

**Annual
Corporate Governance
statement**

Gabriel Holding A/S

2018/2019

INTRODUCTION

Gabriel Holding A/S (Gabriel) has prepared the statutory statement on corporate governance as per section 107b of the Danish Financial Statements Act covering the period from 1 October 2018 to 30 September 2019. Further information about the company's management structure is contained in this statement on corporate governance being part of the annual report.

The statement includes:

- A description of the management structure
- The element of the internal controls and risk management systems in relation to the financial reporting
- An annual review of the company's position on the Danish Recommendations on Corporate Governance

MANAGEMENT AND BOARD COMMITTEES

Gabriel has a two-tier management structure consisting of the Board of Directors (Board) and Executive Management. The two bodies are separate, and no one serves as a member of both.

The Board participates in determining the company strategy and supervises the performance of the company and ensures adequate management and organisation. Executive Management has the responsibility for the company's daily operations.

Board of Directors

The Board has 6 members, four of whom are elected by shareholders at general meetings and two by employees in Denmark.

The Board's collective profile can be characterised as having possession of broad and international business experience with professional skills including within production, innovation, sales, finances and marketing estimated to cover the Group's needs. The Board regularly assesses the need for any changes in its collective expertise. Board members keep themselves actively advised about Gabriel and the industry in general.

In December 2018 the shareholders elected the following members to the Board:

- Jørgen Kjær Jacobsen (chair of the Board since 2010, chair of the Acquisition Committee, member of the Audit Committee and the Governance, Remuneration & Nomination Committee)
- Hans Olesen Damgaard (vice chair and member of the Board since 2015 and chair of the Governance, Remuneration & Nomination Committee, member of the Audit Committee and the Acquisition Committee)
- Søren B. Lauritsen (member of the Board since 2010 and member of the Audit Committee)
- Pernille Fabricius (member of the Board since 2016 and chair of the Audit Committee)

The shareholder elected board members are elected annually at the annual general meeting. At the constituent board meeting following the annual general meeting held in December 2018, the Board reappointed Jørgen Kjær Jacobsen as chairman and Hans Olesen Damgaard as vice-chairman and appointed the board committees.

In addition to the shareholder elected members two employee representatives are on the Board. Election of employee representatives to the Board is a right enjoyed by Danish employees under Denmark's company law. The board members elected by the employees must comprise half the number of board members elected by the general meeting. The board members elected by the employees act under the same terms as the other board members, but under company law they are elected for four years at a time. The terms of office are on a rolling basis to ensure continuity.

- Quinten Xerxes van Dalm (member of the Board since 2014 and member of the Audit Committee – employee representative) – up for re-election in 2020

In 2018 the employees elected the following member:

- Rikke Lyhne Jensen (member of the Board since 2018 and member of the Audit Committee – employee representative) - up for re-election in 2022

For a further presentation of the board members above, refer to [Appendix 1](#), which also includes the attendance overview for board and committee meetings.

Annual Board review

The chairman of the Board is responsible for conducting an annual review of the Board's performance, addressing the effectiveness of the Board, individual board members contributions and the chairman's performance.

In 2018/19 the evaluation was conducted by the individual directors and executives anonymously completing a comprehensive online questionnaire, which was then summarized by an external consultant.

The results of the assessment were presented to the Board in August 2019 by the chairman. The report describes a number of areas in which the Board is both effective and functions very well and gives an overall impression of a high-performing Board and did not show any areas of improvements. The chairman has held individual meetings with the other directors to review their performance.

The evaluation of the effectiveness of the committees was included in the above assessment and not carried out separately.

Going forward the chairman of the Board has delegated the task of preparing the annual self-evaluation of the individual members of the Board and Executive Management to the Governance, Remuneration & Nomination Committee.

The duties and responsibility of the Board

There are rules of procedure for Gabriel's Board. These are reviewed once a year by the Board with a view to updating. The rules of procedure specify inter alia guidelines for the relationship between the Board and the Executive Management, and the duties and responsibilities of the chairman and vice-chairman of the Board.

