

The report concerns the financial year **1/10 2020 – 30/9 2021**
in accordance with Recommendations for corporate governance of 23 November 2017

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
1. Communication and interaction by the company with its investors and other stakeholders				
<i>1.1. Dialogue between company, shareholders and other stakeholders</i>				
1.1.1. The Committee recommends that the board of directors ensure ongoing dialogue between the company and its shareholders, so that the shareholders gain relevant insight into the company and in order for the board of directors to be aware of the shareholders' views, interests and opinions in respect to the company.	Complies			<p>The company's policy for ongoing dialogue with the shareholders is summed up in the company's investor relations policy.</p> <p>Relevant investor relations material, including policies, annual reports and interim financial reports, is available on the company's website, www.aarsleff.com. Personal contact to shareholders takes place at the company's annual general meeting and at investor meetings during the course of the year.</p>
1.1.2. The Committee recommends that the board of directors adopts policies on the company's relationship with its stakeholders, including shareholders, and that the board of directors ensures that the interests of the stakeholders are respected in accordance with company policies.	Complies			Central policies are available on the company's website, www.aarsleff.com .

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1.1.3. The Committee recommends that the company publish quarterly reports	Complies			
1.2. General meeting				
1.2.1. The Committee recommends that in organising the company's general meeting, the board of directors plans the meeting to support active ownership.	Complies			<p>The annual general meeting is convened at least three weeks and not earlier than five weeks before the annual general meeting by notice at www.aarsleff.com and by ordinary letter or e-mail to all shareholders listed in the register of owners at their request. Notice is also sent from the IT system of the Danish Business Authority. A notice of meeting will also be sent to all shareholders registered in the shareholder portal.</p> <p>Organising the company's annual general meeting supports debating of company matters.</p>
1.2.2. The Committee recommends that proxies or votes by post for the general meeting allow shareholders to consider each individual item on the agenda.	Complies			

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1.3. Takeover bids				
1.3.1. The Committee recommends that the company set up contingency procedures in the event of takeover bids, from the time that the board of directors has reason to believe that a takeover bid will be made. The contingency procedures should establish that the board of directors should not without the acceptance of the general meeting, attempt to counter the takeover bid by making decisions which, in reality, prevent the shareholders from deciding on the takeover bid themselves.	Complies			A contingency procedure has been set up. The foundation Per og Lise Aarsleffs Fond possesses 43,1% of the votes through Per Aarsleff Holding A/S's A shares and B shares. The purpose of the foundation is to ensure the Aarsleff Group's continued existence and development through possession of Per Aarsleff Holding A/S's A share capital. Consequently, a takeover bid is not considered probable.
2. Tasks and responsibilities of the board of directors				
2.1. Overall tasks and responsibilities				
2.1.1. The Committee recommends that at least once annually the board of directors consider the matters that should be included in the board's performance of its work.	Complies			This is determined in connection with the annual review of the rules of procedure of the Board of Directors.

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2.1.2. The Committee recommends that at least once annually the board of directors consider the overall strategy of the company with a view to ensuring value creation in the company.	Complies			The strategy of the company and the individual segments are discussed annually in accordance with the rules of procedure of the board of directors.
2.1.3. The Committee recommends that the board of directors ensure that the company has a capital and share structure which supports that the strategy and long-term value creation of the company are in the interest of the shareholders and the company, and that the board of directors explain this in the management commentary and/or on the company's website.	Complies			This has been accounted for in the annual report.
2.1.4. The Committee recommends that the board of directors annually review and approve guidelines for the executive management; this includes establishing requirements for the executive management's reporting to the board of directors.	Complies			Requirements are established in the rules of procedures for the board of directors and the executive management.
2.1.5. The Committee recommends that at least once annually, the board of directors discuss the composition, developments, risks and succession plans of the executive board.	Complies			Discussed in connection with the annual review of the executive management.
2.2. Corporate social responsibility				
2.2.1. The Committee recommends that the board of directors adopt policies on corporate social responsibility.	Complies			The policies on corporate social responsibility are included in the company's Code of Conduct, the Corporate Policy and in the Occupational Health and

