

EGMONT CORPORATE GOVERNANCE REPORT 2022

The Board of Trustees of Egmont Fonden has described Egmont's Corporate Governance policy based on the latest recommendations of the Danish Committee on Corporate Governance from December 2020. The description follows below and is given in connection with Egmont's Annual Report for the financial year 2022. The description is given in addition to Egmont Fonden's Statutory Report on Foundation Governance.

1. Interaction with the company's shareholders, investors and other stakeholders

1.1. Communication with the company's shareholders, investors and other stakeholders

1.1.1. The Committee recommends that the management through ongoing dialogue and interaction ensures that shareholders, investors and other stakeholders gain the relevant insight into the company's affairs, and that the board of directors obtains the possibility of hearing and including their views in its work.

1.1.2. The Committee recommends that the company adopts policies on the company's relationships with its shareholders, investors and if relevant other stakeholders in order to ensure that the various interests are included in the company's considerations and that such policies are made available on the company's website.

1.1.3. The Committee recommends that the company publishes quarterly reports.

Egmont Fonden is the parent entity of the Egmont Group.

The Board of Trustees is the company's supreme governing body and, together with the Management Board, protects the interests of Egmont Fonden according to the Foundation's Charter which is available at www.egmontfonden.dk.

Egmont Fonden is subject to supervision by the Danish Business Authority. The foundation engages in dialogue with the Danish Business Authority as necessary regarding matters dealt with in the Charter that may require the approval of the supervisory authority but the Group has no shareholders. Egmont Fonden's primary commercial activities are defined in the Charter.

Ongoing efforts are made to safeguard and develop relations with the Group's many stakeholders. Egmont has a Communication Strategy which, among other things, identifies Egmont's key stakeholders and their main interests in relation to the Group. Egmont also has a public affairs strategy for the charitable activities to ensure transparency in according with principles approved by the Board of Trustees.

The Egmont Group has media companies in many countries and operates various forms of media activity. Each company publishes a range of media products and independent brands with their own profile. The companies communicate individually with their relevant markets and stakeholders.

At corporate level, Egmont informs stakeholders about important events via the Group's website and press releases.

Annual reports are prepared in English. Press releases in connection with the publication of financial statements are prepared in Danish, English, Norwegian and Swedish.

As the Group has no shareholders, it does not publish quarterly reports.

1.2. The general meeting

1.2.1. The Committee recommends that the board of directors organises the company's general meeting in a manner that allows shareholders, who are unable to attend the meeting in person or are represented by proxy at the general meeting, to vote and raise questions to the management prior to or at the general meeting. The Committee recommends that the board of directors ensures that shareholders can observe the general meeting via webcast or other digital transmission.

1.2.2. The Committee recommends that proxies and postal votes to be used at the general meeting enable the shareholders to consider each individual item on the agenda.

The Group's parent entity, Egmont Fonden, has no shareholders, but is subject to supervision by the Danish Business Authority. Egmont Fonden holds annual meetings, cf. the Charter. Egmont International Holding A/S has a single shareholder, Egmont Fonden, which participates actively in general meetings.

Egmont is not listed.

1.3. Takeover bids

1.3.1. The Committee recommends that the company has a procedure in place in the event of takeover bids, containing a "road map" covering matters for the board of directors to consider in the event of a takeover bid, or if the board of directors obtains reasonable grounds to suspect that a takeover bid may be submitted. In addition, it is recommended that it appears from the procedure that the board of directors abstains from countering any takeover bids by taking actions that seek to prevent the shareholders from deciding on the takeover bid, without the approval of the general meeting.

The recommendations are not relevant for Egmont owing to its structural organization with Egmont Fonden as the parent entity, whose dual purpose is to carry on commercial and charitable activities.

The Charter stipulates that without the approval of the supervising authority, i.e. the Danish Business Authority, the Board of Trustees of Egmont Fonden cannot engage in transactions entailing the surrender or significant reduction of the foundation's proportionate share of equity investments or of the controlling interest in a company taking an essential part in the Foundation's overall commercial activities.

1.4. Corporate Social Responsibility

1.4.1. The Committee recommends that the board of directors adopts a policy for the company's corporate social responsibility, including social responsibility and sustainability, and that the policy is available in the management commentary and/or on the company's website. The Committee recommends that the board of directors ensures compliance with the policy.

