



# Statutory Corporate Governance Report 2024

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## GN's statutory annual report on corporate governance for the financial year 2024, cf. section 107b of the Danish Financial Statements Act

### About the report

This Corporate Governance Report is part of the management commentary of the 2024 Annual Report for GN Store Nord A/S ("GN") covering the period January 1 – December 31, 2024.

The Committee on Corporate Governance's website (<https://corporategovernance.dk/english>) lists the Committee's recommended best practices. As a company listed on Nasdaq Copenhagen, GN is required to report on its compliance with these recommendations according to the "comply or explain" principle. GN's compliance with the individual recommendations is set out on the following pages and is reviewed once a year by the Board.

The report includes:

- a description of GN's management structure
- a description of the main elements of GN's internal control and risk management systems relating to financial reporting
- a review of GN's approach to the applicable "Recommendations on Corporate Governance" from the Committee on Corporate Governance in Denmark

### Leadership structure and governing bodies

GN is governed by a two-tier management structure. The Board of Directors is responsible for the overall governance of the company and the Executive Management is responsible for the daily management and the execution of the strategy under the guidelines and supervision of the Board.

GN's Board currently comprises nine members, of which six have been elected by the shareholders at the Annual General Meeting, and three by the employees in accordance with the Danish Companies Act.

The Executive Management consists of a Chief Executive Officer and a Chief Financial Officer. Further, the Group has established an Executive Leadership Team reporting to the CEO and the CFO. The team members are responsible for the day-to-day operations of their respective areas and serve as part of the GN Group's overall leadership.

The composition and the competencies of the Board of Directors, the Executive Management, and the Executive Leadership Team are described on the company's website: [www.gn.com/About/Management](http://www.gn.com/About/Management)

The ultimate authority rests with the shareholders at General Meetings. The Annual General Meeting is held each year in March. GN supports active ownership and provides a high level of information to, and dialogue with, its shareholders before, during, and after the General Meeting which is also webcasted in English and Danish.

Shareholders who are unable to attend the meeting in person or are represented by proxy at the General Meeting have access to vote on each individual item on the agenda and raise questions to the management prior to the General Meeting.

## GN's framework for corporate governance

The board members of GN are elected at GN's General Meeting. The Board of Directors has established Audit, Remuneration, Nomination, and Technology & Innovation Committees and appoints the members of the Executive Management. In addition, GN has established an Executive Leadership Team.



### The duties and responsibilities of the Board of Directors

#### Overall tasks and responsibilities

It is the overall responsibility of the Board of Directors to define the company's strategy and to review, discuss, and evaluate the company's performance which, among other, is done in light of the company's vision and purpose, and to ensure and promote a good culture and sound values in GN. More information is available in the management's commentary in the 2024 Annual Report.

GN's Rules of Procedure require that the Board at least once a year considers the following matters:

- GN's short-term and long-term strategy
- Corporate governance in the light of recent developments in Denmark and globally
- Compliance with legislation and regulations in Denmark and other countries in which GN operates
- GN's organization, risk management system, accounting function, IT organization, budgeting process, financial reporting, internal controls, currency hedging, capital resources, insurances and hedging of other assets
- Human resources, including employee and organizational development, working environment, diversity etc.

Moreover, the Board oversees compliance with the company's Sustainability/ESG policy.

The Board is committed to creating both short- and long-term value in the company, and continuously assesses GN's overall strategic direction. The Board holds an annual strategy meeting to discuss and follow-up on GN's strategy targets in order to ensure both short- and long-term value creation.

The Board annually reviews its guidelines for the division of duties between the Board and the Executive Management, including business procedures and instructions to the Executive Management and reporting from the Executive Management to the Board.

### The composition, organization and evaluation of the Board of Directors

GN is a global company and to successfully develop and maintain this position in the marketplace, GN is dependent upon global expertise and experience at the Board level. GN, therefore, strives to recruit Board members with a diversified range of mutually complementary competencies.

The current Board is a diverse group in terms of global experience, functional competencies, and industry background which ensures that it can fulfil its obligations. The composition is a mix of members with executive positions and professional board members, providing a good balance between knowledge, competencies, experience, and availability for a substantial workload. The Board members possess global expertise within med-tech & healthcare, strategy, M&A, ESG, innovation, R&D and product development, IT, software, digital transformation, marketing, commercialization, supply chain, technology & professional services, finance, and change management.