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				Safety Policy. Corporate social responsibility has been accounted for in the management's review of the annual report and in the CSR report.
2.3. Chairman and vice-chairman of the board of directors				
2.3.1. The Committee recommends appointing a vice chairman of the board of directors, who will assume the responsibilities of the chairman in the event of the chairman's absence, and who will also act as effective sparring partner for the chairman.	Complies			
2.3.2. The Committee recommends that, if the board of directors, in exceptional cases, asks the chairman of the board of directors or other board members to perform special activities for the company, including briefly participating in the day-to-day management, a board resolution to that effect should be passed to ensure that the board of directors maintains its independent, general management and control function. Resolutions on the chairman's or other board members' participation in day-to-day management and the expected duration thereof should be publicly announced.	Complies			Will be complied with if relevant.
3. Composition and organisation of the board of directors				
3.1. Composition				
3.1.1. The Committee recommends that the board of directors annually evaluate and in the management commentary, account for: • the competencies that it must have to best perform its tasks;	Complies			A description of the competencies of the board of directors has been published

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<ul style="list-style-type: none"> • the composition of the board of directors; and • the special competencies of each member. 				on the website of the company and in the annual report.
3.1.2. The Committee recommends that the board of directors annually discuss the company's activities to ensure relevant diversity at management levels and prepare and adopt a policy on diversity. The policy should be published on the company's website.	Complies			We have set up specific targets for the proportion of women in the Board of Directors. A policy on equality and diversity has been prepared, with the purpose of having diversity and equality among our managers and employees. The policy is available at the Company's website.
3.1.3. The Committee recommends that the selection and nomination of candidates for the board of directors be carried out through a thorough and transparent process approved by the board of directors. When assessing its composition and nominating new candidates, the board of directors should, in addition to the need for competencies and qualifications, take into consideration the need for integration of new talent and diversity.	Complies			It is assessed on a regular basis if the composition of the board of directors is a reflection of the requirements of the company, cf. the published description of competencies. This and the diversity of the board of directors are taken into consideration at the nomination of new candidates.
3.1.4. The Committee recommends that the notice convening a general meeting where the agenda includes the election of members to the board of directors, include (in addition to the statutory requirements) a	Complies			

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<p>description of the qualifications of nominated candidates, including information about the candidates:</p> <ul style="list-style-type: none"> • other executive functions, including positions on executive boards, boards of directors and supervisory boards, including board committees, in Danish and foreign enterprises; and • demanding organisational tasks. <p>Furthermore, it should be indicated if the candidates for the board of directors are considered independent.</p>				
3.1.5. The Committee recommends that members of the company's executive management be not members of the board of directors and that a resigning chief executive officer be not directly elected as chairman or vice chairman for the same company.	Complies			
3.1.6. The Committee recommends that members of the board of directors elected by the general meeting be up for election every year at the annual general meeting.	Complies			
3.2. Independence of the board of directors				
<p>3.2.1. The Committee recommends that at least half of the members of the board of directors elected by the general meeting be independent persons, in order for the board of directors to be able to act independently of special interests.</p> <p>To be considered independent, this person may not:</p> <ul style="list-style-type: none"> • be or within the past five years have been a member of the executive board, or senior staff member in the company, a subsidiary or an associated company; 	Complies			Currently, five out of six members of the board of directors elected at the general meeting are independent, as stated in the annual report.

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<ul style="list-style-type: none"> • within the last five years, have received significant remuneration from the company/group, a subsidiary or an associated company in a different capacity than as member of the board of directors; • represent or be associated with a controlling shareholder; • within the past year, have had significant business relations (e.g. personally or indirectly as partner or employee, shareholder, customer, supplier or member of management in companies with corresponding connection) with the company, a subsidiary or an associated company; • be or within the past three years have been employed or been a partner in the same company as the auditor elected by the general meeting; • be part of the executive management in a company with cross-management representation in the company; • have been a member of the board of directors for more than 12 years; or • be a close relative with persons who are not considered independent. <p>Even if a member of the board of directors is not covered by the above criteria, certain conditions may exist that will lead the board of directors to decide that one or more members cannot be regarded as independent.</p>				
<i>3.3. Members of the board of directors and the number of other management functions</i>				
3.3.1. The Committee recommends that each member of the board of directors assess the expected time commitment for each function so that the member does not take on more functions than he/she can complete at a satisfactory level for the company.	Complies			The work of the board of directors, including the time commitment, is discussed at the annual evaluation of the board of directors.
3.3.2. The Committee recommends that the management commentary, in addition to the provisions laid down by legislation, includes the following information about the members of the board of directors:	Complies			The information is stated in the annual report.