1.4.2. The Committee recommends that the board of directors adopts a tax policy to be made available on the company's website.

In his will, Egmont's founder, Egmont Harald Petersen, declared that a portion of the company's profits should be spent on improving the life quality of children and young people. Since 1920 Egmont has supported social, cultural and health initiatives.

Egmont is a signatory participant of UN Global Compact which constitutes the frame for Egmont's policies on corporate social responsibility, including the Group's Code of Conduct that defines standards in four areas: human rights, working conditions, anti-corruption and the environment. Egmont's Code of Conduct can be read in its entirety at www.egmont.com. Egmont continues to take responsibility for the society it is part of and has during 2021 worked to identify and address its climate and environmental impact and take steps towards a more sustainable business.

Egmont describes its specific social compliance, environmental and sustainability initiatives and policies in more detail in the Sustainability Report (UN Global Compact Communication on Progress) which is available on Egmont's website. The Sustainability Report also includes Egmont's climate account and a description of Egmont's people strategy and outcome of employee engagement surveys.

Egmont's Board of Trustees has adopted a tax policy which is available on Egmont's website.

2. The duties and responsibilities of the board of directors

2.1. Overall tasks and responsibilities

2.1.1. The Committee recommends that the board of directors in support of the company's statutory objects according to its articles of association and the long-term value creation considers the company's purpose and ensures and promotes a good culture and sound values in the company. The company should provide an account thereof in the management commentary and/or on the company's website.

2.1.2. The Committee recommends that the board of directors at least once a year discusses and on a regular basis follows up on the company's overall strategic targets in order to ensure the value creation in the company.

Egmont Fonden is the sole shareholder of Egmont International Holding A/S, which carries on the Group's commercial media activities that are not conducted through Egmont Fonden. In addition, the foundation wholly owns a number of real estate companies. Egmont Fonden and Egmont International Holding A/S have the same Board of Trustees/Directors and Management Board.

Once a year, the Board defines its most important tasks and decides on an annual meeting and working plan.

The Board of Trustees continuously discusses strategies for Egmont's various business areas. At least once a year the Board of Trustees reviews and updates the company's overall strategy, including ensuring that the necessary financial resources are in place. The Board of Egmont Fonden and Egmont International Holding A/S holds six ordinary board meetings a year plus an annual strategy meeting. Egmont Fonden also holds an annual meeting at which the annual report is presented. Extraordinary board meetings are held on an ad hoc basis.

In its "Scale up and Stand Out" strategy Egmont has set out its long-term ambitions towards 2025. Details of the strategy are available on Egmont's website.

2.1.3. The Committee recommends that the board of directors on a continuously basis takes steps to examine whether the company's share and capital structure supports the strategy and the long-term value creation in the interest of the company as well as the shareholders. The Committee recommends that the company gives an account thereof in the management commentary.

At least once a year the Board of Trustees and Management Board assess whether the Group's capital structure and capital resources are sufficient to achieve its long-term strategic goals.

2.1.4. The Committee recommends that the board of directors prepares and on an annual basis reviews guidelines for the executive management, including requirements in respect of the reporting to the board of directors.

The Board of Trustees has defined requirements for the financial and managerial control of the company in the rules of procedure for the Board of Trustees and Management Board as well as in special audit instructions. The rules of procedure for the Board of Trustees are reviewed annually.

The Board of Trustees supervises the work of the Management Board and has issued guidelines for the Management Board which are reviewed annually. The Management Board currently reports to the Board of Trustees on the development within the most important areas of risk and risk management, compliance, financial performance and material business matters and the Board on that basis regularly discusses these issues at its meetings.

2.2. Members of the board of directors

2.2.1. The Committee recommends that the board of directors, in addition to a chairperson, appoints a vice chairperson, who can step in if the chairperson is absent and who can generally act as the chairperson's close sparring partner.

2.2.2. The Committee recommends that the chairperson in cooperation with the individual members of the board of directors ensures that the members up-date and supplement their knowledge of relevant matters, and that the members' special knowledge and qualifications are applied in the best possible manner.

