

Corporate Governance in FirstFarms A/S

- in accordance to The Danish Financial Statements Act § 107b

In accordance with "Recommendations for good Corporate Governance", composed in 2005 and latest revised and updated in November 2017 by the Committee for good Corporate Governance, a listed company shall explain how it complies with the recommendations based on the "comply-or-explain" principle. In FirstFarms this means that the company explains how the recommendations are interpreted and complied with and explains if the recommendations are deviated. The recommendations supplement the regulation, in relation to company- and exchange law, for Danish companies, who have shares to trade on a regulated market.

Each annual report from FirstFarms contains a section on "Corporate Governance", in which the company briefly explains its deviations from the recommendations. Additionally, this Corporate Governance in FirstFarms A/S is always available at www.firstfarms.com.

"Recommendations for good Corporate Governance" are divided into 5 main sections:

1. The company's communication and interaction with the company's investors and other interested parties
2. The roles and responsibilities of the Board of Directors
3. Composition and organisation of the Board of Directors
4. Remuneration of the Board of Directors and the Management
5. Presentation of accounts, risk management and audit

Corporate Governance – or company management – is the company's overall framework and guidelines, which determines its goals and the Management's tasks and business opportunities. FirstFarms generally complies with the Committee's recommendations and with this review of the specific recommendations the company is seeking to enable shareholders and other interested parties to gain an insight into how Corporate Governance is implemented in FirstFarms.

The statement is updated August 2019

Recommendation	The company complies	The company complies partly	The company does not comply	Explanation on complies partly/does not comply to the recommendation
1. The company's communication and interaction with the company's investors and other interested parties				
<i>1.1. Dialogue between company, shareholders and other interested parties</i>				
<p>1.1.1. It is recommended, 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.</p>	Complies			<p>FirstFarms has established frameworks, which encourage shareholders into a dialogue with the company's Management and mutual dialogue between the shareholders. Connected with this, the company has placed particular focus on IT, since this eases communication and at the same time produces significant cost savings. Consequently, the company has opted electronic communication as its vehicle in its Articles of Association and all information to the shareholders is therefore sent using this medium.</p> <p>Consequently, on the company's website, www.firstfarms.com, visitors can subscribe to a news service, whereby all information sent from the company can be received by e-mail. If shareholders are already registered using their e-mail address, subscription to the news service is unnecessary as these shareholders will automatically receive information from the company. In addition to the option to receive information from the company, all interested parties can read the Chairman's report from the annual general meeting on the website.</p>

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				<p>The company practises openness in respect of its activities and plans, for which reason the company has adopted an information and communication policy, including formulation of an Investor Relations policy. Amongst other things the company has decided to publish its company announcements in Danish and English, and to make these available on the company's website as well as to release them into the public domain within Denmark and the EU.</p> <p>FirstFarms publishes company announcements at least four times annually, by virtue of the fact that quarterly statements are prepared.</p> <p>The company also holds own investor meetings or participates in such when relevant.</p> <p>FirstFarms is a SmallCap company, traded on the Nordic Exchange in Copenhagen (NASDAQ Copenhagen A/S). FirstFarms has an Investor Relations Manager, and a special section on the website containing information pertinent to investors. Under the section "Investor Relations" visitors can view developments in share prices, see previous company announcements and a financial calendar, as well as being able to contact the Investor Relations department etc.</p>
1.1.2. It is recommended , 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 to the company policies.	Complies			The company has adopted an Investor Relation policy, which seeks to ensure a constructive dialogue with shareholders and other interested parties through its investor relation work. The company therefore participates in events involving unions, organisations and other groups, where presentations from

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				FirstFarms can contribute to increasing knowledge of the company and its business areas. In addition to participating in investor meetings, the company has given its shareholders the opportunity to participate in shareholder trips, where the investors are given the opportunity to see the company's activities and to obtain information about the various business branches of the management in the respective farms. It is FirstFarms' opinion that these user-paid shareholder trips can provide a good impression of the company's activities, in the same way as it can contribute to a dialogue between the company and the shareholders and among shareholders. Information about forthcoming trips is published on the website www.firstfarms.com and via direct information to shareholders registered by name with the company using their email address in the company's register of shareholders.
1.1.3. It is recommended , that the company publishes quarterly reports.	Complies			FirstFarms publishes quarterly reports.
1.2. General meeting				
1.2.1. It is recommended , that in organising the company's general meeting, the board of directors plans the meeting to support active ownership.	Complies			FirstFarms uses the general meeting as a tool to enable shareholders to have their say and their participation is encouraged to increase active ownership. The company is therefore seeking to ensure that all members of the board of directors and the management are present at the general meeting. The company's website has a special section about past and forthcoming general meetings in FirstFarms together with associated material.

