

INTERNAL GOVERNING DOCUMENTS

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INTERNAL GUIDELINE - THE GOVERNANCE GROUP AS (TGG)

1 GENERAL POLICY STATEMENT

August 10, 2020

These internal guidelines are adopted by The Governance Group AS (henceforth, TGG), to provide reasonable assurance that partners and staff members comply with the International Standard on Quality Control (ISQC) 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and that the firm's engagement reports are appropriate for the circumstances.

Elements of the quality control system

- Leadership responsibilities
- Ethics
- Acceptance and continuance of client relationships and specific engagements
- Human resources
- Engagement performance
- Monitoring

General roles and responsibilities

All TGG partners and staff share in the responsibilities for TGGs systems of quality control. The TGG managing partner holds ultimate authority and responsibility to the board of TGG.

TGG Code of Conduct

A key component of TGG's quality control systems is the TGG Code of Conduct. The code outlines TGG commitments in upholding the highest standard of integrity and ethics in all its work. The code defines values and standards that applies to all TGG staff, partners, sub-contractors and anyone acting on TGGs behalf.

See the guideline on "relevant ethical requirements" for further references to the [TGG Code of Conduct](#).

For day-to-day QA, TGG applies its Project Cycle Checklist to ensure implementation of the established governing principles.

Kristian R. Andersen

August 10, 2020

INTERNAL GUIDELINE - THE GOVERNANCE GROUP AS (TGG)

2 LEADERSHIP RESPONSIBILITIES

August 10, 2020

1 SCOPE

This guideline addresses leadership responsibilities for quality within TGG.

Managing partner (MP)

The TGG managing partner is ultimately responsible for the operation and efficiency of the quality control of all work performed by the different quality control leadership positions, as well as all work performed by TGG employees. The managing partner is further responsible for complaints and allegations in relation to TGGs internal operations and client engagements.

Quality control reviewer (QCR)

The quality control reviewer is responsible for quality control functions in relation to TGGs client engagements.

Ethics conduct officer (EO)

The ethics leader/conduct officer is responsible for promoting initiatives relating to the TGG Code of Conduct. The ethics leader shall be informed and is the one to consult on all matters regarding conflicts of interest, independence, privacy and confidentiality.

Human resources (HR)

The Human resources representative is responsible for all human resources functions within TGGs operations, including maintenance of TGGs HR policies, recruitment and resignation procedures and professional training and development.

2 ROLES

Managing Partner (MP)

3 RESPONSIBILITIES

The MP is responsible to TGG's board for ensuring that the INTERNAL GUIDELINES are up to date at any given point in time. The MP is to ensure that all permanent staff members of TGG have job descriptions and are aware of the current Internal Guidelines.

4 REPORTING

The MP is to report to the board in cases where significant breaches to the INTERNAL GUIDELINE – Leadership Responsibilities have been uncovered.

INTERNAL GUIDELINE - THE GOVERNANCE GROUP AS (TGG)

3 ETHICS

August 10, 2020

1 SCOPE

This guideline covers principles and procedures for assuring that TGG complies with relevant ethical requirements. All TGG partners and staff are expected to follow the TGG Code of Conduct.

The appointed ethics conduct officer is responsible for promoting initiatives concerning the Code of Conduct.

TGG Managing partner and other partners are jointly expected to express a positive tone from the top regarding TGG's Code of Conduct and express encouragement towards initiatives relating to ethical requirements. In recruitment processes, new employees and affiliates shall be provided a copy of the TGG Code of Conduct.

The updated TGG Code of Conduct can be found [here](#). The Code of Conduct shall be reviewed annually as part of the mandatory AGM.

Behaviour by TGG employees or partners that is in conflict with the standards and values reflected in the TGG Code of Conduct shall be reported to the ethics officer or directly to the TGG managing partner in a way that protects the integrity and well-being of the reporter.

