

# Recommendations on Corporate Governance 2025

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## Recommendations on Corporate Governance 2025

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# The Company's position on the Recommendations on Corporate Governance for the 2025 financial year

March 2026

On the following pages, the recommendations of the Committee on Corporate Governance are provided in the left-hand column, and the positions and practices of SP Group are described in the right-hand column. The review forms part of the statutory corporate governance reporting required under section 107b of the Danish Financial Statements Act.

**For the sake of clarity, SP Group uses the following colour codes:**

- = Complies in full
- ▲ = Complies in part
- = Non-compliance

Recommendation	Compliance	The positions and practices of SP Group
<p><b>1. Interaction with the company's shareholders, investors and other stakeholders</b></p>		
<p><b>1.1. Communication with the company's shareholders, investors and other stakeholders</b></p>		
<p>1.1.1. <b>The Committee recommends</b> 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.</p>		<p>Communication with stakeholders is given high priority at SP Group and is handled in particular by the chairman of the Board of Directors and the CEO. This approach ensures that the Board of Directors is aware of and is able to consider stakeholder views.</p> <p>Any form of dialogue is based on transparency, honesty and a willingness to engage in dialogue.</p> <p>The annual general meeting is considered to be the central forum for shareholders in their dialogues with other shareholders or with the Board of Directors and the Executive Board. At the annual general meeting, shareholders are given detailed information on operations, performance, targets and policies to form the basis of qualified discussions.</p> <p>In day - to - day business, the Company's website serves as the primary source of updated information for stakeholders. The website provides updated information about the Company's operations, results, goals and other matters. Interested parties may subscribe on the website to receive newsletters and company announcements.</p> <p>Members of the Executive Board and the Group Management regularly attend in - person and virtual meetings and seminars arranged for shareholders, other investors and analysts. SP Group responds to all enquiries from shareholders and other stakeholders as soon as possible.</p> <p>In addition, SP Group has an ongoing dialogue with non - financial stakeholders as part of the Group's ESG efforts.</p>
<p>1.1.2. <b>The Committee recommends</b> 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.</p>		<p>SP Group's Investor Relations Policy defines the scope of relations with shareholders, investors and the equity market in general. The Investor Relations Policy is available on the website.</p> <p>Relations with other stakeholders, such as customers, employees and SP Group's local communities, are fundamental elements of the company's ESG Policy and initiatives. The policy is available on the website and is included in the Sustainability Statement in the Annual Report.</p>
<p>1.1.3. <b>The Committee recommends</b> that the company publishes quarterly reports.</p>		<p>SP Group releases quarterly reports in Danish and in English.</p>

Recommendation	Compliance	The positions and practices of SP Group
<b>1.2. The general meeting</b>		
1.2.1. <b>The Committee recommends</b> 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.	■	<p>Information about the Annual General Meeting is usually announced in the financial calendar three to four months in advance. The principal items of the agenda are discussed in the annual report, and the full agenda is set out in the notice convening the general meeting. Accordingly, shareholders are given reasonable notice to submit proposals/comments and/or questions, and they are able to vote by correspondence or by proxy.</p> <p>SP Group provides live webcasts from its general meetings in order to accommodate shareholders unable to attend in person or be represented at a general meeting. SP Group encourages all shareholders to exercise their rights to vote by correspondence or by proxy, to follow the live webcast of the annual general meeting and/or to submit questions and comments up until the day preceding the general meeting.</p>
1.2.2. <b>The Committee recommends</b> that proxies and postal votes to be used at the general meeting enable the shareholders to consider each individual item on the agenda.	■	Shareholders are able to consider each individual item on the agenda when voting by proxy or by correspondence.
<b>1.3. Takeover bids</b>		
1.3.1. <b>The Committee recommends</b> 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.	■	SP Group has set up such a procedure. In the event of a takeover bid, the Board of Directors will, as prescribed by law, give full consideration to the offer and communicate the offer to the shareholders, accompanied by the Board's comments. In the event of a takeover bid, the Board of Directors will not attempt to increase the share capital, acquire treasury shares or take any other action which would effectively prevent the shareholders from deciding on the takeover bid. The articles of association of SP Group do not contain any provisions restricting ownership or voting rights. The company has a single share class, and all shares carry equal rights. Accordingly, the shareholders are free to exercise their influence.
<b>1.4. Corporate Social Responsibility</b>		
1.4.1. <b>The Committee recommends</b> 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.	■	SP Group's general ESG Policy is available on the website. A number of sub-policies and goals have been defined for the individual areas. SP Group's approach to corporate social responsibility and sustainability is inspired by the principles of the UN Global Compact and the UN's 17 Sustainable Development Goals. Results are reported in the annual report. The Board of Directors has the overall responsibility for ESG and monitors compliance with the overall strategy and approves policies and reporting.
1.4.2. <b>The Committee recommends</b> that the board of directors adopts a tax policy to be made available on the company's website.	■	The Tax Policy is available on the website. SP Group has a fundamental principle of wanting to be profitable and pay tax in all countries in which it has a permanent establishment. Taxes paid in individual countries are disclosed in the annual report.

