

The report concerns the financial year **1 October 2016 – 30 September 2017**

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 in order for the shareholders to gain relevant insight into the company's potential and policies, and in order for the board of directors to be aware of the shareholders' views, interests and opinions on the company.	Complies			The company's policy for ongoing dialogue with the shareholders is summed up in the company's investor relations policy. Relevant investor relations material, including policies, annual reports and interim financial reports, is available on the company's website, www.aarsleff.com . Personal contact to shareholders takes place at the company's annual general meeting and at investor meetings during the course of the year.
1.1.2. The Committee recommends that the board of directors adopt policies on the company's relationship with its stakeholders, including shareholders and other investors, and that the board ensures that the	Complies.			Central policies are available on the company's website, www.aarsleff.com .

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interests of the stakeholders are respected in accordance with company policies.				
1.1.3. The Committee recommends that the company publish quarterly reports.	Complies.			
<i>1.2. General meeting</i>				
1.2.1. The Committee recommends that when organizing the company's general meeting, the board of directors plans the meeting to support active ownership.	Complies.			The annual general meeting is convened at least three weeks and not earlier than five weeks before the annual general meeting by notice at www.aarsleff.com as well as in a Copenhagen newspaper and a local daily newspaper and by ordinary letter or e-mail to all shareholders listed in the register of owners at their request. Notice is also sent from the IT system of the Danish Business Authority. A notice of meeting will also be sent to all shareholders registered in VP's system the InvestorPortal or to shareholders who have made a request to this effect.

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				Organising the company's annual general meeting supports debating of company matters.
1.2.2. The Committee recommends that proxies granted for the general meeting allow shareholders to consider each individual item on the agenda.	Complies.			
1.3. Takeover bids				
1.3.1. The Committee recommends that the company set up contingency procedures in the event of takeover bids from the time that the board of directors has reason to believe that a takeover bid will be made. According to such contingency procedures, the board of directors should not without the acceptance of the general meeting, attempt to counter the takeover bid by making decisions which in reality prevent the shareholders from deciding on the takeover bid themselves.	Complies.			A contingency procedure has been set up. Per og Lise Aarsleffs Fond possesses 42.2% of the votes through Per Aarsleff Holding A/S's A shares and B shares. The purpose of the Fond is to ensure the Aarsleff Group's continued existence and development through possession of Per Aarsleff Holding A/S's A share capital. Consequently, a takeover bid is not considered probable.
2. Tasks and responsibilities of the board of directors				
<i>2.1. Overall tasks and responsibilities</i>				

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2.1.1. The Committee recommends that at least once a year the board of directors take a position on the matters related to the board's performance of its responsibilities.	Complies.			Are determined in connection with the annual review of the rules of procedure of the board of directors.
2.1.2. The Committee recommends that at least once a year the board of directors take a position on the overall strategy of the company with a view to ensuring value creation in the company.	Complies.			The strategy of the company and the individual segments are discussed once a year in accordance with the rules of procedure of the board of directors.
2.1.3. The Committee recommends that the board of directors ensure that the company has a capital and share structure ensuring that the strategy and longterm value creation of the company are in the best interest of the shareholders and the company, and that the board of directors presents this in the management's review on the company's annual report and/or on the company's website.	Complies.			This has been accounted for in the annual report.
2.1.4. The Committee recommends that the board of directors annually review and approve guidelines for the executive management; this includes establishing requirements for the executive management on timely, accurate and adequate reporting to the board of directors.	Complies.			Requirements are established in the rules of procedures for the board of directors and the executive management.
2.1.5. The Committee recommends that at least once a year the board of directors discuss the composition of the executive management, as well as developments, risks and succession plans.	Complies.			Discussed in connection with the annual review of the executive management.
2.1.6. The Committee recommends that once a year the board of directors discuss the company's activities to ensure relevant diversity at		Complies partially.		Specific target figures have been set for the percentage of

