Committee on Corporate Governance's Recommendations for corporate governance of August 15, 2005; section VI revised by February 6, 2008; sections III and V revised by December 10, 2008

The recommendations are divided into eight main areas. Each main area begins with the general rationale that describes the reason why the topic is subject to Recommendations. Then follow the actual Recommendations proposed by the Committee on the basis of the rationale. Finally, the Recommendations include comments on a varying degree. These comments are in effect not part of the Recommendations, however, they convey practical instructions and examples of how the companies may apply the Recommendations.

I. The role of the shareholders and their interaction with the management of the company

The shareholders, the owners of the companies and society have a joint interest in the companies always being capable of adjusting to changing demands, which allows the companies to continue to be competitive and continue to create value. Corporate governance implies that the supervisory board and the executive board understand that interaction between the management and the shareholders is of vital importance to the company. As owners of the company, the shareholders can actively exercise their rights and use their influence resulting in the management protecting the interests of the shareholders as best as possible, and ensuring efficient deployment of the company's funds both in the short as well as the long term.

Therefore, good corporate governance depends on appropriate frameworks which encourage the shareholders to enter into a dialogue with the management of the company and each other. This can be encouraged through a strengthening of the general meeting's role as a forum for communication and decisions.

1. Exercise of ownership and communication

The Committee **recommends** that the companies contribute to improving the communication between the company and the shareholders, and between the individual shareholders in the company via the use of e.g. information technology.

Comment: This may motivate the shareholders to exercise their rights and to use their influence.

2. Capital and share structures

The Committee **recommends** that the supervisory board, at appropriate intervals, assess whether the company's capital and share structures continue to be in the interests of the shareholders and the company and that the supervisory board account for this assessment in the company's annual report.

3. Preparations for the general meeting, including notice of meeting and proxy

The Committee **recommends** *that* the general meeting be called at sufficient notice to enable the shareholders to prepare for the meeting and consider the business to be transacted at the general meeting *that* the notice of meeting, including the agenda, be drawn up in such a way as to give the shareholders a satisfactory picture of the business covered by the items on the agenda and *that* proxies given to a company's supervisory board, as far as possible, include the position of the shareholders regarding each item on the agenda.

Comment: Pursuant to the Danish Companies Act, proxies given to a company's supervisory board shall be limited to one particular general meeting.

4. The duties of the supervisory board and the rights of the shareholders in the event of takeover bids
In connection with a public takeover bid, the Committee **recommends** that in such situations, the supervisory board does not, without the acceptance of the general meeting or on its own, attempt to counter a takeover bid by making decisions which in reality prevent the shareholders from deciding on the takeover bid.

Comment: It is important that the shareholders are given the opportunity to decide whether or not they wish to dispose of their shares in the company under the terms offered. The decisions not recommended include implementing capital increases or allowing the company to buy its own shares on the basis of any previously given authority.

II. The role of the stakeholders and their importance to the company
It is essential for a company's prosperity and future possibilities that the company have a good relationship with its stakeholders. Stakeholders are everyone directly affected by the company's decisions and business. Thus, it is desirable that the company's management run and develop the company with due consideration of its stakeholders, and that the management provide an incentive for dialogue with these stakeholders. Successful interaction between the company and its stakeholders implies openness and mutual respect.

1. The company's policy in relation to the stakeholders
The Committee **recommends** that the supervisory board adopt a policy on the company's relationship with its stakeholders.

Comment: Such a policy could for example include the company's business concept and its basic values and objectives, and one element could be guidelines for the company's publication of information about environmental and social issues.

2. The role of the stakeholders and their interests
The Committee **recommends** that the supervisory board ensure that the interests and roles of the stakeholders are respected in accordance with the company's policy on such issues.

Comment: As part of this purpose, it is natural that the supervisory board ensures that the executive board and the company's stakeholders are in active dialogue in order to develop and strengthen the company.

III. Openness and transparency
To a varying extent, it is necessary to provide shareholders, including potential shareholders, and other stakeholders with information about the company. Understanding and relating to the company depend on the amount of information and the quality of information published or provided by the company. Openness and transparency are essential conditions for ensuring that the company's shareholders and other stakeholders are able to regularly evaluate and relate to the company and its prospects and so to contribute to constructive interaction with the company.

1. Information and publication of information
The Committee **recommends** that the supervisory board adopt an information and communication policy.

Furthermore, the Committee **recommends** that the company draw up procedures to ensure immediate publication of all essential information of importance for how the shareholders and the financial markets evaluate the company and its activities as well as its business goals, strategies and results in a reliable and sufficient manner unless publication can be omitted according to stock exchange legal rules.

The Committee **recommends** that information be published in both Danish and English, and, if necessary, in any other relevant languages; this also applies to the company's website, which must display identical information in these languages.

2. Investor relations
The Committee **recommends** that the supervisory board lays the groundwork for an ongoing dialogue between the company and the company's shareholders and potential shareholders.

Comment: Such dialogue can take place in the following ways:
- Holding investor meetings.
- Evaluating on an ongoing basis whether information technology can be used for improving investor relations, including using part of the company's website to deal with corporate governance-related issues.
- Making all investor presentations accessible on the Internet at the same time as they are made.

3. Annual report
The Committee **recommends** that the supervisory board consider to what extent generally accepted accounting standards other than those required, such as US-GAAP, shall be applied as a supplement to the annual report if trade conditions or other circumstances make this relevant in relation to the information needs of the recipients, including the need for comparability.

