

**REPORT ON FOUNDATION GOVERNANCE
pursuant to section 60 of the Danish Commercial
Foundations Act**

of

**THE BLUE WATER FOUNDATION
VAT no.: DK 30 59 47 89**

In June 2020, the Danish Foundation Governance Committee published a number of recommendations on foundation governance, as set out below.

In accordance with the rule set out in section 60 of the Danish Commercial Foundations Act, the Board of Directors of the Blue Water Foundation explains its view of the specific recommendations and whether the Foundation complies with or deviates from them. Where the Foundation deviates from the recommendations, the reasons are given in each case.

1. TRANSPARENCY AND COMMUNICATION:

- 1.1. It is recommended that the board of directors adopt principles for external communication that meet the need for transparency and the need and opportunity for stakeholders to receive relevant and up-to-date information on the foundation's affairs.

The Blue Water Foundation complies with recommendation 1.1.

The Chairman of the Foundation or, in their absence, the Deputy Chairman of the Foundation can speak on behalf of the Foundation in all matters.

All members of the Board of Directors of the Foundation are entitled to represent the Foundation.

2. THE TASKS AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS:

2.1 General tasks and responsibilities

- 2.1.1 To ensure that the commercial foundation operates in accordance with its objects and interests, it is recommended that the board of directors, at least once a year, review the overall strategy and distribution policy of the foundation on the basis of the articles of association.

The Blue Water Foundation complies with recommendation 2.1.1.

At least once a year, the Board of Directors of the Foundation reviews the overall strategy and distribution policy of the Foundation on the basis of the Foundation's Articles of Association.

- 2.1.2 It is recommended that the board of directors regularly review whether the asset management of the foundation meets the objectives and needs of the foundation in the short and long term.

The Blue Water Foundation complies with recommendation 2.1.2.

2.2 The chairman and deputy chairman of the board of directors

- 2.2.1 To ensure an efficient board of directors and create the best possible conditions for the individual and collective work of the board members, it is recommended that the chairman of the board of directors organize, convene and chair the meetings of the board.

The Blue Water Foundation complies with recommendation 2.2.1.

The Chairman of the Board of Directors of the Foundation organizes, convenes and chairs the Foundation's board meetings in accordance with the Articles of Association of the Foundation and the Rules of Procedure of the Board of Directors.

- 2.2.2 If, in exceptional cases, the board of directors requests its chairman to perform special tasks for the commercial foundation in addition to the chairmanship, it is recommended that a board resolution be in place to ensure that the board of directors retains the independent overall management and control function. An appropriate division of labor between the chairman, the deputy chairman, the other board members and a possible executive board should be ensured.

The Blue Water Foundation complies with recommendation 2.2.2.

The division of labor and responsibilities between the Chairman, the Deputy Chairman and the remaining Board members is laid down in the Rules of Procedure of the Board of Directors.

2.3 **The composition and organization of the board of directors**

- 2.3.1 It is recommended that the board of directors regularly, and at least every two years, assess and determine which competencies the board of directors should possess in order to perform its tasks in the best possible way.

The Blue Water Foundation complies with recommendation 2.3.1, but with due regard to the provisions of the Articles of Association on the appointment of Board members.

The Board of Directors of the Foundation currently consists of seven members, three of whom (shipbroker Kurt Skov, Gyrithe Skov and Anne Roed Skov) are entitled to a seat for life. The other Board members are elected for four-year periods. Members who are not entitled to a seat for life on the Board of Directors of the Foundation must, as a general rule, resign from the Board at the end of the year in which they reach the age of 65. However, a derogation may be granted, allowing them to be re-elected for one year at a time.

When electing new members to the Board of Directors, the composition of the competencies of the Board shall be considered, taking into account the provisions of the Articles of Association, current recommendations, the needs of the Foundation, and applicable legislation.

On an ongoing basis, and at least once every two years, the Board of Directors shall assess whether it possesses the relevant competencies.