2.2.3. The Committee recommends that if the board of directors, in exceptional cases, requests a member of the board of directors to take on special duties for the company, for instance, for a short period to take part in the daily management of the company, the board of directors should approve this in order to ensure that the board of directors maintains its independent overall management and control function. It is recommended that the company publishes any decision on allowing a member of the board of directors to take part in the daily management, including the expected duration thereof.

The chairmanship of the Board of Trustees consists of a chairman and a vice chairman as set out in the Charter. The Board of Trustees has described the work of the board members and the chairmanship in the rules of procedure for the Board. Where relevant, the Board of Trustees will get updates from internal or external experts to update their knowledge on relevant matters and board members regularly share experience with Egmont businesses on matters where they have special qualifications.

Neither the chairman of the Board of Trustees nor other board members has participated in the day-to-day management or performed special tasks for the company.

3. The composition, organisation and evaluation of the board of directors

3.1. Composition

3.1.1. The Committee recommends that the board of directors on an annual basis reviews and in the management commentary and/or on the company's website states

- which qualifications the board of directors should possess, collectively and individually, in order to perform its duties in the best possible manner, and*
- the composition of and diversity on the board of directors*

3.1.2. The Committee recommends that the board of directors on an annual basis discusses the company's activities in order to ensure relevant diversity at the different management levels of the company and adopts a diversity policy, which is included in the management commentary and/or available on the company's website.

3.1.3. The committee recommends that candidates for the board of directors are recruited based on a thorough process approved by the board of directors. The Committee recommends that in assessing candidates for the board of directors – in addition to individual competencies and qualifications – the need for continuity, renewal and diversity is also considered.

During 2021, the Board of Trustees of Egmont Fonden has had six members appointed according to the Charter as well as three employee-elected members. The Charter states that the Board of Trustees must consist of 6-8 members appointed on the basis of the Charter.

Egmont's Charter establishes criteria for members of the Board of Trustees of Egmont Fonden. It is a requirement that a board member appointed in accordance with the Charter is not an employee of an Egmont company. The Board uses relevant external sources, in particular recruitment agencies to help identify board candidates. When nominating a new board member in accordance with the Charter, the Board must specify the qualifications and personal profile required and these are also overall described in the annual report.

The Board of Trustees has adopted a Policy on the Gender Composition in Management and a target for the proportion of the underrepresented gender on the Board of Trustees. The Policy and target are mentioned in the annual report for 2022 and are a part of Egmont's Sustainability Report, which is available on Egmont's website. Egmont has one female member of the boards of Egmont Fonden and Egmont International Holding A/S. Egmont aims to have at least two female members on the Board of Trustees appointed on the basis of the charter no later than by 2024.

Egmont aims at being a company that is considered an attractive workplace in which both men and women consider that they have equal and fair opportunities to be promoted and where their competencies can be used best possibly despite gender. Employment in Egmont is based on qualifications and is offered without consideration to, exclusion of or preferences based on gender, nationality, religion or other similar characteristics.

The Board of Trustees appoints its own members, cf. Egmont Fonden's Charter.

Egmont has not adopted a group wide diversity policy but many of its businesses work actively with diversity in relation to its relevant business area in order to ensure a diverse workforce not only in relation to gender, but also in relation to any other social identity, including culture, education, ethnicity, age and other abilities and beliefs.

Egmont Fonden's Charter determines that Board members shall be elected for a four-year term and can be re-elected for a maximum of two additional four-year terms by a majority of the

Board members. This follows the recommendations for commercial foundations. The member shall then resign from the Board, unless the other Board members unanimously encourage the resigning Board member to continue for a maximum of two additional two-year terms. Notwithstanding the above, Board members must resign after expiry of the financial year in which the board member in question turns 70.

The year when each board member joined the Board is stated in the annual report.

3.1.4. The Committee recommends that the notice convening general meetings, where election of members to the board of directors is on the agenda - in addition to the statutory items - also includes a description of the proposed candidates'

- *qualifications,*
- *other managerial duties in commercial undertakings, including board committees,*
- *demanding organisational assignments and*
- *independence*

3.1.5. The Committee recommends that members to the board of directors elected by the general meeting stand for election every year at the annual general meeting, and that the members are nominated and elected individually.

