

***"Statutory report on foundation governance,
cf. section 77a of the Danish Financial Statements Act"***
for
Poul Due Jensens Fond
CVR. no. 83 64 88 13

Statutory report on foundation governance, cf. section 77a of the Financial Statements Act

Note:

The report is an integrated part of the management commentary in the annual report of Poul Due Jensens Fond for the following accounting period: **January 1st 2015 to December 31st 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		
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.	The Foundation complies with this recommendation. The Board of Directors has adopted rules on contact to the	

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	public, the press and authorities in the Rules of Procedure. The rules can be found at www.poulduejensenfoundation.com/press	
2. Tasks and responsibilities of the board of directors		
2.1 Overall tasks and responsibilities		
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.	The Foundation complies with this recommendation. The Board of Directors discusses the overall strategy and distribution policy of the Foundation each year at the December board meeting.	
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 Foundation complies with this recommendation. The Foundation Charter Article 9 and the Rules of Procedure comprise rules on how the Chairman organises, convenes and chairs meetings of the Board of Directors cf. www.poulduejensenfoundation.com/charter	

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<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 complies with this recommendation.</p> <p>The Chairman does not perform any such specific operating functions for the Foundation</p>	
<p>2.3 Composition and organization of the board of directors</p>		
<p>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.</p>	<p>The Foundation complies with this recommendation.</p> <p>The Board of Directors assesses and discusses the competences that the board of directors needs to possess each year at the autumn board meeting.</p>	
<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 Foundation complies with this recommendation.</p> <p>The Board of Directors follow a structured, thorough and transparent process for selection and nomination of candidates for the board of directors cf. the Foundation Charter Article 8A.</p>	

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<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 Foundation complies with this recommendation.</p> <p>Board members are appointed according to the Foundation Charter Articles 8A and 8C www.poulduejensenfoundation.com/charter</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 complies with this recommendation.</p> <p>The Foundation website comprises a diversity report and CV information on each board member cf. www.poulduejensenfoundation.com/board-composition</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</p>		<p>The Foundation does not comply with this recommendation. Due to the structure of the until 2014</p>

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<p>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>applicable Charter, all external members of the Board of Directors have also served on the Board of Directors of Grundfos Holding A/S. This has now been changed, but as the mandates of the Directors run for four years, the Board of Directors has voluntarily agreed that two external board members will step down in 2017 to be replaced with two new board members that do not have a parallel seat in the Board of Directors of Grundfos Holding A/S. This will bring the Foundation into compliance with recommendations 2.3.5 by 2017.</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. 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. To be considered independent, this person may not:</p>		<p>The Foundation does not comply with this recommendation.</p> <p>All members of the Board of Directors excluding the employee elected board members are members of the board of directors of Grundfos Holding A/S or have served for more than 12 years. The Board of Directors has however voluntarily agreed that two external board members</p>

Recommendation	The foundation complies	The foundation explains
<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, • 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. 		<p>will step down in 2017 to be replaced with two new board members that do not have a parallel seat in the Board of Directors of Grundfos Holding A/S. This will bring the Foundation into compliance with recommendations 2.4.1 by 2017.</p>

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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 complies with this recommendation.</p> <p>All members of the Board of Directors are elected for four years periods cf. the Foundation Charter Article 8A www.poulduejensen-foundation.com/charter</p>	
<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 does not comply with this recommendation.</p> <p>The Foundation fundamentally disagrees with the idea of setting an absolute date of retirement. Age in and of itself should not be a disqualifying factor when evaluating the competences of board members. The Foundation has therefore declined to set an absolute age limit. However, Board members having reached the age of 70, will now be elected by dispensation for a term of two years rather than four years cf. the Foundation Charter Article 8A www.poulduejensenfoundation.com/charter</p>

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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.	The Foundation complies with this recommendation. The Board of Directors evaluates, assesses and discusses the performance of the board of directors each year at the autumn board meeting.	
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.	The Foundation complies with this recommendation. The Board of Directors evaluates, assesses and discusses the performance of General Manager each year at the autumn board meeting.	
3. Remuneration of management		
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.	The Foundation complies with this recommendation. All members of the Board of Directors of the Foundation and the General Manager are remunerated with a fixed remuneration. The remuneration reflects the work and responsibilities consequential to the positions.	
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 Foundation does not comply with this recommendation.

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<p>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 sees no good reasons for granting the public access to such sensitive information about private individuals' income. All information regarding remuneration is available to the Danish Business Authority as well as to the Board upon request. In addition, according to the provisions in the Financial Statements Act, remuneration of board members and the management of a foundation can be disclosed en bloc in documents with public access. The Foundation prefers to apply the rules in the Financial Statements Act in this regard.</p>