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management levels, including setting specific goals and accounting for its objectives and progress made in achieving the objectives in the management's review on the company's annual report and/or on the website of the company.				<p>women in the board of directors.</p> <p>A policy has been formulated to increase the percentage of women at the other management levels. No specific target figures have been set up as this is not found appropriate at present.</p> <p>Progress and goals have been accounted for in the management's review in the annual report.</p>
<i>2.2. Corporate social responsibility</i>				
2.2.1. The Committee recommends that the board of directors adopt policies on corporate social responsibility.	Complies.			<p>The policies on corporate social responsibility are included in the company's Code of Conduct, the Corporate Policy and in the Occupational Health and Safety Policy. Corporate social responsibility has been accounted for in the management's review in the annual report.</p>
<i>2.3. Chairman and deputy chairman of the board of directors</i>				

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2.3.1. The Committee recommends appointing a deputy 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.	Complies.			
2.3.2. The Committee recommends ensuring that, if the board of directors, in exceptional cases, asks the chairman of the board of directors to perform special operating activities for the company, including briefly participating in the day-to-day management, a board resolution to that effect be passed to ensure that the board of directors maintains its independent, overall management and control function. Resolutions on the chairman's participation in day-to-day management and the expected duration hereof should be published in a company announcement.	Complies.			Will be complied with if relevant.
3. Composition and organisation of the board of directors				
<i>3.1. Composition</i>				
3.1.1. The Committee recommends that the board of directors annually accounts for <ul style="list-style-type: none"> • the skills it must have to best perform its tasks, • the composition of the board of directors, and • the special skills of each member. 	Complies.			A description of the skills of the board of directors has been published on the website of the company and in the annual report.
3.1.2. The Committee recommends that the selection and nomination of candidates for the board of directors be carried out through a thoroughly transparent process approved by the overall board of directors. When assessing its composition and nominating new candidates, the board of	Complies.			It is assessed on a regular basis if the composition of the board of directors is a reflection of the requirements

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directors must take into consideration the need for integration of new talent and diversity in relation to age, international experience and gender.				of the company, cf. the published description of skills. This and the diversity of the board of directors are taken into consideration at the nomination of new candidates.
<p>3.1.3. The Committee recommends that a description of the nominated candidates' qualifications, including information about the candidates'</p> <ul style="list-style-type: none"> • other executive functions, e.g. memberships in executive boards, boards of directors, and supervisory boards, including board committees in foreign enterprises, be accompanied by the notice convening the general meeting when election of members to the board of directors is on the agenda. • demanding organizational tasks, and information • about whether candidates to the board of directors are considered independent. 	Complies.			In so far as concerns renominated candidates, the notice convening the annual general meeting will refer to the information on this subject found in the annual report.
3.1.4. The Committee recommends that the company's articles of association stipulate a retirement age for members of the board of directors.	Complies.			It appears from the articles of association that board members cannot be elected or re-elected after they have attained the age of 70.
3.1.5. 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.	Complies.			

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<i>3.2. Independence of the board of directors</i>				
<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. To be considered independent, this person may not:</p> <ul style="list-style-type: none"> • be or within the past five years have been member of the executive committee, or senior staff member in the company, a subsidiary undertaking or an associate, • within the past five years, have received larger emoluments from the company/group, a subsidiary undertaking or an associate in another capacity than as member of the board of directors, • represent the interests of a controlling shareholder, • within the past year, have had significant business relations (e.g. personal or indirectly as partner or employee, shareholder, customer, supplier or member of the executive management in companies with corresponding connection) with the company, a subsidiary undertaking or an associate. • be or within the past three years have been employed or partner at the external auditor, • have been chief executive in a company holding cross-memberships with the company, • have been member of the board of directors for more than 12 years, or • have been close relatives with persons who are not considered independent. 	Complies.			Currently, four out of five members of the board of directors elected at the general meeting are independent, as stated in the annual report.
<i>3.3. Members of the board of directors and the number of other executive functions</i>				
3.3.1. The Committee recommends that each member of the board of	Complies.			The work of the board of