The Group has no shareholders and does not convene general meetings but holds annual meetings in accordance with the Charter.

3.2. The board of director's independence

3.2.1. The Committee recommends that at least half of the members of the board of directors elected in general meeting are independent in order for the board of directors to be able to act independently avoiding conflicts of interests.

In order to be independent, the member in question may not:

- *be or within the past five years have been a member of the executive management or an executive employee in the company, a subsidiary or a group company,*
- *within the past five years have received large emoluments from the company/group, a subsidiary or a group company in another capacity than as member of the board of directors,*
- *represent or be associated with a controlling shareholder,*
- *within the past year have had a business relationship (e.g. personally or indirectly as a partner or an employee, shareholder, customer, supplier or member of a governing body in companies with similar relations) with the company, a subsidiary or a group company, which is significant for the company and/or the business relationship,*
- *be or within the past three years have been employed with or a partner in the same company as the company's auditor elected in general meeting,*

- *be a CEO in a company with cross-memberships in the company's management,*
- *have been a member of the board of directors for more than twelve years, or*
- *be closely related to persons, who are not independent, cf. the above-stated criteria.*
- *Even if a member of the board of directors does not fall within the above-stated criteria, the board of directors may for other reasons decide that the member in question is not independent.*

3.2.2. The Committee recommends that members of the executive management are not members of the board of directors and that members retiring from the executive management does not join the board of directors immediately thereafter.

All six members of the Board of Trustees of Egmont Fonden who are elected according to the Charter are considered independent on the basis of the criteria set out above.

The management board members are not also members of the board of Egmont Fonden or Egmont International Holding A/S.

3.3. Members of the board of directors and the number of other managerial duties

3.3.1. The Committee recommends that the board of directors and each of the members on the board of directors, in connection with the annual evaluation, cf. recommendation 3.5.1., assesses how much time is required to perform the board duties. The aim is for the individual member of the board of directors not to take on more managerial duties than the board member in question is able to perform in a satisfactory manner.

Board members are required to assess the expected time commitment for their functions in Egmont. The occupations and other executive functions of board members are disclosed in the annual report together with an overview of each member's participation in board meetings.

The Board of Trustees takes this into overall consideration when considering new board member candidates.

3.3.2. The Committee recommends that the management commentary, in addition to the statutory requirements, contains the following information on the individual members of the board of directors:

- *position, age and gender,*
- *competencies and qualifications relevant to the company,*
- *independence,*
- *year of joining the board of directors,*
- *year of expiry of the current election period,*
- *participation in meetings of the board of directors and committee meetings,*
- *managerial duties in other commercial undertakings, including board committees, and demanding organisational assignments, and*
- *the number of shares, options, warrants, etc. that the member holds in the company and its group companies and any changes in such holdings during the financial year.*

The composition of the Board of Trustees and Management Board is published on Egmont's website and in the annual report and includes detailed information about each member.

3.4. Board committees

3.4.1. The Committee recommends that the management describes in the management commentary:

- *the board committees' most significant activities and number of meetings in the past year, and*
- *the members on the individual board committees, including the chairperson and the independence of the members of the committee in question.*

In addition, it is recommended that the board committees' terms of reference are published on the company's website.

3.4.2. The Committee recommends that board committees solely consist of members of the board of directors and that the majority of the members of the board committees are independent.

3.4.3. The Committee recommends that the board of directors establishes an audit committee and appoints a chairperson of the audit committee, who is not the chairperson of the board of directors. The Committee recommends that the audit committee, in addition to its statutory duties, assists the board of directors in:

- *supervising the correctness of the published financial information, including accounting practices in significant areas, significant accounting estimates and related party transactions,*
- *reviewing internal control and risk areas in order to ensure management of significant risks, including in relation to the announced financial outlook,*
- *assessing the need for internal audit,*
- *performing the evaluation of the auditor elected by the general meeting,*
- *reviewing the auditor fee for the auditor elected by the general meeting,*
- *supervising the scope of the non-audit services performed by the auditor elected by the general meeting, and*
- *ensuring regular interaction between the auditor elected by the general meeting and the board of directors, for instance, that the board of directors and the audit committee at least once a year meet with the auditor without the executive management being present.*

