



**CORPORATE GOVERNANCE STATEMENT**

NETCOMPANY GROUP A/S

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**CORPORATE GOVERNANCE STATEMENT**

NETCOMPANY GROUP A/S

(CVR-no. 39 48 89 14)

**1 INTRODUCTION**

- 1.1 This Corporate Governance Statement for Netcompany Group A/S, CVR no. 39 48 89 14 ("Netcompany" or the "Company") has been prepared in connection with the initial public offering of the shares in the Company and will be effective on the first day of trading on Nasdaq Copenhagen A/S (the "IPO").
- 1.2 The statement includes a description of the Company's management structure, a review of how the Company considers the Danish Recommendations on Corporate Governance issued by the Committee on Corporate Governance in November 2017 as well as a description of the main elements of the internal control and risk management systems in connection with the Company's financial reporting.

**2 THE BOARD OF DIRECTORS**

- 2.1 Netcompany has a two-tier management structure where powers and responsibilities are distributed between the Board of Directors and the Executive Management. No person serves as a member of both corporate bodies. The two bodies are independent. The Board of Directors supervises the work of the Executive Management and is responsible for the overall management and strategic direction as well as financial and other material matters, including the appointment of the members of the Executive Management, while the Executive Management handles the day-to-day management.
- 2.2 The Board of Directors currently consists of six members elected by the general meeting. Pekka Ala-Pietilä and Thomas Broe-Andersen have been elected by the Board of Directors as Chairman and Deputy Chairman respectively. Three of the six members of the Board of Directors elected by the general meeting are regarded as "independent". The members of the Board of Directors comprise a group of professionally skilled business people representing diversity and international experience, who possess the expertise required to be in charge of the overall management of a company with shares admitted to trading and official listing on a regulated market and who can ensure that the Company complies with applicable laws and regulations.
- 2.3 The members of the Board of Directors elected by the general meeting are elected for a term of one year. Re-election of board members may take place. The Board of Directors meets at least six times a year and on an ad-hoc basis, if necessary.
- 2.4 The Board of Directors evaluates its work on an annual basis and describes the procedures for such evaluation as well as the overall outcome thereof in the annual report. The Board of Directors also conducts an annual review of the Board of Directors' performance and achievements, including the competencies of each board member, and the cooperation with the Executive Management. Furthermore, the Board of Directors annually evaluates the work, performance and results of the Executive Management.

**3 BOARD COMMITTEES**

- 3.1 The Board of Directors has established three permanent committees for the purpose of assisting the Board of Directors with preparing decisions and submitting recommendations for the entire Board of Directors. Each committee is governed by its own charter, which describes, among other things, the composition of the committee, its meeting schedule and its tasks, duties and responsibilities.
- 3.2 The Board of Directors has established an audit committee, a nomination committee and a remuneration committee.
- 3.2.1 Audit committee
- 3.2.1.1 The audit committee is to assist the Board of Directors with the oversight of the financial reporting process, the statutory audit of the Company's financial report, internal control and risk management

systems, the Company's whistleblowing procedures and complaints, the supervision of the external auditor's independence and the procedure for the election of the external auditor. The audit committee is comprised of three members of the Board of Directors each appointed for a one-year term, the majority of which are not considered independent.

3.2.1.2 The following members of the Board of Directors are members of the audit committee: Pernille Fabricius, Thomas Broe-Andersen and Carsten Gomard. Pernille Fabricius serves as the chairman of the audit committee.

3.2.2 Nomination committee

The purpose of the nomination committee is to assess the composition and results of the Board of Directors and the Executive Management, including evaluating the individual members of the management bodies with the aim of ensuring that each member possesses the necessary expertise and experience required to fulfil the expectations of the capital markets. The nomination committee shall also present recommendations to the Board of Directors about the nomination of potential board members to be up for election at general meetings. The nomination committee is comprised of two members of the Board of Directors each appointed for a one-year term. One member of the nomination committee is considered independent.

3.2.2.1 The following members of the Board of Directors are members of the nomination committee: Thomas Broe-Andersen and Pekka Ala-Pietilä. Thomas Broe-Andersen serves as the chairman of the nomination committee.

