

Skema til redegørelse vedrørende Anbefalingerne for god Selskabsledelse, december 2020

*Form for statement regarding the
Recommendations for good Corporate
Governance, December 2020*

Park Street A/S

Skema til redegørelse – version af januar 2025
Statement form - version of January 2025



What can the form be used for?

The form is intended as an auxiliary tool for Danish public limited companies (the "company") that have shares admitted to trading on a regulated market and who in the form of a form wish to submit an account of the company's compliance with the Recommendations for good Corporate Governance, cf.

The principles are not expressions of recommendations that the company must comply with. The principles describe the basic ideas that the companies can advantageously consider and incorporate in the management of a company. The committee's comments on the recommendations are intended as guidance and inspiration and can thus act as an auxiliary tool in connection with the company's work with the recommendations. Reporting in relation to the committee's Recommendations for good Corporate Governance must be made in relation to the committee's recommendations - and not in relation to either the principles or the comments.

The statement of good corporate governance must be published either in the management's report in the annual report or on the company's website with a reference to the statement in the management's report. The Committee finds that the publication of the statement of good corporate governance on the company's website - with precise reference to it in the management's review - creates the greatest transparency. When the statement is published on the company's website, it will be more easily accessible to investors and other stakeholders.

According to the Danish Financial Statements Act, a publication on the company's website requires that the URL address refers directly to the statement and that it be disclosed in connection with the management's report in the submitted annual report.

Other requirements are also set for the preparation of a statement of good corporate governance and for how it is to be published. The detailed requirements are described in Executive Order no. 959 of 13 September 2019 on the publication of a number of statements pursuant to the Danish Financial Statements Act.

Note: The form below contains the Committee on Corporate Governance's recommendations of 2 December 2020. The recommendations are available on the Committee on Corporate Governance's website www.corporategovernance.dk. Nasdaq Copenhagen A / S has decided to include the recommendations in their set of rules for issuers that take effect from 4 January 2021.

The form can be used when preparing a statement of good corporate governance in annual reports concerning financial years starting on or after 1 January 2021.

"Follow or explain"

It follows from section 107 b of the Danish Financial Statements Act that a company that has shares admitted to trading on a regulated market must include a statement of corporate governance in the management's report. This means that the individual company indicates which recommendations the company has chosen to follow or deviate from. The companies' statements must relate separately to each recommendation, regardless of whether a recommendation is followed or deviated from.

It appears from the Danish Financial Statements Act, section 107 b, subsection 1, no. 3, that the company must state the reasons for if a company has decided to deviate from the recommendations. The company must state why it does not follow a given recommendation and how it has arranged itself instead. This means that if a company does not follow a recommendation, but explains why and how the company has arranged itself instead, then the company is considered to comply with the recommendation.

The statement must reflect the applicable form of management at the time of the presentation of the accounts. If there are significant changes during the year or after the time of the closing of the accounts, this should be described in the statement of good corporate governance.

It is important that the company relates to and reports on each individual recommendation, so that it is clear for investors and other stakeholders to see how the company relates to the individual recommendations.

The committee has found that many companies choose to provide supplementary information, even where the company specifically follows a recommendation. The Committee would encourage companies to provide additional information where it increases transparency.

Statutory report on good corporate governance, cf. section 107 b of the Danish Financial Statements Act.

Recommendations for Good Corporate Governance

Recommendation			
Interaction with the company's shareholders, investors and other stakeholders	The company explains [1]		
	The company follows	Why	How
1.1. Dialogue with shareholders, investors and other stakeholders			
1.1.1. The committee recommends that the management, through ongoing dialogue, ensure shareholders, investors and other stakeholders relevant insight into the company's conditions, and that the board of directors be given the opportunity to know and incorporate their positions in its work.	Yes		
1.1.2. The committee recommends that the company draw up policies for the relationship with shareholders, investors and possibly also other stakeholders to ensure that the various interests are included in the company's deliberations and that such policies are made available on the company's website.	Yes		
1.1.3. The committee recommends that the company publish quarterly reports.	No	In the period between the publication of full and half-yearly reports, Park Street has chosen not to publish quarterly interim reports. Management believes that quarterly interim reports in addition to the half-yearly report will not contribute to a better understanding of the company's activities.	Publishing half-yearly and yearly reports
1.2. General Assembly			