The Board has established the following committees:

The Audit Committee

The Audit Committee consists of the entire Board. Pernille Fabricius, member of the Board, acts as chairman of the committee, which meets quarterly.

The Audit Committee's overall tasks are:

- 1) to monitor the financial reporting process
- 2) to monitor the effective functioning of the company's internal control and risk management systems,
- 3) to monitor the statutory audit of the financial statements etc.
- 4) to monitor and check the auditor's independence, and
- 5) to review the internal insider policy and procedures, ensuring capital market compliance.

The specific tasks of the committee are described in the charter approved by the Board and is available on the company website.

The majority of the members are not independent as the Board wishes to allow employee representatives to be on the committee. In 2018/19, the Audit Committee focused on reporting from subsidiaries, transfer pricing and follow-up on remarks from the external auditor, especially related to improvement of procedures for segregation of duties etc.

In 2018/2019 the Audit Committee held 4 meetings. The attendance rate for the year was 92%.

The Governance, Remuneration & Nomination Committee

The Governance, Remuneration & Nomination Committee was established in 2019 by the Board and consists of two board members. The members are elected by and among the board members. The committee was established with the vice-chairman of the Board as chairman and the chairman of the Board as the second member.

The role of the Governance, Remuneration & Nomination Committee is to make recommendations to the Board, and otherwise to assist the Board with its oversight responsibilities, in relation to:

- 1) review and positions on the recommendations on Corporate Governance
- 2) recruitment and remuneration strategies and policies in relation to Executive Management and the Board
- 3) performance evaluation, and appointments, re-appointments and succession planning, in relation to the Board, its committees, and Executive Management

The specific tasks of the committee are described in the charter approved by the Board and is available on the company website.

The committee intends to meet twice a year. In 2019 the Governance, Remuneration & Nomination Committee held 2 meetings, and the primary focus in 18/19 was the establishment of the committee, committee charter and preparation of the remuneration policy, which will be implemented during 19/20. The attendance rate for the year was 100%.

The Acquisition Committee

The Acquisition Committee consists of three board members, one of whom is a board member in the subsidiary Gabriel Ejendomme A/S and Gabriel A/S. The members are elected by the board members. Since the establishment of the committee in 2007 the chairman of the committee has been and still is the chairman of the Board.

The Acquisition Committee's task is to evaluate potential acquisition targets supporting the growth strategy of the Group. The specific tasks of the committee are described in the charter approved by the Board and is available on the company website.

In 18/19 the committee recommended the acquisition of two companies - UAB Baltijos Tekstilė in Lithuania was acquired in December 2018 and Grupo RYL, S. A. de C. V. in Mexico was acquired in April 2019. Furthermore the committee has been engaged in the process of selling Gabriel Ejendomme A/S. However it was decided to put the sale on hold in February 2019.

In 2018/2019 the committee held 2 meetings. The attendance rate for the year was 100%.

Executive Management

Executive Management is responsible for the overall day-to-day management of the company. Executive Management meets at least once a month, and often more frequently. The Board appoints members of Executive Management and determines their remuneration in view of the recommendations from the Governance, Remuneration & Nomination Committee. The Board reviews the performance of the executives.

As of 30 September 2019, Executive Management consisted of 2 members including the chief executive officer:

- Anders Hedegaard Petersen (chief executive officer (CEO))
- Claus Møller (chief commercial officer (CCO))

For a presentation of Executive Management, refer to [Appendix 1](#), which also includes the attendance overview for board and committee meetings.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

Gabriel's supreme governing body has general responsibility for the Group's risk management and internal controls in relation to financial reporting, including compliance with relevant legislation and other financial reporting regulations.

The Group's risk management and internal controls are designed to avoid any material misstatements and omissions during the financial reporting process. The Board /Audit Committee and Executive Management regularly assess risks and internal controls in connection with the Group's activities and any impact on the financial reporting process.

The control environment

Management regularly assesses the organisational structure and staffing of the Group and lays down and approves overall policies, procedures and controls in relation to the financial reporting process, with emphasis on clear reporting policies and segregation of duties.