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1.2.2. It is recommended , that proxies or votes by post for the general meeting allow shareholders to consider each individual item on the agenda.	Complies			FirstFarms gives the shareholders possibility to cast vote regarding the individual items on the agenda for the general meeting on the company shareholder portal or by post to the undertaker of the company's register of shareholders.
1.3. Takeover offers				
1.3.1. It is recommended , that the company sets up contingency procedures in the event of takeover offers, from the time that the board of directors has reason to believe that a takeover offer 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 offer by making decisions which, in reality, prevent the shareholders from deciding on the takeover offer themselves.	Complies			In case of proposal of takeover offer, the board of directors will refrain from undertaking dispositions, which actually screen the shareholders from deciding about the takeover attempt and approve it on a general meeting. This will be in force from the time the board of directors learns about the proposal of the takeover offer, as the shareholders shall have an actual possibility to decide whether they wish to surrender their shares in FirstFarms on the proposed terms.
2. The tasks and responsibilities of the board of directors				
2.1. Overall tasks and responsibilities				
2.1.1. It is recommended , that at least once annually the board of directors consider the matters that should be included in the boards' performance of its work.	Complies			The board of directors' tasks and composition are described in the company's order of business, which also stipulates the division of responsibilities, risk management etc. The order of business is reviewed once a year by the board of directors in order to ensure that it remains an effective and operational tool for use in resolving its assignments and thus the order of business is continuously adjusted to the company's needs.

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<p>2.1.2. It is recommended, 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.</p>	Complies			<p>The board of directors continually evaluates the company's measures with regard to ensuring that the activities remain within the frameworks of the primary objectives, investment strategies and -criteria which are set following thorough consideration by the board of directors at least once annually. Meetings in the board of directors are held at least once quarterly. The board of directors is responsible for appointment of a qualified management team, and continually, and at least once a year, evaluates this work in accordance with the guidelines set. The board of directors shall be an active sparring partner for the management in respect of strategic and operational measures; similarly, the board of directors is a supervising body in respect of the management and the company. On a monthly basis the board of directors receives information from the management in respect of events in the company with a focus on those themes which may have an effect on the company's financial situation in both the long and short term.</p> <p>To ensure the value creation in the company, the board of directors evaluates continually, and at least once a year, together with the management how the overall strategy contributes to the purpose. At least once a year, the board of directors also investigates how the necessary competences and financial resources are safeguarded to enable FirstFarms to achieve its strategic goals.</p>
<p>2.1.3. It is recommended, 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</p>	Complies			<p>The board of directors continually, and at least once a year, assesses whether the company's capital and share structure is in the interest of the shareholders and the company, and a report is issued annually in consideration thereof. FirstFarms has no</p>

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explain this in the management comments and/or on the company's website.				limitations on ownership of shares, or the number of shares that the individual shareholder may possess.
2.1.4. It is recommended , that the board of directors annually review and approve guidelines for the management; this includes establishing requirements for the managements reporting to the board of directors.	Complies			The board of directors annually reviews the established guidelines for the managements work, reporting etc.
2.1.5. It is recommended , that at least once annually, the board of directors discuss the composition, developments, risks and succession plans of the management.	Complies			The board of directors continually, and at least once a year, discusses the composition of the management.
2.2. Corporate social responsibility				
2.2.1. It is recommended , that the board of directors adopt policies on corporate social responsibility.	Complies			<p>FirstFarms has an open policy in respect of the company's policies towards all parties. The company's Corporate Governance, which is updated annually, is together with other information available on the website; similarly, FirstFarms' Management has adopted an information and communication policy, which ensures that the company safeguards its relationship with the company's stakeholders. Furthermore, FirstFarms' position regarding Corporate Social Responsibility (CSR), animal welfare and environmental policies, etc. is also available on the company's website www.firstfarms.com.</p> <p>The company's policy regarding Corporate Social Responsibility is also to be open minded in respect to the local community and partners in the countries in which the company invests in agriculture. FirstFarms enters into a constructive dialogue with the surrounding community in the area in which the investments are made. The company also has versions of the website in the local</p>