1.2.1. The committee recommends that the board of directors organize the company's general meeting so that shareholders who can not be physically present or represented at the general meeting can vote and ask questions to the management prior to or at the general meeting. The committee recommends that the board of directors ensure that shareholders have the opportunity to attend the general meeting via webcast or other digital transmission.	Yes		
1.2.2. The committee recommends that the shareholders in proxies or postal votes for the use of the general meeting can take a position on each individual item on the agenda.	Yes		
1.3. Takeover attempt			
1.3.1. The committee recommends that the company has a contingency procedure for takeover attempts, which contains a "roadmap" for the matters that the board of directors should consider and decide on if a takeover bid has been made, or the board of directors receives a reasoned presumption that a takeover bid can be made. . In addition, it is recommended that it appears from the procedure that the Board of Directors refrains, without the approval of the general meeting, from counteracting a takeover attempt by making dispositions that seek to prevent the shareholders from taking a position on the takeover bid.	No	Significant majority of the company (over 93%) is controlled by the parent company (Park Street Asset Management). Any takeover possibilities do not exist without direct involvement of the parent company acting through the AGM or EGM.	
1.4. Relation to the surrounding community			

1.4.1. The committee recommends that the board of directors approve a policy for the company's social responsibility, including social responsibility and sustainability, and that the policy is available in the management's report and / or on the company's website. The Committee recommends that the Board of Directors ensure that the policy is complied with.	Yes		
1.4.2. The committee recommends that the board of directors approve a tax policy that is made available on the company's website.	No	The audit committee reviews all financials and tax obligations of the company are complied with. The policy however is not published on the website.	The company will publish on the website in the current calendar year
2. Tasks and responsibilities of the Board of Directors			
2.1 Overall tasks and responsibilities			
2.1.1. The committee recommends that the Board of Directors, as part of supporting the company's statutory purposes and long-term value creation, relate to the company's purpose and ensure and promote a good culture and good values in the company. The company should explain this in the management's report and / or on the company's website.	Yes		
2.1.2. The committee recommends that the board of directors at least once a year discuss and continuously follow up on the company's overall strategic goals to ensure value creation in the company.	Yes		
2.1.3. The committee recommends that the Board of Directors continuously monitor whether the company has a capital and share structure that supports a strategy and long-term value creation that is in the interests of both the company and the shareholders. The committee recommends that the company explain this in the management's report.	Yes		

2.1.4. The committee recommends that the Board of Directors prepare and annually review guidelines for the Executive Board, including requirements for reporting to the Board of Directors.	Yes		
2.2. The board members			
2.2.1. The committee recommends that the board of directors, in addition to a chairman, has a deputy chairman who can step in when the chairman is absent and otherwise be a closer sparring partner for the chairman.	No	Management does not deem necessary to appoint a vice chairman given that the board of directors act as effective sparring partners for the chairman and can take over it's responsibilities in case of absence.	
2.2.2. The committee recommends that the chairman, in collaboration with the individual board members, ensures that the members continuously update and supplement their knowledge of relevant matters, and that the members' special knowledge and competencies are used in the best possible way.	Yes		
2.2.3. The committee recommends that if the board of directors exceptionally asks a board member to perform special tasks for the company, such as briefly participating in the day-to-day management, the board should approve it to ensure that the board retains the independent overall management and control function. It is recommended that the company publish the decision on a board member's participation in the day-to-day management and the expected duration thereof.	Yes		
3. Composition, organization and evaluation of the Board of Directors			
3.1. Composition			
3.1.1. The committee recommends that the board of directors review annually and state in the management's report and / or on the company's website	Yes		

<ul style="list-style-type: none"> · What collective and individual competencies the board should have in order to be able to perform its tasks in the best possible way, and · Composition and diversity of the Board of Directors. 			
3.1.2. The committee recommends that the Board of Directors annually discuss the company's activities to ensure a relevant diversity in the company's management levels and approve a diversity policy, which is available in the management's report and / or on the company's website.	No	Park Street has not set specific targets for diversity in the company's management levels, other than what is required in accordance with Company Law, as this is not considered relevant considering the size of the company	
3.1.3. The Committee recommends that the recruitment of candidates for the Board of Directors follow a thorough process approved by the Board of Directors. The committee recommends that the assessment of board candidates - in addition to individual competencies and qualifications - also includes the need for continuity, renewal and diversity.	Yes		
3.1.4. The committee recommends that the convening of general meetings, where elections to the board of directors are on the agenda, in addition to the information stipulated in the legislation, also describe the candidates nominated. <ul style="list-style-type: none"> · skills, · Other management positions in other business enterprises, including management committees, Demanding organizational tasks and · Independence. 	Yes		

3.1.5. The committee recommends that the board members elected by the general meeting are up for election each year at the annual general meeting, and that these are nominated and elected individually.	Yes		
3.2. Independence of the Board of Directors			
<p>3.2.1. The committee recommends that at least half of the board members elected by the general meeting be independent so that the board can act independently of special interests.</p> <p>In order to be independent, the person must not:</p> <ul style="list-style-type: none"> · Be or within the past 5 years have been a member of the Executive Board or senior employee of the company, a subsidiary or an associate, · Within the past 5 years have received greater remuneration from the company / group, a subsidiary or an associated company in a capacity other than as a member of the Board of Directors, · Represent or be affiliated with a controlling shareholder, · Within the past year have had a business relationship (for example personally or indirectly as a partner or employee, shareholder, customer, supplier or management member of companies with a similar connection) with the company, a subsidiary or an associated company that is significant to the company and / or the business relationship, · Be or within the past 3 years have been employed or a partner in the same company as the company's auditor elected by the general meeting, 	Yes		