Risk assessment

When the annual business plan is prepared, the most important business risks are identified, and against this background, management makes an overall risk assessment, including an assessment of the most important risks arising from the financial reporting process. As part of the risk assessment, management considers the risk of fraud and any other improper influence on the financial reporting process annually.

The Group's Risk Management policy strives to eliminate and/or reduce the risks identified based on an assessment of materiality and cost-benefit analyses.

The Board assesses Gabriel's IT security and insurance coverage annually.

The most important risks arising from the financial reporting process are disclosed in the Executive Management's review and notes to the financial statements, to which reference is made.

Control activities

At the board meetings, Executive Management reports on the status of any risk factors attributable to strategy, organisation or major operations. The Group has a detailed internal reporting system comparing monthly reporting with the budget and regularly evaluating performance and the meeting of specific targets through Key Performance Indicators etc. The system provides a high level of transparency with respect to various activities in the company and helps to give management a comprehensive insight into and knowledge of matters which could be important in relation to the full process of presentation of accounts.

Each quarter, the Board is provided with a detailed account of financial performance compared with the budget and prior periods. The reporting also describes and assesses material balance sheet items, cash flows, forecast future activities and earnings and other matters with an impact on operations.

Information

The Board lays down the general requirements for the result and the external financial reporting in accordance with relevant legislation and regulations. The Group also aims constantly to offer adequate, complete and precise information reflecting corporate performance.

The Board emphasises that there must be open communication in the company within the framework for listed companies, and that each individual must know his or her role in the company's internal controls. The Group has chosen to divide operations and internal reporting into both geographically divided business areas, and in independent strategic

business units. Both business areas and business units are run as independent profit centres with their own missions, visions, goals, strategies, action plans and budgets. This division ensures a high degree of delegation of expertise, following-up and delegation of responsibilities in the organisation and enables information on relevant matters to be communicated effectively and reliably throughout the system.

Monitoring

Gabriel monitors the functioning of its internal control and risk management system at all Group levels on a regular basis. The scope thereof is determined primarily based on the risk assessment and the effectiveness of controls and procedures.

Weaknesses, control failings or breaches of designated guidelines are reported based on their importance to Executive Management or the Board. The reporting is typically discussed at the next board meeting, at which the Board is informed of actual findings and recommendations on procedural changes etc.

In their long-form audit report to the Board, the auditors appointed by the annual general meeting report any material failings in the Group's internal control systems in relation to the financial reporting process.

The Board follows up on the implementation of any planned optimisation of risk and internal controls in relation to the financial reporting process.

DEVIATIONS FROM CORPORATE GOVERNANCE RECOMMENDATIONS

As a company organised under Danish law and with a listing on Nasdaq Copenhagen, the company complies with Danish securities law and it is the company's intent to be guided by the Danish Corporate Governance Recommendations announced by Nasdaq Copenhagen (prepared by the Danish Committee on Corporate Governance). Nasdaq Copenhagen has required Danish companies to report on a "comply-or-explain" basis their compliance with these recommendations. Gabriel complies with all but 6 of the 47 Danish Corporate Governance Recommendations.

The report concerns the financial year **01.10.2018-30.09.2019 (period)**

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
1. Communication and interaction by the company with its investors and other stakeholders				
<i>1.1. Dialogue between company, shareholders and other stakeholders</i>				
1.1.1. The Committee recommends that the board of directors ensure ongoing dialogue between the company and its shareholders, so that the shareholders gain relevant insight into the company and in order for the board of directors to be aware of the shareholders' views, interests and opinions in relation to 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 that the board of directors ensure that the interests of the stakeholders are respected in accordance with company policies.	X			
1.1.3. The Committee recommends that the company publish quarterly reports.	X			
<i>1.2. General meeting</i>				
1.2.1. The Committee recommends that in organising the company's general meeting, the board of directors plans the meeting to support active ownership.	X			

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
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			
<i>1.3. Takeover bids</i>				
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. The contingency procedures should establish that 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			
2. Tasks and responsibilities of the board of directors				
<i>2.1. Overall tasks and responsibilities</i>				
2.1.1. The Committee recommends that at least once annually the board of directors consider the matters that should be included in the board’s performance of its work.	X			
2.1.2. The Committee recommends that at least once annually the board of directors consider 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 which supports 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 explain this in the management commentary and/or on the company’s website.	X			