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<ul style="list-style-type: none"> the position of the relevant person; the age and gender of the person in question; the person's competencies and qualifications that are relevant to the company; whether the member is considered independent; the member's date of appointment to the board of directors; expiry of the current election term; the member's participation in the meetings on the board of directors and committee meetings; other management functions, including memberships in executive boards, boards of directors, and supervisory boards, including board committees in Danish and foreign enterprises and demanding organisational tasks; and the number of shares, options, warrants and similar owned by the member in the company and other group companies, as well as changes to the member's portfolio of the mentioned securities which have occurred during the financial year. 				
3.4. Board committees				
3.4.1. The Committee recommends that the company publish the following on the company's website: <ul style="list-style-type: none"> the terms of reference of the board committees; the most important activities of the committees during the year and the number of meetings held by each committee; and the names of the members of each committee, including the chairmen of the committees, as well as information regarding which members are independent members and which members have special competencies. 	Complies			<p>The terms of reference are published on the website of the company.</p> <p>The number of meetings is informed in the annual report in addition to the recommended information on the members of the committee.</p>

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3.4.2. The Committee recommends that a majority of the members of a board committee be independent.	Complies			All members of the audit committee are independent. The nomination and remuneration committee consists of three members of which one member is not independent.
3.4.3. The Committee recommends that the members of the board of directors set up among its members an <u>audit committee</u> and that a chairman is appointed who is not the chairman of the board of directors.	Complies			
3.4.4. The Committee recommends that, prior to the approval of the annual report and other financial reports, the audit committee monitor and report to the board of directors about: <ul style="list-style-type: none"> • significant accounting policies; • significant accounting estimates; • related party transactions; and • uncertainties and risks, including in relation to the outlook for the current year. 	Complies			
3.4.5. The Committee recommends that the audit committee: <ul style="list-style-type: none"> • annually assesses the need for an internal audit function and, in such a case, presents mandates and recommendations on selecting, appointing and removing the head of any internal audit function and on the budget of the internal audit function; • ensure that if an internal audit has been established, adequate resources and competencies are allocated to carry out the work; and • monitor the executive management's follow-up on the conclusions and recommendations of the internal audit function. 	Complies			The audit committee has recommended and the board of directors has decided that an internal audit shall not be established.

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<p>3.4.6. The Committee recommends that the board of directors establish a <u>nomination committee</u>, which is at least, responsible for the following preparatory tasks:</p> <ul style="list-style-type: none"> describing the qualifications required by the board of directors and the executive board and for a given position, indicating the time expected to be spent carrying out a specific position, as well as assessing the competencies, knowledge and experience found in the two governing bodies; annually assessing the structure, size, composition and results of the board of directors and the executive management and recommend any changes to the board of directors; annually assessing the competencies, knowledge, experience and succession of the individual members of management and report to the board of directors in this respect; recommending candidates for the board of directors and the executive management; and proposing an action plan to the board of directors on the future composition of the board of directors, including proposals for specific changes. 	Complies			
<p>3.4.7. The Committee recommends that the board of directors establish a <u>remuneration committee</u>, which is at least, responsible for the following preparatory tasks:</p> <ul style="list-style-type: none"> recommending the remuneration policy (including the "General Guidelines for incentive-based Remuneration") to the board of directors and the executive management for approval by the board of directors prior to approval by the general meeting; making proposals to the board of directors on remuneration for members of the board of directors and the executive management, as well as ensuring that the remuneration is in compliance with the company's remuneration policy and the assessment of the 	Complies			

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<p>performance of the persons concerned. The committee should have information on the total remuneration that members of the board of directors and the executive management receive from other companies in the group;</p> <ul style="list-style-type: none"> • recommending a remuneration policy applicable for the company in general; and • assisting with the preparation of the annual remuneration report. 				
3.4.8. The Committee recommends that the remuneration committee do not consult with the same external advisers as the executive management of the company.	Complies			
<i>3.5. Evaluation of the performance of the board of directors and the executive board</i>				
<p>3.5.1. The Committee recommends that the board of directors establish an evaluation procedure for an annual evaluation of the board of directors and the individual members. External assistance should be obtained at least every third year. The evaluation should inter alia include:</p> <ul style="list-style-type: none"> • contribution and results; • cooperation with the executive management; • the chairman's leadership of the board of directors; • the composition of the board of directors (including competencies, diversity and the number of members); • the work in the committees and the committee structure; and • the organisation and quality of the material that is submitted to the board of directors. <p>The evaluation procedure and the general conclusions should be described in the management commentary and on the company's website. The chairman should account for the evaluation of the board of directors,</p>	Complies			

