

Statutory report on foundation governance, cf. section 77a of the Financial Statements Act

The report is an integrated part of the management commentary in the annual report of Egmont Fonden for the financial year 1 January 2022 – 31 December 2022.

Recommendations on foundation governance

The foundation is covered by the Recommendations on Foundation Governance, which are available on the website of the Committee on Foundation Governance www.godfondsledelse.dk.

Recommendation	The foundation <u>complies</u>	The foundation <u>explains (why and how)</u>	Not applicable
1. Transparency and communication			
<p>1.1 It is recommended that the board of directors adopt principles for external communication that address the need for transparency and stakeholders' needs and possibilities to obtain relevant up-to-date information about the circumstances of the foundation.</p>	<p>Egmont has a Communication Strategy which, among other things, identifies Egmont's key stakeholders and their main interests in relation to the Group. Egmont informs its stakeholders about important events via Egmont's website and press releases.</p> <p>The Board of Trustees has also decided on a Public Affairs Strategy for the charitable activities containing the key principles to ensure transparency regarding these.</p>		

Recommendation	The foundation <u>complies</u>	The foundation <u>explains (why and how)</u>	Not applicable
	The chairman of the Board of Trustees handles external communication on behalf of the Board.		
2. Tasks and responsibilities of the board of directors			
2.1 Overall tasks and responsibilities			
<p>2.1.1 It is recommended that, in order to secure the activities of the commercial foundation in accordance with the purposes and interests of the foundation, the board of directors should, at least once a year, take a position on the overall strategy and distribution policy of the foundation on the basis of the articles of association.</p>	<p>At least once a year (in accordance with its annual plan) the Board of Trustees reviews and updates the foundation's overall strategy and distribution policy. In 2022, a strategy meeting was held regarding the commercial activities and another meeting regarding the charitable activities.</p>		
<p>2.1.2 It is recommended that the board of directors regularly address whether the foundation's asset management is in line with the purpose of the foundation and its long- and short-term needs.</p>	<p>The Board of Trustees has put in place several policies to ensure that the foundation's assets are managed appropriately. All investments under the charitable activities and all investments of a certain size under the commercial activities must be presented to and approved by the board. At the annual strategy meeting, the Board of Trustees assesses the capital position of the Egmont Group, ensures that the necessary financial resources are in</p>		

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	<p>place and approves the key investment areas for the following year.</p> <p>The Board of Trustees has approved a Treasury Policy which sets out the financial risk management, funding and cash management principles for the Egmont Group. The policy is reviewed once a year.</p> <p>Finally, the board assesses how the different funds set out in the foundation charter develops and decides on appropriate changes to ensure that long and short term needs under each fund can be fulfilled.</p>		
2.2 Chairman and vice-chairman of the board of directors			
<p>2.2.1 It is recommended that the chairman of the board of directors organise, convene and chair meetings of the board of directors in order to ensure effective board work and to establish the best conditions for the work of the board members, individually and collectively.</p>	<p>The chairmanship of the Board of Trustees consists of a chairman and a vice chairman, cf. the Charter and the Rules of Procedure for the Board of Trustees. The chairmanship organizes the Board meetings and the chairman convenes and chairs the meetings. In accordance with the Rules of Procedure for the Board, the Board decides on an annual meeting plan for each year.</p>		

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	<p>The Board of Egmont Fonden holds six ordinary board meetings a year plus an annual strategy meeting regarding the commercial activities and a separate strategy meeting regarding the charitable activities. Egmont Fonden also holds an annual meeting at which the annual report is presented. Extraordinary board meetings are held on an ad hoc basis.</p>		
<p>2.2.2 It is recommended that if the board of directors, in exceptional cases, asks the chairman of the board of directors to perform special activities for the commercial foundation which extend beyond the duties of chairman, a board resolution to that effect be passed to ensure that the board of directors maintains its independent, general management and control function. Appropriate allocation of responsibilities should be ensured between the chairman, the vice-chairman, the other members of the board of directors and the executive board, if any.</p>	<p>The chairman of the Board of Trustees has not participated in the day-to-day management or performed special tasks for the company.</p> <p>The Rules of Procedure for the Board contain an overall description of the roles and responsibilities of the chairmanship, the Board and the executive management.</p>		
<p>2.3 Composition and organisation of the board of directors</p>			