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
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’s reporting to the board of directors.	X			
2.1.5. The Committee recommends that at least once annually, the board of directors discuss the composition, developments, risks and succession plans of the executive board.	X			
2.2. Corporate social responsibility				
2.2.1. The Committee recommends that the board of directors adopt policies on corporate social responsibility.	X			
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			
2.3.2. The Committee recommends 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 should be passed to ensure that the board of directors maintains its independent, general 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 publicly announced.	X			
3. Composition and organisation of the board of directors				

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
3.1. Composition				
<p>3.1.1. The Committee recommends that the board of directors annually evaluate and in the management commentary account for</p> <ul style="list-style-type: none"> • the competencies that it must have to best perform its tasks, • the composition of the board of directors, and • the special competencies of each member. 	X			
<p>3.1.2. The Committee recommends that the board of directors annually discuss the company’s activities to ensure relevant diversity at management levels and prepare and adopt a policy on diversity. The policy should be published on the company’s website.</p>	X			
<p>3.1.3. The Committee recommends that the selection and nomination of candidates for the board of directors be carried out through a careful and transparent process approved by the board of directors. When assessing its composition and nominating new candidates, the board of directors should, in addition to the need for competencies and qualifications, take into consideration the need for integration of new talent and diversity.</p>	X			
<p>3.1.4. The Committee recommends that the notice convening a general meeting where the agenda includes the election of members to the board of directors, include (in addition to the statutory requirements) a description of the qualifications of nominated candidates, including information about the candidates’</p> <ul style="list-style-type: none"> • other executive functions, including positions on executive boards, boards of directors and supervisory boards, including board committees, in Danish and foreign enterprises, and • demanding organisational tasks. 	X			

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
Furthermore, it should be indicated if the candidates to the board of directors are considered independent.				
3.1.5. The Committee recommends that members of the company’s executive board be not members of the board of directors and that a resigning chief executive officer be not directly elected as chairman or vice chairman for the same company.			X	No member of the Executive Management serves as member of the Board, but the current chairman of Board, elected in 16 December 2010, was the former chief executive officer of the company.
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.	X			
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.</p> <p>To be considered independent, this person may not:</p> <ul style="list-style-type: none"> • be or within the past five years have been a member of the executive board, or senior staff member in the company, a subsidiary or an associated company, • within the last five years, have received significant remuneration from the company/group, a subsidiary or an associated company in a different capacity than as member of the board of directors, • represent or be associated with a controlling shareholder, • within the past year, have had significant business relations (e.g. personally or indirectly as partner or employee, shareholder, customer, supplier or member of management in 	X			

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
<p>companies with corresponding connection) with the company, a subsidiary or an associated company.</p> <ul style="list-style-type: none"> • be or within the past three years have been employed or been a partner in the same company as the auditor elected by the general meeting, • be part of the executive management in a company with cross-management representation in the company, • have been a member of the board of directors for more than 12 years, or • be a close relative with persons who are not considered independent. <p>Even if a member of the board of directors is not covered by the above criteria, certain conditions may exist that will lead the board of directors to decide that one or more members cannot be regarded as independent.</p>				
<p>3.3. Members of the board of directors and the number of other management functions</p>				
<p>3.3.1. The Committee recommends that each member of the board of directors assess the expected time commitment for each function so that the member does not take on more functions than he/she can complete at a satisfactory level for the company.</p>	X			
<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 person in question, • the person’s competencies and qualifications that are relevant to the company • whether the member is considered independent, • the member’s date of appointment to the board of directors, • expiry of the current election term, 		X		<p>The company discloses the required information about the board members on its website and in the annual report.</p> <p>Trading of the company’s shares by board members must be reported to and is published by the Danish Financial Securities Authority pursuant to the provisions of the EU Market Abuse Regulation. The</p>