Independence. TGG partners and all staff shall exhibit independence in relation to all clients and engagements. Appropriate safeguards shall be in place so that the risk of threats to independence is reduced to an acceptable level. TGG employees shall withdraw (if possible) from relations or engagements where the threat to independence cannot be reduced to an acceptable level. Threats to independence shall be reported to the ethics leader/conduct officer and the TGG managing partner.

2 ROLES

Ethics officer (EO)

Managing Partner (MP)

3 RESPONSIBILITIES

All employees including partners of TGG are to adhere to the established Code of Conduct.

4 REPORTING

Any employee of TGG uncovering breaches of the Code of Conduct is to report to the EO. The EO is then mandated to raise the case with the MP, and if the MP is involved in the breach, the TGG board chairperson is to be notified.

INTERNAL GUIDELINE - THE GOVERNANCE GROUP AS (TGG)

4 MANAGEMENT OF CLIENT RELATIONSHIPS INCLUDING SPECIFIC ENGAGEMENTS

August 10, 2020

1 SCOPE

This guideline covers the principles and procedures for the acceptance and continuance of client relationships and specific engagements.

The aim of this guideline is to provide TGG with reasonable assurance that TGG, in relation to new and ongoing engagements, is in possession of the relevant and necessary competence, complies with ethical requirements and have considered client integrity.

TGG shall, prior to:

- acceptance of any new clients;
- accepting of new engagements by existing clients;
- deciding on the continuance of an existing client engagement;

assemble relevant and necessary information and conduct a thorough review process on the risk profile of the engagement.

Elements of risk to be considered in the assessment include ethical risk, client independence, conflicts of interest, financial risk and risk in relation to the client's compliance with relevant professional, regulatory, and legal requirements and standards.

The role of the engagement partner is always filled by a TGG partner. The engagement partner, in cooperation with the TGG managing partner, shall make the final decision to accept or continue an engagement. Final client approval is dependent on approval by the TGG managing partner.

In the event of conflicts of interest related to new or continuing engagements, the engagement partner in cooperation with the TGG managing partner will determine whether the engagement is to be accepted. If the engagement is accepted, the engagement partner in cooperation with the TGG managing partner shall disclose to the TGG partners how the conflict of interest was resolved.

For long term client engagements, TGG shall conduct an annual reassessment of whether the client shall continue to be served by TGG. The decision to continue client relationships and specific engagements is dependent on approval by the TGG managing partner.

For every acceptance or re-acceptance of a client engagement, the TGG partners in unison shall assess whether TGG possesses the necessary staff competence (knowledge of the industry and regulatory/reporting requirements) and availability to take on the engagement.

2 ROLES

Managing Partner (MP)

TGG Partners (TP)

3 RESPONSIBILITIES

TPs are to involve the MP in any proposals to establish new client relationships. The MP is to prioritise due considerations of such proposals. The risk identification and assessment of conflict of interest before accepting new clients or engagements are to be documented and filed in the client folder. The TP are responsible for ensuring such documentation. The MP shall initialize annual reviews of the client portfolios.

4 REPORTING

TPs are to report any conflicts of interests that may appear to the MP. The MP shall annual report to the board on the review of the firm's portfolio, potential conflicts of interest and competency challenges.

INTERNAL GUIDELINE - THE GOVERNANCE GROUP AS (TGG)

5 ENGAGEMENT PERFORMANCE

August 10, 2020

1 SCOPE

This guideline covers the principles and procedures for managing and monitoring the performance of engagements. TGG is committed to ensure high performance on client engagements, consistently and according to professional standards and regulatory and legal requirements.

The Quality control reviewer (QCR) is responsible for quality control functions in relation to TGGs client engagements, such as:

- Documenting the client engagement processes.
- Being updated on any changes in professional standards.
- Ensuring that all employees are updated on the policies on engagement performance.
- Performing engagement quality control reviews if deemed necessary by the TGG managing partner.

During any client engagement, all TGG employees are expected to adhere to TGGs engagement performance policy and ethical policies (Code of Conduct and ethical requirements policy). TGG employees are expected to perform timely and efficiently, in alignment with professional standards and TGG expectations on integrity and independence. TGG employees are expected to document their work sufficiently and appropriately.