3.2.3 Remuneration committee

3.2.3.1 The purpose of the remuneration committee is to assist the Board of Directors by preparing and presenting decision proposals and recommendations on the Company's remuneration policy as well as matters related to the remuneration of the Company's Board of Directors and Executive Management, including submitting proposals for the incentive guidelines to be approved by the general meeting. The remuneration committee is comprised of three members of the Board of Directors each appointed for a one-year term. The majority of the members of the remuneration committee are considered independent.

3.2.3.2 The following members of the Board of Directors are members of the remuneration committee: Juha Christensen, Bo Rygaard and Pekka Ala-Pietilä. Juha Christensen serves as the chairman of the remuneration committee.

#### **4 THE EXECUTIVE MANAGEMENT**

4.1 The Board of Directors has appointed an Executive Management consisting of three members. The Executive Management is responsible for the day-to-day operations and management of the Company and is in charge of ensuring that the Company and its operations are compliant with applicable legislation and the Board of Directors' guidelines and instructions. Further, the Executive Management is responsible for implementing the strategy set by the Board of Directors, to make recommendations for amendments hereto and to ensure adequate reporting procedures are in place to provide the Board of Directors with the necessary knowledge about the Company and its business and operations. The Executive Management must also continuously assess the Company's financial position and ensure that its capital resources are adequate.

#### **5 THE COMPANY'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS RELATED TO THE FINANCIAL REPORTING PROCESS**

5.1 The Group takes a structured approach towards risk management and identified risks are discussed regularly, including formally at the quarterly meetings of the Executive Management and the Board of Directors. The level of significance that the Group gives to a particular risk is based on the assessment of the risk based on past events and the specific risk at hand.

5.2 During 2018, the Group plans to implement an IT-based tool to assist in the identification, mitigation and management of the Group's risks. This tool will also facilitate and automate the Enterprise Risk Management process and reporting across the Group and assist in significantly escalating relevant risks

from the employee level up through the Risk Manager (Group Finance), the Executive Management and the Audit Committee to the Board of Directors.

**6 RECOMMENDATIONS ON CORPORATE GOVERNANCE**

6.1 Netcompany is 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 A/S, Netcompany will be required to report on its compliance with these recommendations according to the "comply or explain" principle. Netcompany's position on each recommendation is described in the following.

6.2 The Company intends to comply with the Recommendations on Corporate Governance in all material respects, except that the Company has opted to deviate in the following areas:

6.3 The majority of the members of the Remuneration Committee will meet the independence requirements set out in the Corporate Governance Recommendations. However, the majority of the members of the Audit Committee and of the Nomination Committee will not meet the independence requirements as set out in the Corporate Governance Recommendations. The background for this deviation is an assessment of the skillset, resources and availability of the current Board of Directors. The Board of Directors will continue to evaluate the composition of its committees, including in the light of the Corporate Governance Recommendations.

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Approved and adopted by the Board of Directors of Netcompany Group A/S on 22 May 2018.



Recommendation	Complies	Partially complies	Deviates	Comments where the Company deviates
<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 in order for the shareholders to gain relevant insight into the company, and in order for the board of directors to be aware of the shareholders' views, interests and opinions on the company.	X			
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			
1.1.3 The Committee recommends that the company publish quarterly reports.	X			
<b>1.2 General meeting</b>				
1.2.1 The Committee recommends that, when organising the company's general meeting, the board of directors plans the meeting to support active ownership.	X			
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.	X			
<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. According to such contingency procedures, the board of directors should not without the acceptance of the general meeting,	X			

Recommendation	Complies	Partially complies	Deviates	Comments where the Company deviates
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 a year the board of directors take a position on the matters related to the board's performance of its responsibilities.	X			
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			
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 long- term 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 and/or on the company's website.	X			
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 reporting to the board of directors.	X			
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.				
<b>2.2 Corporate social responsibility</b>				
2.2.1 The Committee recommends that the board of directors adopt policies on corporate social responsibility.	X			
<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.	X			