Recommendation	Compliance	The positions and practices of SP Group
<h2>2. The duties and responsibilities of the board of directors</h2>		
<h3>2.1. Overall tasks and responsibilities</h3>		
<p>2.1.1. <b>The Committee recommends</b> 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.</p>		<p>SP Group's vision and mission form the cornerstone of the company's operations. The value base consists of three fundamental values intended to promote a uniform culture across the Group. These values are: Innovative, Reliable, Competitive.</p> <p>SP Group's purpose is to create value. The company has developed a system of value creation relative to customers and established a process applying to all companies of the Group. The goal is to ensure that customers always receive optimal solutions when they choose SP Group as their business partner.</p> <p>Value creation in relation to shareholders, employees, suppliers and society in general is based on having satisfied customers.</p> <p>The vision, mission, values and value creation are described in further detail on the website. Results are reported in the annual report and at the annual general meeting.</p>
<p>2.1.2. <b>The Committee recommends</b> 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.</p>		<p>An overall review and definition of the strategy for the Group and the business areas is performed once a year or as required. The Company follows up regularly on strategic and financial targets, which are reported in interim and full-year reports and at the annual general meeting.</p>
<p>2.1.3. <b>The Committee recommends</b> 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.</p>		<p>The Board of Directors regularly assesses the Group's financial position, financial targets, policy on capital allocation and dividend and share structures. The Board's findings are provided in the annual report and are reviewed at the annual general meeting.</p>
<p>2.1.4. <b>The Committee recommends</b> 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.</p>		<p>According to its rules of procedure, the Board of Directors must at least once a year discuss matters such as the Executive Board's management of the Company and reporting to the Board of Directors, the organisation, targets and strategies, risks, internal controls, etc. In practice, these topics are addressed on an ongoing basis.</p> <p>The Executive Board submits to the Board of Directors weekly reports dealing with a number of recurring topics, such as the Group's cash position, the performance of the individual business areas, the current order book, etc. The Executive Board also prepares monthly reports containing detailed financial information and, lastly, the Executive Board reviews at each board meeting a written report dealing with monthly financial statements, expectations for the full year, capital resources, expected liquidity, customer activity as well as any major transactions.</p>

Recommendation	Compliance	The positions and practices of SP Group
<b>2.2. Members of the board of directors</b>		
2.2.1. <b>The Committee recommends</b> 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.	■	The Board has elected a deputy chairman, who acts as deputy and sparring partner to the Chair. The tasks, duties and responsibilities of the chairman and the deputy chairman are set out in the rules of procedure.
2.2.2. <b>The Committee recommends</b> 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.	■	The Board of Directors has open-minded discussions about the competencies and know-how needed on the Board and how each board member's experience and insights can be used in the best possible way.
2.2.3. <b>The Committee recommends</b> 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.	■	SP Group has never experienced a situation in which the chairman or other member of the Board of Directors has taken up special duties for the Company or taken part in the day-to-day management. Should the Company see such need arise, a decision to that effect would be based on a board resolution and be disclosed in a company announcement.