Consultation. To ensure that all engagements are performed according to high standards of quality, internal consultation among the engagement team members is conducted regularly with the aim of improving the quality of engagement performance.

Differences of opinion. All TGG partners and staff shall exercise objectivity and reasonableness in the event of any conflict of interest. All TGG partners and shall take steps necessary to avoid and resolve any conflicts of interests in a professional and respectful manner. If conflicts cannot be resolved by the respective employee, the Quality Control Reviewer and the TGG managing partner shall be consulted and the process documented.

Engagement delivery quality control. All engagement deliveries are to be subject to a quality control prior to being shared with the client. Deliveries include: Presentations and written documents in any form or shape – except short emails for clarification purpose or scheduling of practicalities. The Quality Control Reviewer will conduct a suitable control if deemed necessary by the TGG engagement partner (the partner in charge of each project), including:

- 1) The tender has been submitted in the right format and includes the needed sign-offs;
- 2) The signed contract is stored in the project's PM folder (under PROJECTS in TGG sharepoint);

- 3) The project has been entered into the TGG project database with all information provided in the Project Overview document to be found in the folder The Governance Group AS - Documents\6. STRATEGY, SALES AND FINANCE\PROJECT OVERVIEW
- 4) The project folder (under PROJECTS in TGG sharepoint) contains all relevant documents such as drafts (dated YYYY-MM-DD) reference documents and relevant documentation of the client's processes, principles and reports reviewed
- 5) Prior to submitting substantial written deliveries to the client, the document has been subject to peer review by a TGG staff member who is not part of the project team. Feedback to be stored in the project folder.
- 6) The final deliveries to the client are stored in the top folder – all other documents are stored in sub-folders
- 7) Upon the final delivery to the client, the engagement partner will facilitate a project debrief. All team members will be asked to prepare at least two positive and negative lessons learnt take-aways concerning the project process. Frankness is highly appreciated – but most always be constructive.
The engagement partner is responsible for procuring a tasty chocolate cake to be consumed during the debrief and to summarise the points discussed to enhance future project deliveries. These points are to be presented in the following weekly staff meeting.

The above seven factors are to be part of the project management check list.

Engagement integrity control review

All engagement processes are subject to an engagement integrity control review if certain criteria apply. These criteria include: threats to integrity and independence, whether the general public and significant stakeholders has a justified interest in the engagement (third party impact) and whether the risk of the engagement has increased over the engagement period. The Quality Control Reviewer will conduct a suitable review if deemed necessary by the TGG managing partner.

2 ROLES

- Quality Control Reviewer (QCR) – may also be named for each engagement, an individual not key part of the engagement team
- Engagement partner (project manager)
- Managing Partner (MP)

3 RESPONSIBILITIES

The QCR is to keep the documentation process and the compliance with professional standards on a file. The QCR is to perform compliance checks of the internal guidelines at least annually.

4 REPORTING

The QCR reports to the engagement partner, which reports to the MP. In case of grave non-compliance with the quality guidelines, the MP is to report to the board in a timely fashion.

INTERNAL GUIDELINE - THE GOVERNANCE GROUP AS (TGG)

6 HUMAN RESOURCES

August 10, 2020

1 SCOPE

This guideline covers the principles and procedures for managing human resources.

The aim of this guideline is to provide TGG with reasonable assurance that TGG employees perform engagements in accordance with professional standards and legal requirements and that the firm or engagement partners issue appropriate reports.

The Human resources representative (HR) is responsible for all matters relating to TGG personnel. Recruitment. TGG has established recruitment standards for advisors/associates. TGG recruit full time staff to TGG's core team from both entry and experienced level, affiliated experts at experienced level and interns at university level. New recruits will be provided with TGGs Code of Conduct and other relevant informational material.