Recommendation	Complies	Partially complies	Deviates	Comments where the Company deviates
2.3.2 The Committee recommends ensuring 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 be passed to ensure that the board of directors maintains its independent, overall 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 announced.	X			
<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 evaluates and, in the management commentary, accounts for <ul style="list-style-type: none"> <li>• the skills it must have to best perform its tasks,</li> <li>• the composition of the board of directors, and</li> <li>• the special skills of each member.</li> </ul>	X			
3.1.2 The Committee recommends that once a year the board of directors discuss the company's activities to ensure relevant diversity at management levels, prepares, and adopts a policy on diversity. The policy should be published on the company website.	X			
3.1.3 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 board of directors. When assessing its composition and nominating new candidates, the board of directors, in addition to the need for competences and qualifications, should take into consideration the need for integration of new talent and diversity.	X			
3.1.4 The Committee recommends that the notice convening the general meeting when election of members to the board of directors is on the agenda be accompanied by a description of the nominated candidates' qualifications, including information about the candidates'	X			

Recommendation	Complies	Partially complies	Deviates	Comments where the Company deviates
<ul style="list-style-type: none"> <li>other executive functions, among these memberships in executive boards, boards of directors, and supervisory boards, including board committees in Danish and foreign enterprises, and</li> <li>demanding organisational tasks Furthermore, it should be indicated whether candidates to the board of directors are considered independent.</li> </ul>				
<p>3.1.5 The Committee recommends that members of the company's executive board are not members of the board of directors and that a chief executive officer who is stepping down does not take up the position of chairman or vice chairman for the same company.</p>	X			
<p>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.</p>	X			
<p><b>3.2 Independence of the board of directors</b></p>				
<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.</p> <p>To be considered independent, this person may not:</p> <ul style="list-style-type: none"> <li>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,</li> <li>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,</li> <li>represent or are associated with a controlling shareholder,</li> <li>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.</li> </ul>	X			

Recommendation	Complies	Partially complies	Deviates	Comments where the Company deviates
<ul style="list-style-type: none"> <li>• be or within the past three years have been employed or partner in the same company as the external auditor elected by the general meeting,</li> <li>• have been chief executive in a company holding cross-memberships with the company,</li> <li>• have been member of the board of directors for more than 12 years, or</li> <li>• have been close relatives 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 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 executive functions</b>				
<b>3.3.1</b> 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.	<b>X</b>			
<b>3.3.2</b> 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> <li>• the age and gender of the relevant person,</li> <li>• the respective person's competences and qualifications that are relevant to the company,</li> <li>• whether the member is considered independent,</li> <li>• the date of appointment to the board of directors of the member,</li> <li>• expiry of the current election period,</li> <li>• the member's participation in the meetings of the board of directors and committee meetings,</li> </ul>	<b>X</b>			

Recommendation	Complies	Partially complies	Deviates	Comments where the Company deviates
<ul style="list-style-type: none"> <li>other executive functions, e.g. 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 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.</li> </ul>				
<p>3.3.3 The Committee recommends that the annual evaluation procedure, cf. section 3.5, includes an evaluation of what is regarded as a reasonable level for the number of other executive functions, where the number, level and complexity of the other individual executive functions are taken into account.</p>	X			
<p>3.4 <b>Board committees</b></p>				
<p>3.4.1 The Committee recommends that the company publish the following on the company's website:</p> <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 on which members are independent members and which members have special qualifications.</li> </ul>	X			
<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 the members of the Remuneration Committee will meet the independence requirements set out in the Corporate Governance Recommendations. However, the majority of the members of the Audit Committee and of the Nomination Committee will not meet the independence</p>

Recommendation	Complies	Partially complies	Deviates	Comments where the Company deviates
				requirements as set out in the Corporate Governance Recommendations. The background for this deviation is an assessment of the skillset, resources and availability of the current Board of Directors. The Board of Directors will continue to evaluate the composition of its committees, including in the light of the Corporate Governance Recommendations.
3.4.3 The Committee recommends that the members of the board of directors set up an <u>audit committee</u> and that a chairman of the committee is appointed who is not the chairman of the board of directors.	<b>X</b>			
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: <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>	<b>X</b>			
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, and in such case, makes mandates and recommendations on selecting, appointing and removing the head of the internal audit function and on the budget of the internal audit function</li> <li>• ensures that if an internal audit has been established, a description of its functions is available and approved by the board of directors</li> </ul>	<b>X</b>			

