommendation as five board members are independent.</p> <p>For more information on the independent board members, see the Foundation's website.</p>	

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<ul style="list-style-type: none"> • 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, • have close relatives with persons who are not considered as independent, • is the founder or a significant donor if the purpose of the foundation is to grant support to this person's family or others who are especially close to this person, or • 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		
<p>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.</p>		<p>The Foundation does not follow the recommendation as The Foundation's Trust Deed sets out another framework for board members appointment period than the recommendation.</p> <p>The Foundation's Trust Deed provides that one board member is up for election each year. A new member will take the predecessor's seat in the board of directors. Re-election is carried out every six years as a minimum. Further, a member may only be a member of the Foundation for ten</p>

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		years, and after the age of 75, a member must also resign at the next annual meeting. However, the above ten-year term may be extended by the board by up to five year in relation to the founder's, Villum Kann Rasmussen, descendants.
<p>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 review or on the foundation's website.</p>	<p>The Foundation observes the recommendation as it appears from the Trust Deed that a board member must resign after ten years or after the age of 75. As regards board members who are descendants of the founder, Villum Kann Rasmussen, the board may extend the term by up to five years so that the maximum term is 15 years.</p>	
<p>2.6 Evaluation of the performance of the board of directors and the executive board</p>		
<p>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.</p>	<p>At the initiative of the chairman, the board may decide on the Foundation's overall strategy and grant policy once a year based on the Trust Deed. Each year, an evaluation will be made of the board's work, which will be discussed by the</p>	

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	board. Occasionally, this evaluation will be made with external assistance.	
<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 chairmanship will carry out evaluation interviews with the executive board each year. The board will be informed thereof. Occasionally, the Foundation's administration will also be subject to employee satisfaction surveys together with VILLUM FONDEN.</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>The Foundation is paying the board and the executive board in accordance with the recommendation.</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 Foundation observes the recommendation as regards the board's remuneration. Reference is made to the Foundation's financial statements.</p> <p>As regards the executive board's remuneration, the Foundation recognizes the public interest in having ac-</p>

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		<p>cess to this information. Consequently, the Foundation will provide information on the executive board's total remuneration. 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>