Choice of engagement team. The engagement partner shall be a TGG partner or advisor/associate. The engagement partner, in consultation with the TGG managing partner is responsible for assigning staff to the engagement team for each engagement. The engagement partners and the dedicated team for each engagement is chosen based on factors such as:

- Engagement size, length, complexity and risk profile.
- Client continuity.
- Staff knowledge on the engagement such as industry characteristics and relevant professional standards involved.
- Availability of staff.
- Opportunities for knowledge sharing and training of less experienced staff by more experienced staff.

Training and professional development. Training and development of staff on relevant standards is carried out continuously. TGG partners shall regularly assess the demand and necessity for further staff knowledge on standards and industries. Employee participation in any external professional development and training courses must be approved by HR and the TGG managing partner. TGG employees bear the ultimate responsibility for keeping track of their own professional development records.

Staff capabilities, performance and evaluation. Employee competence and performance is evaluated qualitatively and quantitatively and is communicated to the employee on a half-yearly basis. Minimum one TGG partner is to be present at the employee meetings, where topics for discussion includes the employee's goals, objectives, motivation and well-being. Meetings concerning TGG partners' performance are to be attended by the TGG managing partner.

Advancement. Advancement within the firm is controlled by the TGG managing partner, subject to recommendations by TGG partners. Decisions on ownership are made by the TGG managing partner, subject to approval by the TGG board.

2 ROLES

Human resources representative (HR)
Managing Partner (MP)
TGG Partners
TGG Board

3 RESPONSIBILITIES

The HR is to keep all records of matters relating to human resources in the digital filing system guarded by access control. Only partners and HR are to have access to this folder. MP is responsible for assessing staffing needs and resources available for ensuring the work environment on a continuous basis. TGG partners are to identify needs that materializes while leading project work. HR is to ensure a dialogue with employees and raise challenges with the MP. The MP is responsible for establishing and reviewing the remuneration policies annually, in dialogue with TGG partners. The board is to hold the MP responsible for human resources management.

4 REPORTING

HR report physical and social challenges in the work environment to the MP, while the partners are to hold the MP up to date on training and expert needs. The board shall annually receive a brief of the remuneration policy, staffing plans and its link with the strategy.

INTERNAL GUIDELINE - THE GOVERNANCE GROUP AS (TGG)

7 MONITORING

August 10, 2020

1 SCOPE

This guideline covers the monitoring process of the firm's quality control policies and procedures.

By conducting interviews, tests, inspections and other initiatives, the TGG quality control reviewer (QCR) is responsible for ensuring that the Internal guidelines ensures efficient quality control.

The TGG quality control reviewer shall continuously integrate results from quality control reviews and information from other informal sources into the TGG quality control policies and procedures to ensure that the procedures and policies are updated and efficient.

TGGs quality control procedures shall be reviewed annually by the TGG quality control reviewer. The efficiency of the control elements in the different areas covered by the Internal guideline (leadership responsibilities for quality within the firm, relevant ethical requirements, acceptance and continuance of client relationships and specific engagements, human resources, engagement performance and monitoring) shall be assessed with regards to the requirements put forth in the International Standards on Quality Control (ISQC1).

Deficiencies in the monitoring procedures that may result in failure to meet quality standards shall be reported by the quality control reviewer or other TGG employees to the TGG managing partner and acted upon immediately.

The human resources representative (HR) is responsible for determining whether there is a need for updating employee training and development could sufficiently address deficiencies in the monitoring procedures.

2 ROLES

Quality Control Reviewer (QCR)

Human resources representative (HR)

Managing Partner (MP)

3 RESPONSIBILITIES

The QCR is responsible for keep the guidelines up to date and available in a central depository accessible for all. Furthermore, the QCR is to conduct sample assessments of HR, client engagement processes and adherence by all parties to the Code of Conduct. The HR is to ensure that all permanent and project staff are made aware of the guidelines upon joining TGG. The MP is responsible for overseeing QCR and HR.

4 REPORTING

In case QCR or HR uncovers irrelevance of or non-compliance with the internal guidelines, the MP is to be notified. The board shall receive an annual brief by the MP on any significant challenges with implementing the guidelines.