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				language. This contains mainly general information about the company's strategy, business area and local activities as well as contact details in relation to the company locally and centrally. A full version of the website can be found in Danish and English versions. FirstFarms uses its website to pass on information about the company's philosophy, values, aims, attitude to animal welfare, etc.
2.3. Chairman and vice-chairman of the board of directors				
2.3.1. It is recommended , that a vice-chairman of the board of directors is appointed, 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.	Complies			FirstFarms' board of directors has appointed a vice-chairman for the board.
2.3.2. It is recommended , 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.	Complies			If the chairman of the board of directors or other board members in exceptional cases shall undertake operating tasks in the company, including participating in the daily management of the company, a Board decision hereof must be available to ensure, that the control function of the Board of Directors is maintained. It is informed in a company announcement about the Chairman of the Board of Directors' or other board members participating in the daily management and the expected duration of this.
3. Composition and organisation of the board of directors				
3.1. Composition				

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<p>3.1.1. It is recommended, that the board of directors annually evaluate and in the management comments accounts 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. 	Complies			<p>FirstFarms emphasises that the board of directors all in all has a considerable experience and diversity within the company's business area – operation of agriculture in selected Central- and Eastern European countries. The company has decided not to have specific goals for diversity in the board of directors, as it in the company's assessment is not suitable for the operation and development of the company.</p> <p>The company explains in the management comments which competencies the board of directors must have and the members' special competencies.</p> <p>Today, the company has no women on the board of directors. It is the company's goal before 2023, that at least one board member must be a woman. There was no replacement of members of the board of directors in 2018. Members of the board of directors may not undertake tasks or through investments be involved in companies which directly or indirectly compete with FirstFarms' activities. Once a year in connection with the annual evaluation of the function and competence of the board of directors, it is evaluated whether the individual member's other activities have a character or an extent that makes the general competence to act, in correlation to the member's function as member of the board of directors, fulfilled.</p> <p>If FirstFarms enters into a financial contract with closely related parties or companies controlled by or under the influence of member of the board of directors, such contractual relationships shall always be based on the company's normal business practice. This also applies if members of the board of directors in</p>

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				exceptional cases carry out remunerated extra tasks for FirstFarms.
3.1.2. It is recommended , 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.	Complies			FirstFarms seeks to attract the best qualified employees to all management levels. In case of new appointments, the company seeks to attract applicants from as broad a field as possible, including gender and ethnicity. The company will prepare a policy for diversity in the coming year.
3.1.3. It is recommended , that the selection and nomination of candidates for the board of directors is 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.	Complies			The board of directors reviews annually, for the board of directors' evaluation up to the general meeting, the need for new competencies to the board of directors and discuss possible nomination of new candidates based on skills, innovation and diversity.
3.1.4. It is recommended , 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 the nominated candidates, including information about the candidates' <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 	Complies			The members of the board of directors' positions in other executive boards, boards of directors etc. and demanding organisational tasks are presented in the annual report.

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<ul style="list-style-type: none"> demanding organisational tasks. <p>Furthermore, it should be indicated if the candidates to the board of directors are considered independent.</p>				
<p>3.1.5. It is recommended, that members of the company's management are not members of the board of directors and that a resigning chief executive officer is not directly elected as chairman or vice chairman for the same company.</p>	Complies			None of the members of the board of directors are members of the company's management.
<p>3.1.6. It is recommended, that members of the board of directors elected by the general meeting is up for election every year at the annual general meeting.</p>	Complies			The members of the board of directors are elected for one year at the annual general meeting.
<p>3.2. Independence of the board of directors</p>				
<p>3.2.1. It is recommended, that at least half of the members of the board of directors elected by the general meeting is 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 management og senior staff member in the company, 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, 	Complies			<p>One of the company's members of the Board of Directors, Henrik Hougaard, is co-founder of FirstFarms A/S and not independent according to the recommendations, as he in 2006 became large shareholder in the company. The three other members of the Board of Directors are considered as independent according to the recommendations, for which reason the majority of the members in the Board of Directors are independent of private interests.</p> <p>Furthermore, the company informs in the annual report whether the members are considered independent according to the recommendations.</p>