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<p>directors assesses the expected time commitment for each function in order that the member does not take on more functions than he/she can manage satisfactorily for the company.</p>				<p>directors, including the time commitment, is discussed at the annual review of the board of directors.</p>
<p>3.3.2. The Committee recommends that the management's review, 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 relevant person, • whether the member is considered independent, • the date of appointment to the board of directors of the member, • expiry of the current election period, • other executive functions, e.g. memberships in executive boards, boards of directors, and supervisory boards, including board committees in foreign enterprises and • demanding organizational tasks, and • the number of shares, options, warrants and similar in the company, and other group companies of the company, owned by the member, as well as changes in the portfolio of the member of the securities mentioned which have occurred during the financial year. 	Complies.			<p>The information is stated in the annual report.</p>
<p><i>3.4. Board committees</i></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 	Complies.			<p>The terms of reference are published on the website of the company. The number of meetings is informed in the annual report in addition to the recommended information</p>

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<ul style="list-style-type: none"> the names of the members of each committee, including the chairmen of the committees, as well as information on which members are independent members and which members have special qualifications. 				on the members of the committee.
3.4.2. The Committee recommends that a majority of the members of a board committee be independent.	Complies.			
3.4.3. The Committee recommends that the board of directors set up a formal <u>audit committee</u> composed such that <ul style="list-style-type: none"> the chairman of the board of directors is not chairman of the audit committee, and between them, the members should possess such expertise and experience as to provide an updated insight into and experience in the financial, accounting and audit aspects of companies whose shares are admitted to trading on a regulated market. 	Complies.			The deputy chairman of the board of directors is chairman of the audit committee.
3.4.4. The Committee recommends that, prior to the approval of the annual report and other financial reports, the audit committee monitors and reports to the board of directors about: <ul style="list-style-type: none"> significant accounting policies, significant accounting estimates, related party transactions, and uncertainties and risks, including in relation to the outlook for the current year. 	Complies.			
3.4.5. The Committee recommends that the audit committee: <ul style="list-style-type: none"> annually assesses the need for an internal audit, and in such case, makes recommendations on selecting, appointing and removing the 	Complies.			The audit committee has recommended, and the board of directors have decided that an internal audit shall not be

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<p>head of the internal audit function and on the budget of the internal audit function, and</p> <ul style="list-style-type: none"> monitors the executive management's follow-up on the conclusions and recommendations of the internal audit function. 				established.
<p>3.4.6. The Committee recommends that the board of directors establish a nomination committee chaired by the chairman of the board of directors with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> describe the qualifications required by the board of directors and the executive management, and for a specific membership, state the time expected to be spent on having to carry out the membership, as well as assess the competences, knowledge and experience of the two governing bodies combined, annually assess the structure, size, composition and results of the board of directors and the executive management, as well as recommend any changes to the board of directors, annually assess the competences, knowledge and experience of the individual members of management, and report to the board of directors in this respect, consider proposals from relevant persons, including shareholders and members of the board of directors and the executive management for candidates for the board of directors and the executive management, and propose an action plan to the board of directors on the future composition of the board of directors, including proposals for specific changes. 		Complies partially.		<p>The audit committee also undertakes the function as nomination committee. This means that the deputy chairman of the board of directors chairs the nomination committee, which is considered most appropriate.</p> <p>The management bodies and the individual members are assessed annually during the annual assessment of the board of directors after preparation. As the size of the board of directors is rather limited, this procedure is considered most appropriate for the company.</p>
<p>3.4.7. The Committee recommends that the board of directors establish a remuneration committee with at least the following preparatory tasks:</p>	Complies.			The audit committee also functions as remuneration committee.

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<ul style="list-style-type: none"> to recommend the remuneration policy (including the general guidelines for incentive-based remuneration) to the board of directors and the executive board for approval by the board of directors prior to approval by the general meeting, make proposals to the board of directors on remuneration for members of the board of directors and the executive board, as well as ensure that the remuneration is in compliance with the company's remuneration policy and the assessment of the performance of the persons concerned. The committee should have information about the total amount of remuneration that members of the board of directors and the executive board receive from other companies in the group, and recommend a remuneration policy applicable for the company in general. 				
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.	Complies.			Until now, the committee has not found it necessary to consult external advisers.
<i>3.5. Evaluation of the performance of the board of directors and the executive board</i>				
3.5.1. The Committee recommends that the board of directors establish an evaluation procedure where contributions and results of the board of directors and the individual members, as well as collaboration with the executive board are annually evaluated. Significant changes deriving from the evaluation should be included in the management commentary or on the company's website.	Complies.			The evaluation procedure is included in the annual report together with the conclusion of the evaluation.
3.5.2. The Committee recommends that in connection with preparation of the general meeting, the board of directors consider whether the	Complies.			The board of directors consists of five members. This is considered appropriate