The Board evaluates on an annual basis the composition, diversity, and competencies of the Board as a whole - as well as each individual Board member's special competencies - to ensure the most optimal performance of the Board. As part of such evaluation, the Chair of the Board cooperates with each individual member to ensure that the members update and supplement their knowledge of relevant matters with a view to ensure that the members' special knowledge and qualifications are applied in the best possible manner.

The Board believes that diversity strengthens any governing body and at all management levels. The Board acknowledges the importance of

### Board competencies and experiences

The ideal mix of competencies and experiences that should generally be represented on the Board include:

- Board experience
- Executive management experience
- Finance
- Digitalization
- Sustainability
- Software
- Marketing and brand
- Strategy and transformation
- Sectoral experience
- Technical innovation experience

diversity in general, including diversity of gender, nationality, and educational/professional competencies, and the Board continuously discusses and reviews GN's diversity at management levels.

GN has adopted a Diversity, Equity, and Inclusion policy which applies to all GN Group companies.



Review GN's Diversity, Equity, and Inclusion policy:  
[www.gn.com/DiversityPolicy](http://www.gn.com/DiversityPolicy)

The selection and nomination of candidates for the Board is described in GN's Rules of Procedure which require that the Board, on an annual

basis, discusses and defines the competencies that should generally be represented on the Board.

The Board compares the competency and qualifications requirements and decides whether any Board members should be replaced, or whether new members should supplement the Board, while also considering the need for continuity. In evaluating existing members and potential candidates, the Board takes into account whether, considering their principal occupation and other directorships, such members and candidates have the time required to adequately serve as member of GN's Board of Directors.

The Board of Directors' Independence

Currently, all Board members elected at the Annual General Meeting are considered independent which is also stated for each of these independent members on GN's webpage and in the Annual Report.

None of the Board members are members of GN's executive management.

Board committees

As part of the overall governance of GN, the Board has established Audit, Nomination, Remuneration, and Technology & Innovation committees to assist with monitoring and preparatory work relating to key areas of the Board's responsibilities. The committees' main duties are described in the graphic to the right and the most significant activities performed in 2024 are summarized below:

Audit Committee

In 2024, the Audit Committee continued to provide oversight of the financial reporting process, the audit process, GN's system of internal controls, and compliance with laws and regulations. The committee reviewed the whistleblower reporting system, material legal cases, main accounting principles, tax and compliance, treasury policy and

strategy, risk management processes covering key risks, and monitoring of ESG targets and reporting thereon. The committee also reviewed and approved the company's first CSRD reporting integrated in the 2024 Annual Report. Further, the committee considered the need for an internal audit function which was not deemed necessary at this time.

Nomination Committee

In 2024, the Nomination Committee focused on ensuring that Board and Executive Management composition and competencies continue to support GN sufficiently and in line with GN's strategy and purpose. This includes competencies in relation to GN's transformation to a one-company structure, extensive succession and recruitment processes to adequately plan and prepare talent pipeline for Board and Executive Management positions, while ensuring good culture and sound values as an integral part of all nominations, appointments, and succession planning. The Committee also monitored Board performance and competencies and conducted a thorough Board assessment with external assistance. Finally, the current structure and diversity of the Board have been re-viewed and found to meet relevant governance requirements.

Remuneration Committee

In 2024, the Remuneration Committee supervised and reviewed the remuneration policy. It proposed a new design of the GN long term incentive plan which was approved at the Annual General Meeting in March 2024. Furthermore, the committee reviewed and approved all long term incentive grants and set the targets for the 2024 long term incentive grant. The committee also assisted with the preparation of the Remuneration Report and oversaw the talent development and succession planning process and outcomes. Finally, the committee reviewed the remuneration and incentive plans for the Executive Leadership Team.

Board Committees

As part of the overall governance of the company, the Board has formed four committees to assist with monitoring and preparatory work.



See charters and composition of the four committees: [www.gn.com/BoardCommittees](http://www.gn.com/BoardCommittees)  
Review committee members' special competencies and level of interdependency: [www.gn.com/about/management](http://www.gn.com/about/management)

Board of Directors	
Audit Committee	Assists the Board in relation to internal accounting and financial control systems, the integrity of the company's financial reports and engagements with external auditors and conducts ongoing assessments of the company's financial and business risks.
Nomination Committee	Advises and makes recommendations to the Board of Directors in relation to the skills that the Board of Directors and the Executive Management must have to best perform their tasks.
Remuneration Committee	Assists the Board in matters and decisions concerning remuneration of the Executive Management and senior employees and in ensuring that the general remuneration policies reflect an appropriate balance, and that resolutions on remuneration recommended by the Remuneration Committee and adopted by the Board are in line with the Remuneration Policy, as approved by the Annual General Meeting.
Technology & Innovation Committee	Explores GN's long-term potential strategic technology and innovation-based opportunities. GN possesses strong R&D capabilities within sound, audiology, ear anatomy, video processing, software platforms, sensors, and AI delivered at the edge. GN is therefore well positioned to benefit from important anticipated megatrends including: The convergence of communication technology, aging population and the growth of mobile health services, the rise of artificial intelligence and its associated benefits to wellness, entertainment, and productivity.