Recommendation	Compliance	The positions and practices of SP Group
<p><b>3. The composition, organisation and evaluation of the board of directors</b></p>		
<p><b>3.1. Composition</b></p>		
<p>3.1.1. <b>The Committee recommends</b> that the board of directors on an annual basis reviews and in the management commentary and/or on the company's website states</p> <ul style="list-style-type: none"> <li>• which qualifications the board of directors should possess, collectively and individually, in order to perform its duties in the best possible manner, and</li> <li>• the composition of and diversity on the board of directors.</li> </ul>		<p>In each year's annual report, SP Group publishes a profile of the Board of Directors and an evaluation of its composition and competencies relative to the company's requirements. The profile also sets out the special competencies of each board member and includes a follow-up on diversity targets. A follow-up on information provided at the annual general meeting is also provided.</p> <p>The Board of Directors consists of individuals with relevant insight into the plastics industry and with management experience from positions with international manufacturing companies. In addition, one board member is associated with a major shareholder. The Board of Directors is considered to have the appropriate competencies and experience needed to manage the Group.</p>
<p>3.1.2. <b>The Committee recommends</b> 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.</p>		<p>SP Group's long-term objective is for the organisation to reflect its surrounding local communities in terms of, for example, gender distribution, age, nationalities and ethnicity. This makes the Group an attractive choice for both customers and employees and helps to enable everyone to be affiliated with the labour market regardless of a person's individual background. Diversity is considered an important factor for the Group to achieve its longer-term business objectives.</p> <p>In order to best promote diversity on the Board of Directors, the Executive Board and the rest of the management team, SP Group aims for each member of management to have the competencies and profile required to contribute optimally to SP Group's performance. The Board of Directors is committed to offering equal opportunities for everyone, regardless of gender, age or nationality.</p> <p>SP Group's policy in terms of gender equality is to increase the ratio of the underrepresented gender at all levels of management. The policy requires that each gender is represented among the final three candidates when management positions are to be filled. The following targets have been fixed based on the policy:</p> <ul style="list-style-type: none"> <li>• The underrepresented gender must constitute at least 40% of the Board of Directors.</li> <li>• The underrepresented gender must constitute at least 30% of the other management levels by 2030, comprising Executive Management and the management team.</li> </ul> <p>Progress and status are reported annually in the Sustainability Report, which forms part of the Annual Report.</p>
<p>3.1.3. <b>The Committee recommends</b> 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.</p>		<p>When nominating new board members, the Board of Directors carefully considers the knowledge and professional experience required on the Board of Directors to ensure that the necessary competencies are represented. At the same time, the Board of Directors is committed to achieving a composition which ensures that board members complement each other in the best possible way with respect to age, background, competencies, gender, etc. thus ensuring a competent and versatile contribution to work on the Board.</p>

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<p>3.1.4. <b>The Committee recommends</b> 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'</p> <ul style="list-style-type: none"> <li>• qualifications,</li> <li>• other managerial duties in commercial undertakings, including board committees,</li> <li>• demanding organisational assignments and independence.</li> </ul>		<p>Notices to convene annual general meetings include information about the qualifications, other directorships held, independence, etc. of any new candidates as well as of the criteria applied by the Board of Directors in nominating the candidate. Candidates recommended as new members of the Board are introduced at a general meeting. For candidates recommended for re-election, all relevant information is provided in the annual report. See item 3.3.2.</p>
<p>3.1.5. <b>The Committee recommends</b> that members of 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.</p>		<p>All shareholder-elected members serve for terms of one year and are elected individually.</p>
<p><b>3.2. The board of director's independence</b></p>		
<p>3.2.1. <b>The Committee recommends</b> 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.</p> <p>In order to be independent, the member in question may not:</p> <ul style="list-style-type: none"> <li>• 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,</li> <li>• 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,</li> <li>• represent or be associated with a controlling shareholder,</li> <li>• 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,</li> <li>• 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,</li> <li>• be a CEO in a company with cross-memberships in the company's management,</li> <li>• have been a member of the board of directors for more than twelve years, or</li> <li>• be closely related to persons, who are not independent, cf. the above-stated criteria.</li> </ul> <p>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.</p>		<p>At the end of 2025, two of the current five members elected by the general meeting were independent and three were non-independent according to the established criteria. The non-independent members have all served on the Board for more than 12 years, which is a reflection of the fact that SP Group considers the solid experience its board members have in terms of the company's affairs and their in-depth knowledge of the plastics industry to be of decisive importance.</p> <p>In all other respects, all shareholder-elected board members meet the definition of independence, and the members have no interests in the Company other than as shareholders.</p>
<p>3.2.2. <b>The Committee recommends</b> that members of the executive management are not members of the board of directors and that members retiring from the executive management do not join the board of directors immediately thereafter.</p>		<p>No member of the Executive Board also serves on the Board of Directors, and none of the board members are former members of the Executive Board.</p>