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<ul style="list-style-type: none"> • 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 companies with corresponding connection) with the company, a subsidiary or an associated company, • 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 of 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>				
3.3. Members of the board of directors and the number of other management functions				
3.3.1. It is recommended , that each member of the board of directors assesses the expected time commitment for each function so that the member does not take on more	Complies			FirstFarms' board of directors has almost 100% attendance, and each member of the board of directors annually assesses

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functions than he/she can complete at a satisfactory level for the company.				whether they have the necessary resources for the work in the board.
<p>3.3.2. It is recommended, that the management comments, in additions 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, • the member's participation in the meetings of the board of directors and committee meetings, • other management functions, including memberships in executive board, boards of directors, and supervisory boards, including board committees in Denmark and foreign enterprises and demanding organisational tasks, and • the number of share 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. 	Complies			The recommended information about the board members is incorporated in the annual report.

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3.3.3. It is recommended , 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 management functions, where the number, level and complexity of the other individual management functions are taken into account.	Complies			During the annual evaluation of the members, the board of directors discusses and assesses the level of the members' other management duties.
3.4. Board committees				
3.4.1. It is recommended , that the company publishes the following on the company's website: <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 chairman of the committees, as well as information regarding which members are independent members and which members have special competencies. 	Complies			The board of directors has set up an accounting committee and a nomination- and remuneration committee.
3.4.2. It is recommended , that a majority of the members of a board committee to be independent.	Complies			The board of directors has set up an accounting committee and a nomination- and remuneration committee. Both committees consist of 2 members, of which one member is independent. The majority of the members in the board of directors are independent.
3.4.3. It is recommended , that the members of the board of directors set up among its member an <u>audit committee</u> and	Complies			The board of directors has set up an accounting committee.

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that a chairman is appointed who is not the chairman of the board of directors.				The accounting committee consists of 2 members, of which one member is independent.
<p>3.4.4. It is recommended, 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:</p> <ul style="list-style-type: none"> • significant accounting policies, • significant accounting estimates, • related party transactions, and • uncertainties and risks, including in relations to the expectations for the current year. 	Complies			The areas in questions are evaluated of the accounting committee.
<p>3.4.5. It is recommended, that the audit committee:</p> <ul style="list-style-type: none"> • annually assesses the need for an international audit function and, in such a case, presents mandates and recommendations on selection, appointing and removing the head of any internal audit function and on the budget of the international audit function, • ensures, that if an internal audit has been established, a description of this functions is approved by the board of directors, • ensures that if an internal audit has been established, adequate resources and competencies are allocated to carry out the work, and • monitor the management's follow-up on the conclusions and recommendations of the internal audit function. 	Complies			The accounting committee has not assessed a need for the external audit and the internal controls shall be supplied by an internal audit.

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<p>3.4.6. It is recommended, that the board of directors establishes a <u>nomination committee</u>, which at least is responsible for the following preparatory tasks:</p> <ul style="list-style-type: none"> • describing the qualifications required by the board of directors and the management 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 management 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 management, and • proposing an action plan to the board of directors on the future composition of the board of directors, including proposals for specific changes. 	Complies			The board of directors has set up a nomination- and remuneration committee.
<p>3.4.7. It is recommended, that the board of directors establishes a <u>remuneration committee</u>, which at least is responsible for the following preparatory tasks:</p> <ul style="list-style-type: none"> • recommending the remuneration policy (including the "General Guidelines for incentive based Remu- 	Complies			The board of directors has set up a nomination- and remuneration committee.