### Technology & Innovation Committee

In 2024, the Technology & Innovation Committee oversaw a series of portfolio initiatives as well as innovation opportunities cutting across the GN business with an ambition to explore technological innovations and advancements for GN as a whole. Further, the committee explored the further development of collaboration and synergies between GN's business entities with special focus on the progress in cross GN innovation opportunities enabled by the merger of GN's R&D organizations as a consequence of the transformation to a one-company structure.

### Remuneration of the Board of Directors and Executive Management

Please refer to GN's 2024 Remuneration Report and Remuneration Policy for a description of the underlying principles and remuneration of GN's Board of Directors and Executive Management.



Review GN's Remuneration Report ([www.gn.com/remuneration2024](http://www.gn.com/remuneration2024)) and Remuneration Policy ([www.gn.com/remunerationpolicy](http://www.gn.com/remunerationpolicy))

### The Board of Directors' annual self-evaluation

The Board conducts an annual self-evaluation of its work, efficiency, composition, and organization together with its strengths and development areas. The Chair will account for the process and the general conclusions in his statement at the Annual General Meeting. Reference is made to the description of the Board's annual self-evaluation procedure and the general conclusions in the management commentary of the 2024 Annual Report and on GN's website: [www.gn.com/boardevaluation2024](http://www.gn.com/boardevaluation2024).

### The Board's evaluation of Executive Management

The Board of Directors assesses the work and results of the Executive Management on an ongoing basis as an integrated and natural part of the Board's regular meetings.

In the beginning of each year, the Board establishes performance plans with specific KPIs for each member of the Executive Management, and the Board assesses the performance of the Executive Management and its execution of the agreed KPIs on an ongoing basis during the year.

The Board also evaluates on an ongoing basis the structure and composition of the Executive Management, including in respect to performance, diversity, succession planning, and risks, in light of GN's strategy.

The performance plans for the Executive Management for each calendar year are concluded by year-end. The Board's cooperation with the Executive Management and the Executive Management's work and performance is also a recurring topic in the Board's formal annual evaluation procedure.

### Interaction with shareholders, investors, and other stakeholders

It is GN's investor relations and communication policy to have an open and active dialogue with the company's stakeholders, including its existing shareholders, potential shareholders and other investors, financial analysts, and the media. GN strives to provide all stakeholders with timely and relevant information to ensure they have a fair impression of GN's business.

GN ensures that relevant information is provided to the financial community in a timely manner to ensure that the GN share is fairly priced. This is done in the form of company announcements, press releases, investor meetings, conferences, and presentations of GN's interim and annual financial results.

Following the release of interim and annual financial results, GN hosts roadshows where the Executive Management and the investor relations team inform shareholders, other investors and financial analysts about the recent developments in GN.

Moreover, when relevant, GN maintains a good dialogue with proxy advisors and other external advisors ahead of the Annual General Meeting.

The Board of Directors is updated on an ongoing basis regarding the dialogue with GN's stakeholders in order to allow the Board to take any feedback into account in its work.



Please refer to [www.gn.com/aboutIR](http://www.gn.com/aboutIR) for further information.

### Internal control and financial reporting

The primary responsibility for GN's risk management and internal control systems, including compliance with applicable legislation and other financial reporting regulations, rests with the Board and the Executive Management. GN's risk management and internal control systems related to financial reporting, including IT and tax, are designed to ensure that the internal and the external financial reporting provide a true and fair view of the GN Group's financial position and results.

### Control environment

Internal controls in GN consist of multiple gatekeepers, including organizational structure, decision-making procedures, operational procedures and segregation of powers and responsibilities, which are documented and communicated in governing documents such as internal policies, codes of conduct, manuals, etc. The Executive Management has established central compliance and control functions to monitor compliance with relevant legislation and other financial reporting requirements as well as supervising and verifying financial reporting from subsidiaries and associated companies.

GN has also issued ethical guidelines which applies to all its employees and has a whistleblower hotline. Further information is given in the management's commentary in the 2024 Annual Report.