If the board of directors, based on a recommendation from the audit committee, decides to set up an internal audit function, the audit committee must:

- *prepare terms of reference and recommendations on the nomination, employment and dismissal of the head of the internal audit function and on the budget for the*

department,

- *ensure that the internal audit function has sufficient resources and competencies to perform its role, and*
- *supervise the executive management's follow-up on the conclusions and recommendations of the internal audit function.*

3.4.4. The Committee recommends that the board of directors establishes a nomination committee to perform at least the following preparatory tasks:

- *describing the required qualifications for a given member of the board of directors and the executive management, the estimated time required for performing the duties of this member of the board of directors and the competencies, knowledge and experience that is or should be represented in the two management bodies,*
- *on an annual basis evaluating the board of directors and the executive management's structure, size, composition and results and preparing recommendations for the board of directors for any changes,*
- *in cooperation with the chairperson handling the annual evaluation of the board of directors and assessing the individual management members' competencies, knowledge, experience.*
- *and succession as well as reporting on it to the board of directors,*
- *handling the recruitment of new members to the board of directors and the executive management and nominating candidates for the board of directors' approval,*
- *ensuring that a succession plan for the executive management is in place,*
- *supervising executive managements' policy for the engagement of executive employees, and*
- *supervising the preparation of a diversity policy for the board of directors' approval.*

3.4.5. The Committee recommends that the board of directors establishes a remuneration committee to perform at least the following preparatory tasks:

- *preparing a draft remuneration policy for the board of directors' approval prior to the presentation at the general meeting,*
- *providing a proposal to the board of directors on the remuneration of the members of the executive management,*
- *providing a proposal to the board of directors on the remuneration of the board of directors prior to the presentation at the general meeting,*
- *ensuring that the management's actual remuneration complies with the company's remuneration policy and the evaluation of the individual member's performance, and*
- *assisting in the preparation of the annual remuneration report for the board of directors' approval prior to the presentation for the general meeting's advisory vote.*

Egmont's Board of Trustees has not established any specific committees or terms of reference relating to committee tasks. All members of the Board of Trustees are considered to perform the tasks with which an audit committee can be charged.

Board members appointed under the Charter handle the tasks related to the nomination of new board members, cf. the Charter provisions regarding the appointment of board members.

The chairman and vice chairman jointly perform the tasks recommended for a remuneration committee, and prepare proposals on remuneration for approval by the Board of Trustees.

In accordance with the Charter provisions, the Board of Trustees has appointed a funding and grant committee (FGC) related to the charitable grants. In 2022, FGC had two members, who are both elected to the Board of Trustees on the basis of the Charter and both considered independent on the basis of the above criteria.

The Board of Trustees has decided not to establish an internal audit function but considers this once a year in accordance with its annual plan.

Egmont's auditors participate twice a year in board meetings and on additional occasions as required.

The Board of Trustees and the auditor hold a meeting once a year without the presence of the Management Board.

The Board of Trustees of Egmont Fonden has formulated audit instructions defining the requirements for the auditor's work. The Board reviews and approves the audit plan as well as the fee.

3.5. Evaluation of the performance of the board of directors and the executive board

3.5.1. The Committee recommends that the board of directors once a year evaluates the board of directors and at least every three years engages external assistance in the evaluation. The Committee recommends that the evaluation focuses on the recommendations on the board of directors' work, efficiency, composition and organisation, cf. recommendations 3.1.-3.4. above, and that the evaluation as a minimum always includes the following topics:

- the composition of the board of directors with focus on competencies and diversity*
- the board of directors and the individual member's contribution and results,*
- the cooperation on the board of directors and between the board of directors and the executive management,*
- the chairperson's leadership of the board of directors,*
- the committee structure and the work in the committees,*
- the organisation of the work of the board of directors and the quality of the material provided to the board of directors, and*
- the board members' preparation for and active participation in the meetings of the board of directors.*

3.5.2. The Committee recommends that the entire board of directors discusses the result of the evaluation of the board of directors and that the procedure for the evaluation and the general conclusions of the evaluation are described in the management commentary, on the company's website and at the company's general meeting.