Recommendation	Compliance	The positions and practices of SP Group
<b>3.3. Members of the board of directors and the number of other managerial duties</b>		
3.3.1. <b>The Committee recommends</b> 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.		The Board of Directors considers the work performed and its composition on an ongoing basis, including requirements for members' competencies, experience and time spent attending to board duties. The individual board members are required to consider whether they can set aside the time required for attending to board duties.
3.3.2. <b>The Committee recommends</b> that the management commentary, in addition to the statutory requirements, contains the following information on the individual members of the board of directors: <ul style="list-style-type: none"> <li>• position, age and gender,</li> <li>• competencies and qualifications relevant to the company,</li> <li>• independence,</li> <li>• year of joining the board of directors,</li> <li>• year of expiry of the current election period,</li> <li>• participation in meetings of the board of directors and committee meetings,</li> <li>• managerial duties in other commercial undertakings, including board committees, and demanding organisational assignments, and</li> </ul> <p>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.</p>		<p>Information is provided in the annual report as to each board member's position, year of election, city of residence, year of birth, independence status as per Recommendation 3.2.1, other directorships, special qualifications, attendance rates as well as their own and their related parties' shareholdings including any changes during the financial year in question. The fact that board members serve for a term of one year implies that they are up for election every year.</p> <p>Board members have no share option, warrant or similar plans. Board members' fees are determined by the shareholders in general meeting and are disclosed in the remuneration report.</p>
<b>3.4. Management committees</b>		
3.4.1. <b>The Committee recommends</b> that the management describes in the management commentary: <ul style="list-style-type: none"> <li>• the board committees' most significant activities and number of meetings in the past year, and</li> <li>• the members on the individual board committees, including the chairperson and the independence of the members of the committee in question.</li> </ul> <p>In addition, it is recommended that the board committees' terms of reference are published on the company's website.</p>		<p>SP Group has set up a statutory audit committee, and information on its activity, meetings and members is provided in the annual report.</p> <p>The Board of Directors considers on a regular basis, and at least once a year, the need to establish additional board committees. To date, the Board of Directors has identified no such need. SP Group is an organisation of limited complexity, and is managed by a small, dynamic and competent Board of Directors of currently five members. With the Board consisting of five members, it makes little sense to establish board committees. Instead the Board finds it natural and appropriate that all board members participate in discussions on matters such as nominations for the Board or remuneration.</p>
3.4.2. <b>The Committee recommends</b> 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.		<p>Members of the Audit Committee are all members of the Board of Directors, and two of the five members are independent at the end of 2025. As mentioned in the response to recommendation 3.4.1, SP Group has elected not to establish other board committees.</p>