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number of members is appropriate in relation to the requirements of the company. This should help ensure a constructive debate and an effective decision-making process in which all members are given the opportunity to participate actively.				for a constructive debate and an effective decision-making process.
3.5.3. The Committee recommends that at least once every year the board of directors evaluate the work and performance of the executive board in accordance with predefined clear criteria.	Complies.			The evaluation is carried out parallel with the evaluation of the board of directors in accordance with predefined clear criteria.
3.5.4. 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 formalized 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.	Complies.			The chairman and the general manager currently discuss the collaboration, also in connection with the evaluation of the work of the executive management, which is discussed in the board of directors.
4. Remuneration of management				
<i>4.1. Form and content of the remuneration policy</i>				
4.1.1. The Committee recommends that the board of directors prepare a clear and transparent remuneration policy for the board of directors and the executive board, including <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 	Complies.			The remuneration policy was approved at the annual general meeting on 29 January 2016.

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<p>remuneration, and</p> <ul style="list-style-type: none"> a description of the criteria on which the balance between the individual components of the remuneration is based. <p>The remuneration policy should be approved by the general meeting and published on the company's website.</p>				
<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 linkage be ensured between remuneration for governing body members, expected risks and the value creation for shareholders in the short and long terms, there be clarity about performance criteria and measurability for award of variable components, there be criteria ensuring that qualifying periods for variable components in remuneration agreements are longer than one calendar year, and an agreement is made which, in exceptional cases, entitles the company to reclaim in full or in part variable components of remuneration that were paid on the basis of data, which proved to be misstated. 	Complies.			The remuneration policy does not include variable components.
<p>4.1.3. The Committee recommends that remuneration of members of the board of directors does not include share options.</p>	Complies.			
<p>4.1.4. The Committee recommends that if share-based remuneration is provided, such programmes be established as roll-over programmes, i.e. the options are granted periodically and should have a maturity of at least</p>	Complies.			Not relevant.

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three years from the date of allocation.				
4.1.5. The Committee recommends that agreements on termination payments should not amount to more than two years' annual remuneration.	Complies.			
<i>4.2. Disclosure of the remuneration policy</i>				
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.	Complies.			
4.2.2. The Committee recommends that the proposed remuneration for the board of directors for the current financial year be approved by the shareholders at the general meeting.	Complies.			Proposed by the board of directors at the annual general meeting.
4.2.3. The Committee recommends that the total remuneration granted to each member of the board of directors and the executive board by the company and other companies in the group, including information on the most important contents of retention and retirement/resignation schemes, be disclosed in the annual report and that the linkage with the remuneration policy be explained.		Complies partially.		The remuneration granted to each member of the board of directors has been specified. The remuneration of the executive management has not been specified for each individual member as this is not found relevant.
5. Financial reporting, risk management and audits				
<i>5.1. Identification of risks and transparency about other relevant information</i>				

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5.1.1. The Committee recommends that the board of directors in the management commentary review and account for the most important strategic and business-related risks, risks in connection with the financial reporting as well as for the company's risk management.	Complies.			Accounted for in the annual report.
<i>5.2. Whistleblower scheme</i>				
5.2.1. The Committee recommends that the board of directors decide whether to establish a whistleblower scheme for expedient and confidential notification of possible or suspected wrongdoing.		Complies partially.		Aarsleff has established a whistleblower scheme for the Danish companies of the Group.
<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 and the board of directors, including that the board of directors and the audit committee at least once a year meet with the auditor without the executive board present. This also applies to the internal auditor, if any.	Complies.			The dialogue is ensured by the participation of the auditor in the meetings of the audit committee. Also, the auditor participates in the board meeting at which the annual report is adopted. In connection herewith the board of directors and the auditor meet without the executive management present.
5.3.2. The Committee recommends that the audit agreement and auditors' fee be agreed between the board of directors and the auditor on	Complies.			

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the basis of a recommendation from the audit committee.				