Recommendation	Complies	Partially complies	Deviates	Comments where the Company deviates
<ul style="list-style-type: none"> <li>ensures that if an internal audit has been established, that adequate resources and competences are allocated to carry out the work, and</li> <li>monitors the executive board's follow-up on the conclusions and recommendations of the internal audit function.</li> </ul>				
<p>3.4.6 The Committee recommends that the board of directors establish a <u>nomination committee</u> with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>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,</li> <li>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,</li> <li>annually assess the competences, knowledge, experience and succession of the individual members of management, and report to the board of directors in this respect,</li> <li>recommendation of candidates for the board of directors and the executive board, and</li> <li>propose an action plan to the board of directors on the future composition of the board of directors, including proposals for specific changes.</li> </ul>	X			
<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"> <li>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,</li> <li>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</li> </ul>	X			

Recommendation	Complies	Partially complies	Deviates	Comments where the Company deviates
<p>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</p> <ul style="list-style-type: none"> <li>• recommend a remuneration policy applicable for the company in general and</li> <li>• assist 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>	X			
<p>3.5 <b>Evaluation of the performance of the board of directors and the executive board</b></p>				
<p>3.5.1 The Committee recommends that the board of directors establishes 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. Inter alia, the evaluation should 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 competences, diversity and the number of members).</li> <li>• The work in the committees and the committee structure</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 website. The chairman should account for the evaluation of the board of directors, including the process and general conclusions, at the General Meeting prior to the election to the board of directors.</p>	X			

Recommendation	Complies	Partially complies	Deviates	Comments where the Company deviates
<p>3.5.2 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 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>	X			
<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>	X			
<p><b>4 REMUNERATION OF MANAGEMENT</b></p>				
<p><b>4.1 Form and content of the remuneration policy</b></p>				
<p>4.1.1 The Committee recommends that the board of directors prepares a remuneration policy for the board of directors and the executive board, including</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 on which the balance between the individual components of the remuneration is based, and</li> <li>• an explanation for the connection 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 and published on the company's website at least every fourth year and upon any critical amendments.</p>	X			
<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> </ul>	X			

Recommendation	Complies	Partially complies	Deviates	Comments where the Company deviates
<ul style="list-style-type: none"> <li>• a reasonable and balanced linkage be ensured between remuneration for governing body members and the value creation for shareholders in the short and long terms,</li> <li>• there be clarity about performance criteria and measurability for award of variable components,</li> <li>• it is ensured that variable remuneration only consists of short and long term remuneration components, and that long-term components must have an earning and maturity period of at least three years, and</li> <li>• ensures the opportunity for 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.</li> </ul>				
4.1.3 The Committee recommends that remuneration of members of the board of directors does not include share options.	<b>X</b>			
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 an earning and maturity period of at least three years after being allocated and should be roll over programmes, i.e. the options should be granted periodically.	<b>X</b>			
4.1.5 The Committee recommends that the total value of the remuneration during the notice period, including severance pay, should not exceed two years of remuneration, including all components of the remuneration.	<b>X</b>			
<b>4.2 Disclosure of the remuneration policy</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.	<b>X</b>			
4.2.2 The Committee recommends that shareholders take up proposals for approval of remuneration for the board of directors for the current financial year at the general meeting.	<b>X</b>			
4.2.3 The Committee recommends that the company prepares a remuneration report that includes information on the total remuneration granted to each member of the	<b>X</b>			

Recommendation	Complies	Partially complies	Deviates	Comments where the Company deviates
<p>board of directors and the executive board by the company and other companies in the group and associates for the last three years, including information on the most important contents of retention and retirement/resignation schemes, be disclosed in the annual report and that the linkage between the remuneration and company strategy and relevant related goals be explained.</p> <p>The remuneration report should be published on the company website.</p>				
<b>5 FINANCIAL REPORTING, RISK MANAGEMENT AND AUDITS</b>				
<b>5.1 Identification of risks and transparency about other relevant information</b>				
<p>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.</p>	X			
<b>5.2 Whistle-blower scheme</b>				
<p>5.2.1 The Committee recommends that the board of directors establish a whistleblower scheme for expedient and confidential notification of possible or suspected wrongdoing.</p>	X			
<b>5.3 Contact to auditor</b>				
<p>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 at least once a year meet with the auditor elected by the general meeting without the executive board present. This also applies to the internal auditor, if any.</p>	X			
<p>5.3.2 The Committee recommends that the audit agreement and auditors' fee be agreed between the board of directors and the auditor elected by the general meeting based on a recommendation from the audit committee.</p>	X			