Further details about GN's whistleblower hotline are provided in the 2024 Annual Report and at [www.gn.com/Whistleblower](http://www.gn.com/Whistleblower)

#### *Risk assessment*

At least once a year, the Audit Committee and the Executive Management make a group-wide assessment of risks related to the financial reporting process. The purpose of this risk assessment is to identify areas related to the financial reporting process with the greatest risk of a material misstatement.

The risk assessment is conducted as a top-down analysis, identifying material and high-risk areas from a Group perspective. Based on the result of the risk assessment, GN implements measures to manage and reduce risk in the relevant areas. The most significant risks related to the financial reporting are described in the 2024 Annual Report (in the management's commentary under Risk management and in section 1 in the financial statements).

#### *Control activities*

Firstly, the control structures rely on an organization with clearly defined roles that support the segregation of responsibility that is deemed effective and appropriate from an internal control perspective.

Secondly, specific control activities are performed to identify and/or prevent the risk of errors in the financial reporting. The purpose of GN's control activities is to ensure compliance with the objectives, policies, manuals, procedures, and other guidelines communicated by the Board and the Executive Management and the timely prevention, detection, and correction of any errors, discrepancies, or omissions.

Control activities comprise manual and physical controls, general IT controls, and automatic application controls in GN's IT systems. The Executive Management has established a formal Group reporting process which comprises monthly reporting on key figures, including

reporting on budget variances and ongoing adjustment of full-year estimates. In addition to income statement, balance sheet, and cash flow statement, the reporting comprises notes and other disclosures. Quarterly reviews are performed to identify the potential need for impairment of goodwill, development projects, and deferred tax assets. The results of the reviews are reported to and discussed with the Audit Committee.

Controller visits are conducted on a regular basis, among other, to evaluate the internal control systems of GN's subsidiaries and to ensure that the subsidiaries comply with approved guidelines, principles, and policies. The planned frequency of controller visits is presented to and approved by the Audit Committee, and the Audit Committee has approved the scope and reporting model for controller visits. In addition, thematic risk-based reviews are performed of various areas such as financial support arrangements, R&D, etc. The results of the controller visits are reported to the Executive Management, the independent auditors, and the local management.

GN's risk management department discusses and evaluates current risks, identifies new risks and determines whether any actions should be taken to reduce the most material risks or potentially turn these into opportunities.

Once a year, the risks assessed to be the most material, including the most significant strategic, business, accounting, and liquidity risks, are reviewed and discussed in the Audit Committee and the Board. The management's commentary in the 2024 Annual Report includes a section with information about risk management.

#### *Information and communication*

GN has established a procedure to ensure a uniform and structured approach to internal control to ensure that internal policies, codes of

#### *Access to further relevant documents*

The Board of Directors and the Executive Management continuously strive to maintain a good corporate governance level in GN.

Further to this report, other relevant documents for understanding GN's corporate governance is compiled in a document download center on the company's website, which can be accessed via [www.gn.com/documents](http://www.gn.com/documents)

Among the documents you can review here are:

- Anti-corruption policy
- Articles of association
- Board evaluation
- Committee charters
- Data ethics and data privacy policy
- Diversity, equity, and inclusion policy
- Ethics guide
- Gifts, travel, and entertainment policy
- Modern slavery and supply chain disclosure
- Non-retaliation policy
- Remuneration policy
- Remuneration report
- Responsibility policies (ESG, conflict minerals, quality)
- Statutory corporate governance reports
- Supplier code of conduct
- Sustainability/ESG reports
- Tax policy

conducts and the like, which forms the foundation for the internal control environment, always are available on GN's intranet.

The procedure ensures an ongoing dialogue with GN's subsidiaries regarding the requirements to and prioritization of internal controls. The principles for GN's presentation of its financial statements are described in a financial reporting manual that applies to all subsidiaries. The manual is available on GN's intranet. Financial reporting is done in a corporate reporting system that provides transparency for GN into each of its subsidiaries. The financial reporting is supported by monthly management reporting from each subsidiary.

#### Monitoring

The processes for assessing risks and the execution of control activities are monitored on an ongoing basis. Monitoring involves both formal and informal procedures applied by management and process owners, review of results compared with budgets and plans, and key performance indicators.

The Executive Management monitors compliance with relevant legislation and other financial reporting requirements on an ongoing basis and reports to the Board and the Audit Committee. Further, the Executive Management has established procedures to ensure that the organization is informed in time about new or amended accounting regulation relevant for GN.