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<ul style="list-style-type: none"> the member's participation in the meetings on the board of directors and committee meetings, other management functions, including memberships in executive boards, boards of directors, and supervisory boards, including board committees in Danish and foreign enterprises and demanding organisational tasks, and the number of shares, options, warrants and similar owned by the member in the company and other group companies, as well as changes to the member's portfolio of the mentioned securities which have occurred during the financial year. 				<p>recommendation is therefore only complied with partly, as such board members' trading and individual shareholding are not disclosed in the annual report.</p>
<p>3.3.3. The Committee recommends that the annual evaluation procedure, cf. section 3.5, include an evaluation of what is regarded as a reasonable level for the number of other management functions, where the number, level and complexity of the other individual management functions are taken into account.</p>	X			
<p>3.4. Board committees</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"> the terms of reference of the board committees, 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 regarding which members are independent members and which members have special competencies. 	X			
<p>3.4.2. The Committee recommends that a majority of the members of a board committee be independent.</p>			X	<p>The Board wishes to allow for the employee representatives to be on the Audit Committee, why the majority is not independent, as</p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
				employee representatives per definition are not considered independent. As for the Governance, Remuneration & Nomination Committee the company complies, as it consist of two members of which the chair is independent. The company does not comply as for the Acquisition Committee, as two of three members are not considered independent.
3.4.3. The Committee recommends that the members of the board of directors set up among its members an <u>audit committee</u> and that a chairman is appointed who is not the chairman of the board of directors.	X			
3.4.4. The Committee recommends that, prior to the approval of the annual report and other financial reports, the audit committee monitor and report to the board of directors about: <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			
3.4.5. The Committee recommends that the audit committee: <ul style="list-style-type: none"> • annually assesses the need for an internal audit function and, in such a case, presents mandates and recommendations on selecting, appointing and removing the head of any internal audit function and on the budget of the internal audit function, 	X			

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
<ul style="list-style-type: none"> ensure that if an internal audit has been established, a description of its functions and approved by the board of directors, ensure that if an internal audit has been established, adequate resources and competencies are allocated to carry out the work, and monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function. 				
<p>3.4.6. The Committee recommends that the board of directors establish a <u>nomination committee</u>, which is at least, responsible for the following preparatory tasks:</p> <ul style="list-style-type: none"> describing the qualifications required by the board of directors and the executive board and for a given position, indicating the time expected to be spent carrying out a specific position, as well as assessing the competencies, knowledge and experience found in the two governing bodies, annually assessing the structure, size, composition and results of the board of directors and the executive board and recommend any changes to the board of directors, annually assessing the competencies, knowledge, experience and succession of the individual members of management and report to the board of directors in this respect, recommending candidates for the board of directors and the executive board, and proposing an action plan to the board of directors on the future composition of the board of directors, including proposals for specific changes. 	X			
<p>3.4.7. The Committee recommends that the board of directors establish a <u>remuneration committee</u>, which is at least, responsible for the following preparatory tasks:</p> <ul style="list-style-type: none"> recommending 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, making proposals to the board of directors on remuneration for members of the board of directors and the executive board, as well as ensuring that the remuneration is in 		X		<p>The Board has established a Governance, Remuneration & Nomination Committee in 2019. There is no applicable remuneration policy for the fiscal year 2018/2019, but it will be presented at the general meeting in 2019 for approval.</p>

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
<p>compliance with the company’s remuneration policy and the assessment of the performance of the persons concerned. The committee should have information on the total 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"> • recommending a remuneration policy applicable for the company in general and • assisting with the preparation of the annual remuneration report. 				<p>In addition the first remuneration report will be published in 2020.</p>
<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. Evaluation of the performance of the board of directors and the executive board</p>				
<p>3.5.1. The Committee recommends that the board of directors establish 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. The evaluation should inter alia include:</p> <ul style="list-style-type: none"> • contribution and results, • cooperation with the executive board, • the chairman’s leadership of the board of directors, • the composition of the board of directors (including competencies, diversity and the number of members), • the work in the committees and the committee structure, and • the organisation and quality of the material that is submitted to the board of directors. <p>The evaluation procedure and the general conclusions should be described in the management commentary and on the company’s website. The chairman should account for the evaluation of the board of directors, including the process and general conclusions on the general meeting prior to the election of the board of directors.</p>	X			