3.5.3. The Committee recommends that the board of directors at least once a year evaluates the work and results of the executive management according to pre-established criteria, and that the chairperson reviews the evaluation together with the executive management. In addition, the board of directors should on a continuous basis assess the need for changes in the structure and composition of the executive management, including in respect of diversity, succession planning and risks, in light of the company's strategy.

The Board of Trustees discusses the composition of the Management Board and succession plans etc. once a year.

The Board of Trustees (led by the chairman) conducts an annual evaluation of the work of and cooperation between the Board of Trustees and Management Board. The evaluation is conducted by the chairman or the chairmanship, however in some years the evaluation is carried out with the assistance of an external consultant. The outcome of the evaluation process and recommendations from the process are discussed at a Board meeting and relevant changes implemented into the Board's work.

The Charter stipulates the number of board members to be appointed according to the Charter. Additional employee-elected board members are appointed in accordance with applicable legislation. The most recent employee election to the board was in 2023, where three employees were elected to the board for a four-year period.

4. Remuneration of management

4.1. Remuneration of the board of directors and the executive management

4.1.1. The Committee recommends that the remuneration for the board of directors and the executive management and the other terms of employment/service is considered competitive and consistent with the company's long-term shareholder interests.

4.1.2. The Committee recommends that share-based incentive schemes are revolving, i.e. that they are periodically granted, and that they primarily consist of long-term schemes with a vesting or maturity period of at least three years.

4.1.3. The Committee recommends that the variable part of the remuneration has a cap at the time of grant, and that there is transparency in respect of the potential value at the time of exercise under pessimistic, expected and optimistic scenarios.

4.1.4. The Committee recommends that the overall value of the remuneration for the notice period, including severance payment, in connection with a member of the executive management's departure, does not exceed two years' remuneration including all remuneration elements.

4.1.5. The Committee recommends that members of the board of directors are not remunerated with share options and warrants.

4.1.6. The Committee recommends that the company has the option to reclaim, in whole or in part, variable remuneration from the board of directors and the executive management if the remuneration granted, earned or paid was based on information, which subsequently proves to

be incorrect, or if the recipient acted in bad faith in respect of other matters, which implied payment of a too large variable remuneration.

Egmont does not publish a remuneration policy on the company's website.

Members of the Board of Trustees only receive fixed annual remuneration and the components are described in the annual report. They are not subject to any bonus or incentive schemes.

Members of the Management Board receive fixed remuneration, composed of a fixed salary, pension and company car scheme plus a performance-related bonus.

Egmont Fonden does not include share components as part of the remuneration for the Board of Trustees or Management Board.

As a result of the structure of Egmont Fonden, including the circumstance that it has no shareholders, the remuneration policy is not presented at general/annual meetings.

The annual report provides information about the remuneration from Egmont for each specific board position as well as the individual positions held by each member of the Board of Trustees.

The Board of Trustees has decided not to disclose remuneration to the Management Board on an individual basis. The total remuneration of the members of the Management Board is set out in the Annual Report.

The annual meeting is asked to approve the remuneration of the Board of Trustees for the current financial year.

Egmont does not prepare a remuneration report but the annual report includes remuneration information.

5. Risk management

5.1. Identification of risks and openness in respect of additional information

5.1.1. The Committee recommends that the board of directors based on the company's strategy and business model considers, for instance, the most significant strategic, business, accounting and liquidity risks. The company should in the management commentary give an account of these risks and the company's risk management.

The Board of Trustees and Management Board reviews the overall risk exposure and the individual risk factors associated with the Egmont Group's activities. Such reviews are conducted as required and at least once a year. On the basis of Egmont's risk management framework a divisional risk picture and a Group risk picture is established. Group Management identifies the owners of short-term and long-term risks who are then responsible for mitigating the risks through risk-reducing activities.

The annual report contains a general description of the special risks associated with the activities of Egmont Fonden.

5.1.2. The Committee recommends that the board of directors establishes a whistleblower scheme, giving the employees and other stakeholders the opportunity to report serious violations or suspicion thereof in an expedient and confidential manner, and that a procedure is in place for handling such whistleblower cases.

In 2013, Egmont established a whistleblower scheme. During 2022, three reports were made into the whistleblower system. The system was updated in 2022 to enable better reporting via mobile phones.

Board of Trustees

7 March 2023