At least once a year, the Board reviews the adequacy of the internal control systems. At the Board meeting where the Annual Report is reviewed, the Board discusses the internal control systems with the auditors elected by the shareholders at the Annual General Meeting. Based on the auditors' reporting in the long-form audit report, the Board and the auditors discuss the audit results, the material accounting policies applied, critical accounting estimates and the appropriateness of the accounting policies applied.

Recommendation	GN complies	GN explains why	GN explains how
<b>1. Interaction with GN's shareholders, investors and other stakeholders</b>			
<i>1.1. Communication with GN's shareholders, investors and other stakeholders</i>			
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.	YES		
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.	YES		
1.1.3. The Committee recommends that the company publishes quarterly reports.	YES		
<i>1.2. The General Meeting</i>			
1.2.1. The Committee recommends that the Board of Directors organizes 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.	YES		

Recommendation	GN complies	GN explains why	GN explains how
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.	<b>YES</b>		
<i>1.3. Takeover bids</i>			
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.	<b>YES</b>		
<i>1.4. Corporate Social Responsibility (Sustainability/ESG)</i>			
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.	<b>YES</b>		
1.4.2. The Committee recommends that the Board of Directors adopts a tax policy to be made available on the company’s website.	<b>YES</b>		

Recommendation	GN complies	GN explains why	GN explains how
<b>2. The duties and responsibilities of the Board of Directors</b>			
<i>2.1. Overall tasks and responsibilities</i>			
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.	<b>YES</b>		
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.	<b>YES</b>		
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.	<b>YES</b>		
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.	<b>YES</b>		
<i>2.2. Members of the Board of Directors</i>			
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	<b>YES</b>		

Recommendation	GN complies	GN explains why	GN explains how
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.	<b>YES</b>		
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.	<b>YES</b>		
<b>3. The composition, organization and evaluation of the Board of Directors</b>			
<b>3.1. Composition</b>			
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.	<b>YES</b>		
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	<b>YES</b>		

Recommendation	GN complies	GN explains why	GN explains how
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.	<b>YES</b>		
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 organizational assignments and independence.	<b>YES</b>		
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.	<b>YES</b>		
<b>3.2. The Board of Directors' independence</b>			
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.	<b>YES</b>		

Recommendation	GN complies	GN explains why	GN explains how
<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>			

Recommendation	GN complies	GN explains why	GN explains how
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.	<b>YES</b>		
<i>3.3. Members of the Board of Directors and the number of other managerial duties</i>			
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.	<b>YES</b>		
<p>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:</p> <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 organizational assignments, and</li> </ul>	<b>YES</b>		<p>The information requested in bullets 1-7 is included in the management report of the Annual Report.</p> <p>Information regarding number of shares held by Board members in GN Store Nord and any changes in holdings during the financial year is included in GN's separate Remuneration Report, which is part of GN's annual reporting suite.</p>

Recommendation	GN complies	GN explains why	GN explains how
<ul style="list-style-type: none"> <li>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.</li> </ul>			
<b>3.4. Board committees</b>			
<p>3.4.1. The Committee recommends that the management describes in the management commentary:</p> <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>	<b>YES</b>		
<p>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.</p>	<b>YES</b>		.
<p>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:</p>	<b>YES</b>		

Recommendation	GN complies	GN explains why	GN explains how
<ul style="list-style-type: none"><li>• supervising the correctness of the published financial information, including accounting practices 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>			

Recommendation	GN complies	GN explains why	GN explains how
<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>3.4.4. The Committee recommends 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> </ul>	YES		

Recommendation	GN complies	GN explains why	GN explains how
<ul style="list-style-type: none"> <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>3.4.5. The Committee recommends 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>	<b>YES</b>		
<i>3.5. Evaluation of the Board of Directors and the Executive Management</i>			
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	<b>YES</b>		

Recommendation	GN complies	GN explains why	GN explains how
<p>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 organization, 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 organization 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>			
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.	<b>YES</b>		
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	<b>YES</b>		

Recommendation	GN complies	GN explains why	GN explains how
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.			
<b>4. Remuneration of management</b>			
<i>4.1. Remuneration of the Board of Directors and Executive Management</i>			
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.	<b>YES</b>		
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.	<b>YES</b>		
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.	<b>YES</b>		
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.	<b>YES</b>		

Recommendation	GN complies	GN explains why	GN explains how
4.1.5. The Committee recommends that members of the Board of Directors are not remunerated with share options and warrants.	<b>YES</b>		
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.	<b>YES</b>		
<b>5. Risk management</b>			
<i>5.1. Identification of risks and openness in respect of additional information</i>			
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.	<b>YES</b>		
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.	<b>YES</b>		



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