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<p>neration”) to the board of directors and the management for approval by the board of directors prior to approval by the general meeting,</p> <ul style="list-style-type: none"> making proposals to the board of directors on remuneration for members of the board of directors and the management, as well as ensuring that the remuneration is in 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 management receive from other companies in the group, recommending a remuneration policy applicable for the company in general and assisting with the preparation of the annual remuneration report. 				
<p>3.4.8. It is recommended, that the remuneration committee does not consult with the same external advisers as the management of the company.</p>	Complies			The nomination- and remuneration committee will use alternative advisors than the company’s management, when relevant.
<p>3.5. Evaluation of the performance of the board of directors and the management</p>				
<p>3.5.1. It is recommended, 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. The evaluation should i.a. include:</p> <ul style="list-style-type: none"> contribution and results, 		Complies partly		The company has established an internal evaluation procedure of the board of directors, ensuring that the composition of the board of directors always meets the strategic duties and requirements facing FirstFarms and where the members’ contributions and results are evaluated. The chairman of the board of directors holds an annual discourse with every member of the board, where the effort is evaluated. After the individually

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<ul style="list-style-type: none"> • cooperation with the management, • 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 committee 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 comments 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>				discourses, an annual dialogue and evaluation in the complete board of directors is made. Evaluation of the work in the board of directors’ is not publicly available but forms the basis for the board of directors’ approach to the general meeting in respect of any changes in the composition.
<p>3.5.2. It is recommended, that at least once annually, the board of directors evaluate the work and performance of the management in accordance with pre- defined criteria. Furthermore, the board of directors should evaluate the need for changes to the structure and composition of the management, in light of the company’s strategy.</p>	Complies			<p>The board of directors evaluates the management’s work based on criteria which are intended to ensure that the shareholders can rely on the fact, that FirstFarms’ management safeguards the shareholder’s interests in the best possible way. This involves, among other things, evaluation of:</p> <ul style="list-style-type: none"> ▪ The company’s investments in relation to the adopted strategy ▪ Achievement of expected operating results ▪ Financial management and reporting ▪ Risk management ▪ Staff and recruitment policy

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				<ul style="list-style-type: none"> ▪ Cooperation with the board of directors
<p>3.5.3. It is recommended, that the management 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>	Complies			<p>The chairman of the board of directors regularly reports from the meetings with the management, and an annual evaluation is made, which is submitted to the board of directors.</p>
<h4>4. Remuneration of management</h4>				
<h5>4.1. Form and content of the remuneration policy</h5>				
<p>4.1.1. It is recommended, that the board of directors prepares a remuneration policy for the board of directors and the management, 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 management, • reason 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</p>	Complies			<p>The company's most recent general guidelines for incentive remuneration of the management in FirstFarms were approved at the company's general meeting in 2019 and are stated on the company's website.</p>

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any significant amendments and published on the company's website.				
<p>4.1.2. It is recommended, that if remuneration policy includes variable components,</p> <ul style="list-style-type: none"> • limits are set on the variable components of the total remuneration package, • a reasonable and balanced composition is ensured between remuneration for members of management and the value creation for shareholders in the short and long term, • clarity is 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 is 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. 	Complies			<p>It is the opinion of the board of directors that a combination of a fixed and a performance-based salary for the management helps to ensure that the company can attract and retain key persons, while at the same time encouraging these persons to create value for the benefit of the shareholders.</p> <p>The purpose for these general guidelines is to establish the framework for the performance-based salary in order to ensure partly that the remuneration structure provided a real incentive for the management, and partly that the remuneration does not lead to carelessness, unreasonable conduct or inappropriate acceptance of risk.</p>
4.1.3. It is recommended , that remuneration of members of the board of directors does not include share options or warrants.	Complies			Members of the board of directors in FirstFarms have no incentive schemes of any kind and the members' salaries take the form of a fixed, annual fee that shall be competitive to attract and retain competent members. The chairman receives annually DKK 120,000, whilst the other members each receive DKK 80,000 as an annual fee.