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
3.5.2. The Committee recommends that at least once annually, the board of directors evaluate the work and performance of the executive board in accordance with pre-defined 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.	X			
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.	X			
4. Remuneration of management				
<i>4.1. Form and content of the remuneration policy</i>				
<p>4.1.1. The Committee recommends that the board of directors prepare a remuneration policy for the board of directors and the executive board, which includes</p> <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, • a description of the criteria that form the basis for the balance between the individual components of the remuneration, and • an explanation for the correlation between the remuneration policy and the company's long-term value creation and relevant related goals. <p>The remuneration policy should be approved by the general meeting at least every fourth year and upon any material amendments and it should be published on the company's website.</p>		X		Partially complies as the remuneration policy is not approved by the general meeting or published on the company's website, however the remuneration to the Board is informed at the general meeting in December. To comply with new legislation a new remuneration policy has been approved by the Board, and will be presented at the general meeting in December 2019 for approval, after which it will be published.

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
<p>4.1.2. The Committee recommends that if the remuneration policy includes variable components,</p> <ul style="list-style-type: none"> • limits be set on the variable components of the total remuneration package, • a reasonable and balanced composition be ensured between remuneration for members of management and the value creation for shareholders in the short and long term, • clarity be established about performance criteria and measurability for the award of variable components, • it is ensured that variable remuneration not only consists of short-term remuneration components, and that long-term remuneration components must have a vesting or maturity period of at least three years, and • it be ensured that the company has the ability to reclaim, in full or in part, variable components of remuneration that were paid on the basis of information, which subsequently are found to be incorrect. 	X			
<p>4.1.3. The Committee recommends that remuneration of members of the board of directors does not include share options or warrants.</p>	X			
<p>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 a vesting or maturity period of at least three years after being allocated and should be roll-over programmes, i.e. the options should be granted periodically.</p>	X			
<p>4.1.5. The Committee recommends that the total value of the remuneration relating to the notice period, including severance pay, do not exceed two years of remuneration, including all components of the remuneration.</p>	X			
<p><i>4.2. Disclosure of remuneration</i></p>				

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
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			
4.2.2. The Committee recommends that shareholders at the general meeting consider proposals for approval of remuneration for the board of directors for the current financial year.	X			
4.2.3. The Committee recommends that the company prepares a remuneration report that includes information on the total remuneration received by each member of the board of directors and the executive board from the company and other companies in the group and associated companies for the last three years, including information on the most important content of retention and resignation arrangements and that the correlation between the remuneration and company strategy and relevant related goals be explained. The remuneration report should be published on the company’s website.			X	See point 4.1.1. In addition to the new remuneration policy a remuneration report will be prepared accordingly and published on the website pending approval at the general meeting in December 2020.
5. Financial reporting, risk management and audits				
<i>5.1. Identification of risks and transparency about other relevant information</i>				
5.1.1. The Committee recommends that the board of directors consider and in the management commentary 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			
<i>5.2. Whistleblower scheme</i>				

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
5.2.1. The Committee recommends that the board of directors establish a whistleblower scheme for expedient and confidential notification of serious wrongdoing or suspicions thereof.	X			
<i>5.3. Contact to auditor</i>				
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 meet with the auditor elected by the general meeting at least once annually without the executive board present. This also applies to the internal auditor, if any.	X			
5.3.2. The Committee recommends that the audit agreement and auditor’s fee be agreed by the board of directors and the auditor elected by the general meeting based on a recommendation from the audit committee.	X			

Appendix 1

Board of Directors and Executive Management of Gabriel Holding A/S

Board of Directors



Jørgen Kjær Jacobsen (Chairman)

Born: 1952

Gender: Male

Joined the Board in: 2010

Current election period: 2018-2019

Not considered independent as he was the CEO of Gabriel Holding A/S until 2010.