Recommendation	Compliance	The positions and practices of SP Group
<p>3.4.3. <b>The Committee recommends</b> 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:</p> <ul style="list-style-type: none"> <li>• supervising the correctness of the published financial information, including accounting policies in significant areas, significant accounting estimates and related party transactions,</li> <li>• reviewing internal control and risk areas in order to ensure management of significant risks, including in relation to the announced financial outlook,</li> <li>• assessing the need for internal audit,</li> <li>• performing the evaluation of the auditor elected by the general meeting,</li> <li>• reviewing the auditor fee for the auditor elected by the general meeting,</li> <li>• supervising the scope of the non-audit services performed by the auditor elected by the general meeting, and</li> <li>• 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.</li> </ul> <p>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:</p> <ul style="list-style-type: none"> <li>• 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,</li> <li>• ensure that the internal audit function has sufficient resources and competencies to perform its role, and</li> <li>• supervise the executive management's follow-up on the conclusions and recommendations of the internal audit function.</li> </ul>		<p>SP Group has established an audit committee consisting of the entire Board of Directors. The Audit Committee holds separate meetings scheduled in accordance with an annual wheel of activities. The chairman of the Audit Committee is appointed immediately after the general meeting. The current chairman is the independent board member Hans - Henrik Eriksen, who is a state - authorised public accountant and does not serve as chairman of the Board of Directors. The Audit Committee performs the duties set out in the recommendation, and the Board of Directors is considered to have the necessary professional expertise and experience in financial reporting and accounting and audit matters of listed companies.</p> <p>The Board of Directors regularly considers the need for an internal audit function, but has to date not made a decision to establish such function. Internal controls and guidelines are discussed at ordinary board meetings held in March (in connection with the approval of the annual report) and December.</p>

Recommendation	Compliance	The positions and practices of SP Group
<p>3.4.4. <b>The Committee recommends</b> that the board of directors establishes a nomination committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>• 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,</li> <li>• 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,</li> <li>• 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,</li> <li>• handling the recruitment of new members to the board of directors and the executive management and nominating candidates for the board of directors' approval,</li> <li>• ensuring that a succession plan for the executive management is in place,</li> <li>• supervising executive managements' policy for the engagement of executive employees, and</li> <li>• supervising the preparation of a diversity policy for the board of directors' approval.</li> </ul>		<p>As mentioned in the response to recommendation 3.4.1, the Board of Directors finds that, given the limited complexity of its organisation, SP Group does not need a nomination committee. The Board constitutes a natural and appropriate forum of discussion of topics such as the composition, qualifications and results of the Board of Directors and the Executive Board. The Board of Directors is also responsible for matters of succession at both management levels and for the other items listed in the recommendation.</p>
<p>3.4.5. <b>The Committee recommends</b> that the board of directors establishes a remuneration committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>• preparing a draft remuneration policy for the board of directors' approval prior to the presentation at the general meeting,</li> <li>• providing a proposal to the board of directors on the remuneration of the members of the executive management,</li> <li>• providing a proposal to the board of directors on the remuneration of the board of directors prior to the presentation at the general meeting,</li> <li>• ensuring that the management's actual remuneration complies with the company's remuneration policy and the evaluation of the individual member's performance, and</li> <li>• 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.</li> </ul>		<p>As mentioned in the response to recommendation 3.4.1, the Board of Directors finds that, given the limited complexity of its organisation, SP Group does not need a remuneration committee. Instead, the entire Board of Directors is responsible for preparing a remuneration policy, determining the remuneration of members of the Executive Board, recommendations to general meetings on board fees and for preparing a remuneration report etc.</p>

Recommendation	Compliance	The positions and practices of SP Group
<b>3.5. Evaluation of the board of directors and the executive management</b>		
<p>3.5.1. <b>The Committee recommends</b> 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:</p> <ul style="list-style-type: none"> <li>• the composition of the board of directors with focus on competencies and diversity</li> <li>• the board of directors and the individual member's contribution and results,</li> <li>• the cooperation on the board of directors and between the board of directors and the executive management,</li> <li>• the chairperson's leadership of the board of directors,</li> <li>• the committee structure and the work in the committees,</li> <li>• the organisation of the work of the board of directors and the quality of the material provided to the board of directors, and</li> <li>• the board members' preparation for and active participation in the meetings of the board of directors.</li> </ul>		<p>In accordance with its annual wheel of activities, the board of directors considers each November how the self-evaluation is to be conducted, including whether external assistance is required. To date the board of directors has performed this task by discussing on a regular basis its work, results, its members' mutual interaction, individual members' contributions, board composition and competencies, number of members, the collaboration with the Executive Board, etc. SP Group believes that such regular, open-minded discussions will to a much greater extent add to the Board's ability to develop and produce results than would a single annual self-evaluation.</p> <p>The chairman reviews the results of such discussions at general meetings, and a number of the topics are described in the annual report, including considerations involving the competencies that form the basis of the composition of the Board of Directors.</p>
<p>3.5.2. <b>The Committee recommends</b> 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.</p>		<p>As mentioned in the response to recommendation 3.5.1, the evaluation is performed on a regular basis by the entire Board. Results are reported in the annual report and at the annual general meeting, among other channels.</p>
<p>3.5.3. <b>The Committee recommends</b> 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.</p>		<p>The work, composition and performance of the Executive Board are evaluated on an ongoing basis and at least once every year when the remuneration of the Executive Board is determined. The cooperation between the Board of Directors and the chief executive officer is evaluated on a regular basis and systematically at an interview held once every year.</p>