- 2.3.2 It is recommended that the board of directors ensure a structured, thorough and transparent process for the selection and nomination of candidates for the board, while respecting any right of appointment set out in the articles of association.

The Blue Water Foundation complies with recommendation 2.3.2.

- 2.3.3 It is recommended that members of the board of directors be appointed on the basis of their personal qualities and competencies, taking into account the overall competencies of the board, and that the composition and nomination of new board members take into account the need for renewal - in conjunction with the need for continuity - and the need for diversity in relation to, among other things, business and distribution experience, age, and gender.

The Blue Water Foundation complies with recommendation 2.3.3.

When electing new members, the composition of the competencies of the Board of Directors shall be considered, taking into account the provisions of the Articles of Association, current recommendations, the needs of the Foundation, and applicable legislation.

Consideration shall also be given to the target figures adopted and published by the Foundation and to the policy on gender distribution in the management of the Foundation.

2.3.4 It is recommended that the composition of the board of directors, including board diversity, be reported annually in the directors' report and on the commercial foundation's website, if any, and that the following information be provided for each board member:

- name and position,
- age and gender,
- date of joining the board of directors, any re-elections, and expiry of the current election term,
- any special competencies,
- any other directorships such as positions on executive boards, boards of directors, supervisory boards or management committees in any Danish or foreign foundations, companies or institutions, and any other demanding organizational tasks,
- whether they own shares, options, warrants, etc. in the foundation's subsidiaries,
- whether they are appointed by an authority/granting organization, etc., and
- whether they are considered independent.

The Blue Water Foundation complies with recommendation 2.3.4.

In the Directors' Report, information shall be provided on the above facts for each Board member.

2.3.5 It is recommended that the majority of the board members of the commercial foundation are not also members of the board of directors or executive board of any of the foundation's subsidiaries, except in the case of a wholly owned actual holding company.

The Blue Water Foundation currently complies with recommendation 2.3.5.

The Foundation wants to exercise active ownership in relation to its subsidiaries and therefore, in principle, wants its Board members to be able to sit on the boards of directors of underlying subsidiaries. Currently, three out of seven members of the Board of Directors of the Foundation also sit on the boards of underlying subsidiaries.

2.4 Independence

2.4.1 It is recommended that an appropriate proportion of the members of the board of directors be independent.

If the board of directors consists of up to four members (excluding employee representatives), at least one member should be independent. If the board of directors consists of five to eight members, at least two members should be independent. If the board of directors consists of nine to eleven members, at least three members should be independent, and so on. In this respect, a board member shall not be considered independent if, for example:

- they are, or have been within the past three years, a member of the executive board or a senior executive of the foundation or of a significant subsidiary or associate of the foundation,
- they have received, within the past five years, any material remuneration, including distributions or other benefits, from the foundation/group or any subsidiary or associate of the foundation in any capacity other than as a member of the foundation's board of directors or executive board,
- they have had a material business relationship (e.g. personally or indirectly as a partner, employee, shareholder, customer, supplier or director of a company with a similar relationship) with the foundation/group or any subsidiary or associate of the foundation within the past year,
- they are, or have been within the past three years, an employee or partner of an external auditor,
- they have been a member of the board of directors or executive board of the foundation for more than 12 years,
- they are closely related or otherwise particularly close to persons who are not considered independent,
- they are a founder or significant donor, if the purpose of the foundation is to provide support to their family or other persons particularly close to them, or
- they are a director of any organization, other foundation or similar entity that receives or has repeatedly within the past five years received significant donations from the foundation.

The Blue Water Foundation currently complies with recommendation 2.4.1.

2.5 Appointment period

- 2.5.1 It is recommended that the members of the board of directors be appointed for a minimum of two years and a maximum of four years.

The Blue Water Foundation does not comply with recommendation 2.5.1.