Other management duties, etc.:

Directorships :

Roblon A/S (CM)

Nordjyske Holding A/S (CM)

MEDF Holding A/S (CM)

Carpet Invest A/S

Egebjerggaard A/S

BKI Foods A/S

Raskier A/S

Raskier Ejendomme ApS

Executive positions :

Raskier A/S

Raskier Ejendomme ApS

Commercial foundations:

Mads Eg Damgaards Familiefond (CM)

Aalborg Stiftstidendes Fond (CM)

Skills and qualifications:

Management and board skills in listed companies.

Attendance in board and committee meetings during 2018-2019:

5 out of 5 Board meetings

4 out of 4 Audit Committee meetings

2 out of 2 Governance, Remuneration & Nomination Committee meetings

2 out of 2 Acquisition Committee meetings



Hans Olesen Damgaard (Vice-chairman)

Born: 1965

Gender: Male

Joined the Board in: 2015

Current election period: 2018-2019

Independent according to the definition of the Committee on Corporate Governance.

Other management duties, etc.:

Directorships :

LIFA A/S

Thygesen Textile Solutions A/S

Inspari A/S

Manini & Co. Holding A/S

egetæpper A/S (VC)

Stibo A/S

Skills and qualifications:

Sales and management experience in global companies.

Attendance in board and committee meetings during 2018-2019:

3 out of 5 Board meetings

3 out of 4 Audit Committee meetings

2 out of 2 Governance, Remuneration & Nomination Committee meetings

2 out of 2 Acquisition Committee meetings

**Søren B. Lauritsen**

Born: 1967

Gender: Male

Joined the Board in: 2010

Current election period: 2018-2019

Not considered independent as he is closely associated with the former chairman of the Board in the company.

Other management duties, etc.:

Directorships :

ONE Marketing A/S (CM)

ONE Prediction A/S (CM)

GAB Invest ApS

Executive positions:

One Marketing A/S

Skills and qualifications:

Sales and marketing skills, with IT, strategy and branding as strong points.

Attendance in board and committee meetings during 2018-2019:

4 out of 5 Board meetings

3 out of 4 Audit Committee meetings

**Pernille Fabricius**

Born: 1966

Gender: Female

Joined the Board in: 2016

Current election period: 2018-2019

Independent according to the definition of the Committee on Corporate Governance.

Other management duties, etc.:

Directorships :

Netcompany Group A/S (VC)
MT Højgaard A/S
MT Højgaard Holding A/S
Royal Greenland A/S

Executive positions:

JohnGuest, London

Skills and qualifications:

Danish and internal financial and management skills.

Attendance in board and committee meetings during 2018-2019:

5 out of 5 Board meetings
4 out of 4 Audit Committee meetings

**Quinten Xerxes van Dalm**

Born: 1972
Gender: Male
Joined the Board in: 2010
Current election period: 2016-2020

Employee representatives are considered non-independent according to the Danish Corporate Governance Recommendations. With Gabriel since 2005.

Attendance in board and committee meetings during 2018-2019:

5 out of 5 Board meetings
4 out of 4 Audit Committee meetings

**Rikke Lyhne Jensen**

Born: 1988
Gender: Female
Joined the Board in: 2018
Current election period: 2018-2022

Employee representatives are considered non-independent according to the Danish Corporate Governance Recommendations. With Gabriel since 2014.

Attendance in board and committee meetings during 2018-2019:

4 out of 5 Board meetings
3 out of 4 Audit Committee meetings

Executive Management



Anders Hedegaard Petersen

Born: 1976

Gender: Male

Anders Hedegaard Petersen joined Gabriel in 2004 and became CEO of Gabriel Holding A/S in 2011.

Directorships:

GAB Invest ApS – (CM)

Vrå Damp Holding A/S – (CM)

Vrå Dampvaskeri A/S – (CM)

Dansk Mode & Textil – (VC)

Executive positions:

KAAN ApS



Claus Møller

Born: 1966

Gender: Male

Claus Møller joined Gabriel in 2010 and has been a member of Executive Management since 2016.

Directorships:

Food Solutions ApS – (CM)

Shopconcept A/S

GAB Invest ApS

Executive positions:

GAB Invest ApS

CM = Chairman

VM = Vice-chairman