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including the process and general conclusions on the general meeting prior to the election of the board of directors.				
3.5.2. The Committee recommends that at least once annually, the board of directors evaluate the work and performance of the executive management in accordance with pre-defined criteria. Furthermore, the board of directors should evaluate the need for changes to the structure and composition of the executive management, in light of the company's strategy.	Complies			
3.5.3. The Committee recommends that the executive management and the board of directors establish a procedure according to which their cooperation is evaluated annually through a formalised dialogue between the chairman of the board of directors and the chief executive officer, and that the outcome of the evaluation be presented to the board of directors.	Complies			The chairman and the chief executive officer currently discuss the collaboration, also in connection with the evaluation of the work of the executive management, which is discussed in the board of directors.
4. Remuneration of management				
<i>4.1. Form and content of the remuneration policy</i>				
4.1.1. The Committee recommends that the board of directors prepare a remuneration policy for the board of directors and the executive board, which includes <ul style="list-style-type: none"> • a detailed description of the components of the remuneration for members of the board of directors and the executive board; • the reasons for choosing the individual components of the remuneration; 	Complies			The remuneration policy has been approved by the Annual General Meeting on 30 January 2020.

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<ul style="list-style-type: none"> • a description of the criteria that form the basis for the balance between the individual components of the remuneration; and • an explanation for the correlation between the remuneration policy and the company's long-term value creation and relevant related goals. <p>The remuneration policy should be approved by the general meeting at least every fourth year and upon any material amendments and it should be published on the company's website.</p>				
<p>4.1.2. The Committee recommends that if the remuneration policy includes variable components;</p> <ul style="list-style-type: none"> • limits should be set on the variable components of the total remuneration package; • a reasonable and balanced composition should be maintained between remuneration for members of management and the value creation for shareholders in the short and long term; • clarity should be established about performance criteria and measurability for the award of variable components; • variable remuneration should not only consist of short-term remuneration components, and that long-term remuneration components must have a vesting or maturity period of at least three years; and • the company should have the ability to reclaim, in full or in part, variable components of remuneration that were paid on the basis of information, which subsequently are found to be incorrect. 		Complies partially		The variable component consists of a matching share programme. The company complies partially as it is not found relevant to make an agreement which, in exceptional cases, entitles the company to reclaim in full or in part variable components of remuneration that were paid on the basis of data, which subsequently was found to be incorrect.
4.1.3. The Committee recommends that remuneration of members of the board of directors does not include share options or warrants.	Complies			
4.1.4. The Committee recommends that if, in relation to long-term incentive programmes, a share-based remuneration is used, the	Complies			

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programmes should have a vesting or maturity period of at least three years after being allocated and should be roll-over programmes, i.e. the options should be granted periodically.				
4.1.5. The Committee recommends that the total value of the remuneration relating to the notice period, including severance pay, does not exceed two years of remuneration, including all components of the remuneration.	Complies			
4.2. Disclosure of remuneration				
4.2.1. The Committee recommends that the company's remuneration policy and compliance with this policy be explained and justified annually in the chairman's statement at the company's general meeting.	Complies			
4.2.2. The Committee recommends that shareholders at the general meeting consider proposals for approval of remuneration for the board of directors for the current financial year.	Complies			
4.2.3. The Committee recommends that the company prepares a remuneration report that includes information on the total remuneration received by each member of the board of directors and the executive board from the company and other companies in the group and associated companies for the last three years, including information on the most important content of retention and resignation arrangements and that the correlation between the remuneration and company strategy and relevant related goals be explained. The remuneration report should be published on the company's website.	Complies			
5. Financial reporting, risk management and audits				

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<i>5.1. Identification of risks and transparency about other relevant information</i>				
5.1.1. The Committee recommends that the board of directors consider and in the management commentary account for the most important strategic and business-related risks, risks in connection with the financial reporting as well as for the company's risk management.	Complies			Accounted for in the annual report.
<i>5.2. Whistleblower scheme</i>				
5.2.1. The Committee recommends that the board of directors establish a whistleblower scheme for expedient and confidential notification of serious wrongdoing or suspicions thereof.	Complies			
<i>5.3. Contact to auditor</i>				
5.3.1. The Committee recommends that the board of directors ensure regular dialogue and exchange of information between the auditor elected by the general meeting and the board of directors, including that the board of directors and the audit committee meet with the auditor elected by the general meeting at least once annually without the executive board present. This also applies to the internal auditor, if any.	Complies			<p>The dialogue is ensured by the participation of the auditor in the audit committee meetings held during the year.</p> <p>Also, the auditor participates in the board meeting at which the annual report is adopted. In connection herewith the board of directors and the auditor meet without the executive management present.</p>

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5.3.2. The Committee recommends that the audit agreement and auditor's fee be agreed by the board of directors and the auditor elected by the general meeting based on a recommendation from the audit committee.	Complies			