Recommendation	Compliance	The positions and practices of SP Group
<h2>4. Remuneration of management</h2>		
<h3>4.1. Remuneration of the board of directors and the executive management</h3>		
<p>4.1.1. <b>The Committee recommends</b> 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.</p>	<p>■</p>	<p>The remuneration of members of the Board of Directors and the Executive Board is determined in accordance with the remuneration policy, which has been approved by the shareholders in general meeting. According to the policy, the remuneration must be competitive, support the strategy and encourage long-term sustainable value creation.</p>
<p>4.1.2. <b>The Committee recommends</b> 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.</p>	<p>■</p>	<p>In accordance with the Remuneration Policy, SP Group's incentive programmes are revolving, multi-year programmes, and the exercise price is higher than the share price at the time of grant. The programmes have a three-year vesting period, a three-year exercise period and a 7.5% hurdle rate, all of which is intended to encourage the Executive Board and other managers to pursue longer term results.</p>
<p>4.1.3. <b>The Committee recommends</b> 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.</p>	<p>■</p>	<p>The Remuneration Policy provides caps on awards under the Executive Board's short-term (bonus) and long-term (warrants) incentive schemes.</p>
<p>4.1.4. <b>The Committee recommends</b> 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.</p>	<p>■</p>	<p>According to the Remuneration Policy, notice periods for members of the Executive Board cannot exceed 24 months. If the employment of an executive is terminated by SP Group, the Company will not have an obligation to make any special severance payment.</p>
<p>4.1.5. <b>The Committee recommends</b> that members of the board of directors are not remunerated with share options and warrants.</p>	<p>■</p>	<p>Members of the Board of Directors are not eligible for incentive programmes, and the Board of Directors has no plans to propose any incentive programmes.</p>
<p>4.1.6. <b>The Committee recommends</b> 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.</p>	<p>■</p>	<p>According to the Remuneration Policy, SP Group is able to claw back all variable remuneration components under both the short-term and the long-term incentive schemes if a member of the Executive Board has acted with gross negligence or fraudulently. The Company may also claw back variable remuneration components linked to specific performance criteria (KPIs) that have been paid on the basis of information that subsequently proves to be incorrect.</p>

Recommendation	Compliance	The positions and practices of SP Group
<h2>5. Risk management</h2>		
<h3>5.1. Identification of risks and openness in respect of additional information</h3>		
<p>5.1.1. <b>The Committee recommends</b> 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.</p>		<p>The key risks and the management of such risks form an integral part of the annual strategy plans for the Group and its business areas. Furthermore, the Board of Directors determines the policies for the management of interest rate, credit and currency risks and the scope for addressing risks related to prices of raw materials and energy. Developments are reported systematically. Overall risk management including business risks as well as market, competition and other risks are reported in the annual report.</p>
<p>5.1.2. <b>The Committee recommends</b> that the board of directors establishes a whistle-blower 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 whistle-blower cases.</p>		<p>SP Group has a whistleblower scheme available to both employees and external business partners and stakeholders, through which serious misconduct or suspicions thereof can be reported confidentially and anonymously via an online portal.</p>



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