The Board of Directors of the Foundation currently consists of seven members, three of whom (shipbroker Kurt Skov, Gyrithe Skov and Anne Roed Skov) are entitled to a seat for life according to the Foundation's Articles of Association. The other Board members are elected for four-year periods. Members who are not entitled to a seat for life on the Board of Directors of the Foundation must, as a general rule, resign from the Board at the end of the year in which they reach the age of 65. However, a derogation may be granted, allowing them to be re-elected for one year at a time.

The Board of Directors of the Foundation also deems it appropriate to ensure a high degree of continuity in the management of the Foundation.

- 2.5.2 It is recommended that an age limit be set for members of the board of directors and that this age limit be published in the management report or on the foundation's website.

The Blue Water Foundation partially complies with recommendation 2.5.2.

The Board of Directors of the Foundation currently consists of seven members, three of whom (shipbroker Kurt Skov, Gyrithe Skov and Anne Roed Skov) are entitled to a seat for life according to the Foundation's Articles of Association.

The other Board members are elected for four-year periods.

Members who are not entitled to a seat for life on the Board of Directors of the Foundation must, as a general rule, resign from the Board at the end of the year in which they reach the age of 65. However, a derogation may be granted, allowing them to be re-elected for one year at a time.

As a consequence, the Articles of Association of the Foundation do not permit full compliance with recommendation 2.5.2.

The Board of Directors of the Foundation considers it inappropriate to set a general, fixed age limit for board members. Indeed, in other areas, the trend with regard to age limits – for example, in corporate governance recommendations or in the context of employment – is now towards eliminating such general age-based retirement provisions.

2.6 Evaluation of the performance of the board of directors and executive board

- 2.6.1 It is recommended that the board of directors define an evaluation procedure whereby the contribution and performance of the board of directors, the chairman of the board and each board member are evaluated annually, and that the results of this evaluation be discussed in the board of directors.

The Blue Water Foundation complies with recommendation 2.6.1.

- 2.6.2 It is recommended that, at least once every year, the board of directors evaluate the work and performance of the executive board and/or administrator, if any, in accordance with a set of predefined, clear criteria.

The Blue Water Foundation complies with recommendation 2.6.2.

The Board of Directors of the Foundation has had a Secretariat Agreement drawn up that defines the tasks and competencies of the Secretariat.

The external auditor of the Foundation shall verify that the Secretariat fulfils its tasks in accordance with the provisions of the Secretariat Agreement and issue a statement to that effect to the Board of Directors of the Foundation when auditing the Foundation's Annual Report.

Based in part on this auditor statement, the Board of Directors of the Foundation shall evaluate the performance of the Secretariat at the Foundation's annual meeting.

3. MANAGEMENT REMUNERATION:

- 3.1.1 It is recommended that members of boards of directors of commercial foundations be paid a fixed remuneration and that members of executive boards, if any, be paid a fixed remuneration, possibly combined with a bonus, which should not be subject to financial results. Remuneration of board members should reflect the work and responsibilities arising from their positions.

The Blue Water Foundation complies with recommendation 3.1.1.

The members of the Board of Directors of the Foundation are remunerated with fixed fees that take into account the responsibility and work arising from their positions.

- 3.1.2 It is recommended that the financial statements disclose the total remuneration received by each member of the board of directors and by any executive management from the commercial foundation and from other companies of the group. In addition, the financial statements should disclose any other remuneration received by members of the board of directors, other than employee representatives, for the performance of tasks for the foundation, any subsidiaries of the foundation, or any affiliated companies of the foundation.

The Blue Water Foundation does not comply with recommendation 3.1.2.

In accordance with applicable legislation, the remuneration of the Board of Directors of the Foundation shall be disclosed in the Foundation's Annual Report at entity level. The Board of Directors is of the opinion that disclosure at this level of detail meets the reasonable right of the public to information on matters relating to executive remuneration.

As adopted at the Foundation's accounts meeting on March 15, 2023, and at the Foundation's annual meeting on March 21, 2023.