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				The board of directors is not issued with warrants or other incentive programmes in FirstFarms.
4.1.4. It is recommended , 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.	Complies			When allocating warrants, the utilisation date must be at the earliest 3 years and no later than 5 years after the allocation date, however so it is possible to advance the utilisation date in case of the company's dissolution, including by merger or demerger or in other special cases, where it is deemed appropriate at the discretion of the board of directors.
4.1.5. It is recommended , 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.	Complies			No special resignation schemes have been adopted for the management.
4.2. Disclosure of remuneration				
4.2.1. It is recommended , that the company's remuneration policy and compliance with this policy is explained and justified annually in the chairman's statement at the company's general meeting.	Complies			The chairman of the board of directors will annually account for the compliance with the company's remuneration policy in the chairman's report at the annual general meeting.
4.2.2. It is recommended , that shareholders at the general meeting consider proposals for approval of remuneration for the board of directors for the current financial year.	Complies			The remuneration to the board of directors is approved at the annual general meetings.
4.2.3. It is recommended , 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 management from the company and other	Complies			Members of the Board of Directors in FirstFarms have no incentive schemes of any kind and the members' salaries take the form of a fixed, annual fee that shall be competitive to attract

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<p>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.</p> <p>The remuneration report should be published on the company's website.</p>				<p>and retain competent members. The Chairman receives annually DKK 120,000, whilst the other members each receive DKK 80,000 as an annual fee. The Board of Director's fee is not approved on the annual general meetings, but the paid-out fee can be seen from a note in the annual report.</p> <p>No other fees are paid out to the board of directors.</p> <p>Warrants have been issued to the company's management and some other managerial staff, including employees in the company's subsidiaries. On the general meeting on 24 April 2019, guidelines for incentive payment of the company's management were decided. An actual remuneration policy has not been adopted in the company, as the Board of Directors makes decisions in respect of the issuing of warrants in each individual case, and this is used as part of an attractive staff policy in the company. As there has not been adopted any remuneration policy, this cannot be approved on the general meeting. The company informs about the remuneration in its annual reports.</p> <p>The management shall receive a fair salary in proportion to assignments and responsibilities. In the financial year 2018, the management in FirstFarms A/S received a fee of DKK 2,038,000.</p> <p>No special resignation schemes have been adopted for the management.</p>
<p>5. Financial reporting, risk management and audits</p>				

Recommendation	The company complies	The company complies partly	The company does not comply	Explanation on complies partly/does not comply to the recommendation
<i>5.1. Identification of risks and transparency about other relevant information</i>				
5.1.1. It is recommended , that the board of directors considers and in the management comments 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.	Complies			The company's annual report includes a section describing the essential risks.
<i>5.2. Whistle-blower scheme</i>				
5.2.1. It is recommended , that the board of directors establish a whistle-blower scheme for expedient and confidential notification of serious wrongdoing or suspicions thereof.			Do not comply	The company is an internationally working group where great focus is on an effective risk management and internal monitoring systems. On this basis the company has for the moment not established a "whistle-blower" scheme.
<i>5.3. Contact to auditor</i>				
5.3.1. It is recommended , that the board of directors ensures 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 management is present. This also applies to the internal auditor, if any.	Complies			One of the most important tasks of the Board of Directors is to ensure an independent, competent and careful audit of the company, and the Board of Directors and the Management annually nominate an auditor for election at the annual general meeting. The auditor is chosen based on a critical evaluation of independence and expertise. Both audit agreement and fee are agreed and approved by the Board of Directors. At least once a year, the Board of Directors reviews the internal monitoring systems in FirstFarms and the Management's handling thereof. Also included in the considerations is whether the audit can contribute to further clarity and transparency in the company's accounting issues. The Board of Directors reviews the results of the audit

Recommendation	The company complies	The company complies partly	The company does not comply	Explanation on complies partly/does not comply to the recommendation
				<p>and the annual report with the auditor. Similarly, the chosen accounting policies is discussed with a view to a critical evaluation of the need for changes.</p> <p>As the auditing of the company is a considerable part of the work in the Board of Directors, they have a regular and continuous dialogue and interchange of information with the audit. Once a year the Board of Directors evaluates, whether an internal audit in the company shall be established, to support and control of the internal monitoring- and risk management systems.</p> <p>FirstFarms' auditor is:</p> <p>PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Platanvej 4 DK-7400 Herning.</p>
5.3.2. It is recommended , that the audit agreement and auditor's fee is agreed by the board of directors and the auditor elected by the general meeting based on a recommendation from the audit committee.	Complies			It is the entire board of directors that handles the audit committee's tasks, and the audit fee is discussed between the board of directors and the audit, just as the audit assignment is offered according to the rules on this.