<ul style="list-style-type: none"> · Be a director of a company where there is cross-management management representation with the company, Have been a member of the Board of Directors for more than 12 years, or · Be in close family with persons who are not independent, cf. the criteria above. <p>Regardless of whether a board member is not covered by the above criteria, the board may for other reasons decide that the member is not independent.</p>			
3.2.2. The committee recommends that members of the Executive Board are not members of the Board of Directors and that a resigning member of the Executive Board does not join the Board of Directors directly.	No	Park Street has deviated partially given the shareholder structure and size of the company, Park Street considers adequate that the only member of the executive board to be also part of the board of directors.	
3.3. Board members and the number of other management positions			
3.3.1. The committee recommends that the board of directors and each individual member of the board of directors in connection with the annual evaluation, cf. recommendation 3.5.1., Assess how much time it is necessary to spend on the work of the board of directors. The purpose is that the individual board member does not take on more duties than that he or she can perform the board duties in the company satisfactorily.	Yes		
3.3.2. The committee recommends that the management's report, in addition to the requirements laid down in legislation, contain the following information about the individual board members: <ul style="list-style-type: none"> · Position, age and gender, · Competencies and qualifications of relevance to the company, · Independence, 	Yes		

<ul style="list-style-type: none"> · Year of joining the board, · Year of expiry of the current election period, · Participation in board and committee meetings, · Management positions in other business enterprises, including management committees as well as demanding organizational tasks, and · The number of shares, options, warrants and the like in the company and those with the company's group companies that the member owns, as well as the changes in the member's portfolio of the mentioned securities that have occurred during the financial year. 			
3.4. Management Committee			
3.4.1. The committee recommends that the management in the management report describe: <ul style="list-style-type: none"> · The main activities of the management committees and the number of meetings during the year, and · The members of the individual management committee, including the chairman of the committee and the independence of the members. <p>In addition, it is recommended that the terms of reference of the management committees be published on the company's website.</p>	Yes		
3.4.2. The committee recommends that management committees consist solely of board members and that the majority of the members of a management committee are independent.	Yes		
3.4.3. The committee recommends that the board of directors set up an audit committee and appoint a chairman of the audit committee who is not the chairman of the board. The committee recommends that the audit committee, in addition to the tasks stipulated in the legislation, assist the board of directors in:	Yes		

· Supervise the accuracy of published financial information, including accounting policies in the key areas, significant accounting estimates and related party transactions;

· Review the internal control and risk areas to ensure management of the largest risks, including also in relation to announced expectations,

· Assess the need for internal audit,

· Undertake evaluation of the auditor elected by the general meeting,

· Review the auditor's fee to the auditor elected by the general meeting,

· Supervise the limits of non-audit services performed by the auditor elected by the general meeting, and

· Ensure regular dialogue between the auditor elected by the general meeting and the board of directors, e.g. by the Board of Directors and the Audit Committee meeting with the auditor at least once a year without the Executive Board being present.

If, on the basis of a recommendation from the Audit Committee, the Board of Directors decides to establish an internal audit function, the Audit Committee's task is to:

· Prepare terms of reference and recommendations for the selection, appointment and dismissal of the head of the internal audit and the budget of the department,

Ensure that the internal audit team has sufficient resources and competencies to be able to perform its role, and

<ul style="list-style-type: none"> · Monitor the Executive Board's follow-up on the internal audit's conclusions and recommendations. 			
<p>3.4.4. The committee recommends that the board of directors set up a nomination committee, which has at least the following preparatory tasks:</p> <ul style="list-style-type: none"> · Describe the required qualifications for a given position on the Board of Directors and the Executive Board, the estimated time consumption for the various positions on the Board of Directors as well as competencies, knowledge and experience that are / should be in the two management bodies, · Annually assess the structure, size, composition and results of the Board of Directors and the Executive Board and prepare recommendations to the Board of Directors on any changes, · In collaboration with the chairman, conduct the annual board evaluation and assess the individual management members' competencies, knowledge, experience and succession and report to the board on this, · Undertake the recruitment of new members of the Board of Directors and the Executive Board and nominate candidates for approval by the Board of Directors, · Ensure that there is a succession plan for the Executive Board, <p>Monitor the Executive Board's policy for hiring senior executives, and</p> <ul style="list-style-type: none"> · Monitor the preparation of a diversity policy for approval by the Board of Directors. 	No	<p>The Board of Directors believes that the tasks of describing the qualifications required by the Board of Directors and the Executive Board, and evaluating the structure, size, composition, results and management's governing bodies, are best carried out by the Board of Directors.</p>	
<p>3.4.5. The committee recommends that the board of directors set up a remuneration committee which has at least the following preparatory tasks:</p>	No	<p>The Board of Directors has not considered it appropriate to set up a separate remuneration committee. The Board of</p>	