Recommendation	The foundation <u>complies</u>	The foundation <u>explains (why and how)</u>	Not applicable
<p>2.3.1 It is recommended that the board of directors regularly, and at least every second year, assess and stipulate the competences that the board of directors needs to possess in order to best perform the tasks incumbent upon the board of directors.</p>	<p>In connection with the annual evaluation procedure of the Board and prior to each appointment of new board members, the Board assesses which competences the board members should possess, individually and together.</p>		
<p>2.3.2 It is recommended that, with due respect of any right in the articles of association to make appointments, the board of directors approves a structured, thorough and transparent process for selection and nomination of candidates for the board of directors.</p>	<p>According to the Charter, the Board of Trustees of Egmont Fonden must have 6-8 members appointed according to the Charter. It currently consists of six members appointed according to the Charter. The Board also has three employee-elected members and election of employee representatives for the period 2023-2027 was held in January 2023.</p> <p>The Board of Trustees appoints its own members, cf. Egmont Fonden's Charter.</p> <p>When nominating a new board member in accordance with the Charter, the Board specifies the qualifications and personal profile required. The Board uses relevant external sources, in particular recruitment agencies to help identify board candidates. In 2022, no new board members were appointed on the basis of the Charter, and one</p>		

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	board member was re-elected when his election period expired.		
<p>2.3.3 It is recommended that members of the board of directors are appointed on the basis of their personal qualities and competences, taking into account the collective competences of the board, and when composing and nominating new members of the board the need for introducing new talent is weighed against the need for continuity and the need for diversity in relation to commercial and grants experience, age and gender.</p>	<p>The members of the Board of Trustees are appointed on the basis of their personal qualifications and competences and taking into consideration the Board’s assessment of which competences the board members individually and together should possess. This assessment includes considerations with regard to diversity in relation to business, digital, consumer and grants experience, international experience, age and gender.</p>		
<p>2.3.4 It is recommended that in the management commentary in the annual report and on the commercial foundation's website, if any, there is an account of the composition of the board of directors, including its diversity, and that the following information is provided on each board member:</p> <ul style="list-style-type: none"> • the name and position of the member, • the age and gender of the member, • date of original appointment to the board whether the member has been re-elected, and expiry of the current election period, 	<p>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, including the information set out in this recommendation.</p> <p>As mentioned above, the Board of Trustees appoints its own members and no authority or provider of grants have any authority to appoint board members. No member of the Board of Trustees owns shares, options, warrants and similar in the</p>		

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<ul style="list-style-type: none"> • any special competences possessed by the member, • other managerial positions held by the member, including positions on executive boards, boards of directors and supervisory boards and board committees in Danish and foreign foundations, enterprises and institutions, as well as other demanding organisation tasks, • whether the member owns shares, options, warrants and similar in the foundation's subsidiaries and/or associated companies, • whether the member has been appointed by authorities/providers of grants etc., and • whether the member is considered independent. 	<p>foundation's subsidiaries and/or associated companies.</p>		
<p>2.3.5 It is recommended that the majority of the members of the board of directors of the commercial foundation are not also members of the board of directors or executive board of the foundation's subsidiary(ies), unless it is a fully owned actual holding company.</p>	<p>The current six members of the Board of Trustees of Egmont Fonden appointed on the basis of the Charter are also members of the Board of Egmont International Holding A/S, a fully owned actual holding company. In addition, two of the board members are also members of the boards of two Egmont real estate companies owning property in Copenhagen where i.a. the foundation is situated.</p> <p>Other than that, none of the members of the Board of Trustees</p>		

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	elected on the basis of the Charter are members of the supervisory or executive boards of any of the operational companies held by Egmont International Holding A/S.		
2.4 Independence			
<p>2.4.1 It is recommended that an appropriate proportion of the board of directors be independent. If the board of directors (excluding employee representatives) is composed of</p> <ul style="list-style-type: none"> • up to four members, at least one member should be independent, • between five and eight members, at least two members should be independent, or • nine to eleven members, at least three members should be independent, and so on. <p>To be considered independent, this person may not, for example:</p> <ul style="list-style-type: none"> • be or within the past three years have been member of the executive board, or senior employee in the foundation, or an essential subsidiary or associated company to the foundation, 	All current six members of the Board of Trustees of Egmont Fonden who are appointed according to the Charter are considered independent on the basis of the criteria set out in this recommendation.		

Recommendation	The foundation <u>complies</u>	The foundation <u>explains (why and how)</u>	Not applicable
<ul style="list-style-type: none"> • within the past five years have received larger emoluments, including distributions or other benefits from the foundation/group or a subsidiary or associated company to the foundation in other capacity than as member of the board of directors or executive board of the foundation, • within the past year have had a significant business relationship (e.g. personal or indirectly as partner or employee, shareholder, customer, supplier or member of the executive management of companies with corresponding connection) with the foundation/group or a subsidiary or associated company to the foundation, • be or within the past three years have been employed or partner at the external auditor, • have been a member of the board of directors or executive board of the foundation for more than 12 years, • be a close relative of, or in some other way be especially close to, persons who are not considered independent, • be the founder or a significant donor if the purpose of the foundation is to grant support to this person's family or others who are especially close to this person, or 			

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<ul style="list-style-type: none"> be a member of the management of an organisation, another foundation or similar, which receives or repeatedly within the past five years has received significant donations from the foundation. 			
2.5 Appointment period			
<p>2.5.1 It is recommended that members of the board of directors be appointed for a minimum period of two years and a maximum period of four years.</p>	<p>Egmont Fonden’s Charter determines that Board members shall be (re-) appointed 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. 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.</p> <p>The year when each board member joined the Board is stated in the annual report.</p>		

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<p>2.5.2 It is recommended that an age limit for members of the board of directors be set, which is published in the management commentary or on the foundation's website.</p>	<p>Egmont Fonden's Charter determines that board members must resign after expiry of the financial year in which the member in question turns 70.</p> <p>The birth years of members of the Board of Trustees and Management Board are stated in the annual report.</p>		
<p>2.6 Evaluation of the performance of the board of directors and executive board</p>			
<p>2.6.1 It is recommended that the board of directors establish an evaluation procedure in which the board of directors, the chairman and the contributions and performance of individual members are evaluated annually, and the result is discussed by the board of directors.</p>	<p>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.</p>		

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<p>2.6.2 It is recommended that once a year the board of directors evaluate the work and performance of the executive board and/or the administrator (where relevant) in accordance with predefined clear criteria.</p>	<p>In connection with the annual evaluation procedure led by the chairman, the Board also evaluates the work and performance of the Management Board.</p>		
<p>3. Remuneration of management</p>			
<p>3.1.1 It is recommended that the members of the board of directors of commercial foundations be remunerated with a fixed remuneration and that members of an executive board, if any, be remunerated with a fixed remuneration, possibly combined with a bonus which should not be dependent upon accounting results. The remuneration should reflect the work and responsibilities consequential to the position.</p>	<p>The foundation complies with this recommendation with respect to the Board of Trustees. Members of the Board of Trustees receive fixed annual remuneration. They are not part of any bonus or incentive schemes.</p>	<p><u>Why</u> The foundation does not fully comply with the recommendation with respect to the Management Board as the Board of Trustees finds that bonus where a portion is dependent upon accounting results is appropriate and in accordance with market standards. <u>How</u> Members of the Management Board receive fixed remuneration, composed of a fixed salary, pension and company car scheme plus performance-related bonuses. A portion of the</p>	

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		performance related bonuses (but not all) is dependent upon accounting results.	
<p>3.1.2 It is recommended that the financial statements provide information about the full remuneration received by each member of the board of directors and any executive board from the commercial foundation and from the foundation's subsidiaries and associated companies. Furthermore there should be information on any other remuneration which members of the board of directors and any executive board have received for performing other work or tasks for the foundation, the foundation's subsidiaries or associated companies, except for the remuneration of employee representatives as employees.</p>	<p>The foundation complies with this recommendation with respect to the Board of Trustees.</p> <p>The annual report provides information about the remuneration from Egmont for each specific board position as well as the positions held by each member of the Board of Trustees.</p> <p>The Board of Trustees does not receive any other remuneration than the fixed annual board remuneration, see 3.1 above, and does not receive any remuneration from the foundation's subsidiaries and associated companies.</p>	<p><u>Why</u> The foundation does not fully comply with the recommendation with respect to the Management Board as the Board of Trustees has decided not to disclose remuneration to the Management Board on an individual basis as it is not considered to serve any objective purpose.</p> <p><u>How</u> Instead, the total remuneration of the members of the Management Board is set out in the Annual Report. The Management Board does not receive any remuneration from the foundation's subsidiaries and associated companies.</p>	