<ul style="list-style-type: none"> · Prepare a draft of the remuneration policy for the approval of the Board of Directors prior to the recommendation for approval by the general meeting, · Submit a presentation to the Board of Directors on remuneration to members of the Executive Board, · Submit a presentation to the Board of Directors on remuneration to members of the Board of Directors with a view to nominating them to the general meeting, · Ensure that the management's remuneration follows the company's remuneration policy and the assessment of the individual's efforts, and · Assist in preparing the annual remuneration report for approval by the Board of Directors prior to the recommendation for the general meeting's indicative vote. 		Directors believes that the tasks of assessing management's remuneration are best taken care of by the entire Board.	
3.5. Evaluation of the Board of Directors and the Executive Board			
<p>3.5.1. The committee recommends that the board of directors carry out a board evaluation once a year and include external assistance in the evaluation at least every three years. The committee recommends that the evaluation focus on the recommendations on the work, efficiency, composition and organization of the Board of Directors, cf. Recommendation 3.1.-3.4. above, and as a minimum always includes the following topics:</p> <ul style="list-style-type: none"> · Composition of the Board of Directors with a focus on competencies and diversity, · The contributions and results of the board of directors and the individual member, · The cooperation in the Board of Directors and between the Board of Directors and the Executive Board, · The chairman's management of the board, · The committee structure and the work of the committees, 	Yes		

The organization of the board work and the quality of the board material, and · The board members' preparation for and active participation in the meetings.			
3.5.2. The committee recommends that the entire board of directors discuss the result of the board evaluation, and that the process for the evaluation and the evaluation's overall conclusions are discussed in the management's report, on the company's website and at the company's general meeting.	Yes		
3.5.3. The committee recommends that the Board of Directors evaluates the work and results of the Executive Board at least once a year in accordance with pre-determined criteria, and that the Chairman reviews this with the Executive Board. In addition, the Board of Directors should continuously assess the need for changes in the structure and composition of the Executive Board, including diversity, succession plans and risks, taking into account the company's strategy.	Yes		
4. Management remuneration			
4.1. Remuneration to the Board of Directors and the Executive Board			
4.1.1. The committee recommends that the remuneration of the Board of Directors and the Executive Board as well as other terms of employment be both competitive and compatible with the company's long-term shareholder interests.	Yes		
4.1.2. The Committee recommends that share-based incentive programs be revolving, ie. with periodic allocation, and is primarily long-term with an accrual or maturation period of at least three years.	Yes		

4.1.3. The Committee recommends that the variable part of the remuneration be capped at the time of allocation and that there be transparency about the potential value at the time of utilization under pessimistic, expected and optimistic scenarios.	Yes		
4.1.4. The committee recommends that the total value of remuneration for the notice period incl. severance pay on the resignation of a member of the Executive Board does not exceed two years' remuneration incl. all consideration shares.	Yes		
4.1.5. The Committee recommends that members of the Board of Directors not be remunerated with stock options and warrants.	Yes		
4.1.6. The Committee recommends that the company has the option of claiming full or partial reimbursement of variable remuneration for both the Executive Board and the Board of Directors if the remuneration has been granted, earned or paid on the basis of information that subsequently proves to be incorrect or if the recipient was think about other factors that have led to the payment of an excessively variable remuneration.	No	Park Street has chosen to deviate from this point partially. Variable pay shares are based on specific objectives determined by the Board of Directors, which the Board uses as the basis for determining the amount of the variable salary component, which may not exceed 20% of the fixed annual salary. Accordingly, Park Street finds it relevant only to demand repayment of variable parts of wages in cases where Park Street Nordicom has a claim for repayment under Danish law. In view of the company's situation, it is considered inappropriate to have vesting periods extending over more than one year.	
5. Risk management			
5.1. Identification of risks and transparency of further relevant information			

5.1.1. The committee recommends that the Board of Directors, based on the company's strategy and business model, take a position on, for example, the most significant strategic, business, accounting and liquidity risks. The company should account for these in the management's report as well as for the company's risk management.	Yes		
5.1.2. The Committee recommends that the Board establish a whistleblower scheme that allows employees and other stakeholders to report serious misconduct or suspicion in an appropriate and confidential manner, and that there is a procedure for handling such whistleblower cases.	Yes		

[1] If a recommendation is not followed, the company must explain why the recommendation is not followed and how the company has arranged itself differently. An adequate explanation answers both questions and categorizes the answer as compliance with the recommendation. It is therefore important that the company answers both questions in its explanation.