In connection with the preparation of the annual report, the Committee **recommends** that the supervisory board decide whether it is expedient that the company publishes details of a non-financial nature, even in instances where this is not required by any applicable legislation or standards.

Comment: The annual report must in all circumstances meet the highest standards applicable to the class to which the company belongs and must reflect changes in generally accepted accounting principles.

Examples of details of a non-financial nature could be information about the company's
- development and maintenance of internal knowledge resources.
- diversity, among other things in relation to gender and age, within the supervisory board, the executive board and the company in general.
- ethical and social responsibilities.
- health and safety policies.

4. Quarterly reports
The Committee **recommends** that companies publish quarterly reports.

IV. The tasks and responsibilities of the supervisory board
The supervisory board is responsible for safeguarding the interests of the shareholders with care and due consideration of the other stakeholders. As concerns the managerial division of tasks between the supervisory board and the executive board, the supervisory board is assigned with, and responsible for, undertaking the overall management of the company as well as establishing guidelines for and supervising

the executive board's work. One important management task is to develop and establish appropriate strategies for the company. It is essential that the supervisory board ensure ongoing development of and follow-up on the necessary strategies in collaboration with the executive board.

1. The overall tasks and responsibilities of the supervisory board

The Committee **recommends** that the supervisory board discuss and establish its most important tasks related to the overall strategic management as well as the financial and managerial supervision of the company and regularly evaluate the executive board's work.

Comment: The supervisory board's most important tasks normally include:

- Establishing the overall goals and strategies and being responsible for follow-up in this respect.
- Ensuring clear guidelines for responsibility, distribution of responsibilities, planning and follow-up as well as risk management.
- Appointing a qualified executive board, establishing conditions of employment for the members of the board, including preparing guidelines for its appointment and composition, as well as ensuring that the remuneration of the members of the board reflects their performance.
- Ensuring that relations with the company's stakeholders are good and constructive.

2. The tasks of the chairman

The Committee **recommends** that the company prepare a work and task description specifying the tasks, duties and responsibilities of the chairman, and of the deputy chairman, if required.

The Committee **recommends** that the chairman ensure that the special knowledge and competence of each individual member of the supervisory board are used in the best possible manner in the supervisory board's work to the benefit of the company.

The Committee **recommends** that the company appoint a deputy chairman, who must be able to act in the chairman's absence and also to act as an effective sounding board for the chairman.

Comment: The chairman is particularly responsible for ensuring that the supervisory board functions satisfactorily and that the tasks of the supervisory board are handled in the best possible way.

A way of achieving this is *that* the chairman aims to ensure that the supervisory board's negotiations take place when all the members of the board are present, *that* all essential decisions are made when all the members are present and *that* the supervisory board's meeting frequency is planned in such a way as to allow it to act as a sounding board for the members of the executive board and to respond quickly and effectively at any time.

3. Procedures

The Committee **recommends** that the procedures always match the needs of the individual company and that all the members of the supervisory board review the procedures at least once a year for this purpose.

Comment: It is essential that the procedures of the supervisory board be an effective and functional tool for performing the supervisory board's tasks.

4. Information from the executive board to the supervisory board

The Committee **recommends** that the supervisory board establish procedures for how the executive board reports to the supervisory board and for any other communication between the supervisory board and the executive board with a view to ensuring that such information about the company's business as required by the supervisory board is regularly provided to the supervisory board.

Comment: In all circumstances, the executive board must ensure that the supervisory board is provided with essential information, whether the supervisory board has requested such information or not.

V. The composition of the supervisory board

It is essential that the supervisory board be composed in such a way as to allow it to perform its managerial tasks, including strategic and control tasks, in an effective and forward-looking manner and, at the same time, to act as a constructive and qualified sounding board for the members of the executive board. It is also essential that the members of the supervisory board always act independently of special interests. The supervisory board must regularly assess whether its composition and the competence of its members, individually and collectively, reflect the demands made by the company's situation and circumstances.

To ensure the quality of board work and thus increase the supervisory board's contribution to the value creation, it is important that the composition of the supervisory board is regularly reviewed, including as regards diversity in relation to gender and age, etc.

1. Composition of the supervisory board

The Committee **recommends** that the supervisory board regularly assesses the competence it must have to best perform its tasks and, in light hereof, assesses the composition of the supervisory board.

As a way to achieve this, the Committee **recommends** that:

- when assessing its composition, the supervisory board takes diversity into consideration in relation to gender, age, etc.

- the supervisory board ensures a formal, thorough and transparent process for selection and nomination of candidates.

- the supervisory board includes a description of the nominated candidates' background, including information about other managerial positions and directorships held by the candidates in both Danish and foreign companies as well as demanding organisational tasks performed by the individual persons, in the notice convening the general meeting when the election of the members to the supervisory board is on the agenda.

- the description provides information about the recruitment criteria established by the supervisory board, including the requirements for professional qualifications, international experience, educational background etc., which represent essential qualities with regard to the supervisory board, and that the shareholders of the company are given an opportunity to discuss these criteria at the general meeting.

- the description provides information about the supervisory board's assessment of its composition, including its diversity, and that the shareholders of the company are given an opportunity to discuss the composition of the supervisory board at the general meeting.

- every year, in the management's review, the supervisory board accounts for its composition, including its diversity, and for any special competence possessed by the individual members.

2. Training and introduction for members of the supervisory board

The Committee **recommends** that new members joining the supervisory board be given an introduction to the company and that the chairman, in collaboration with each individual supervisory board member, decide whether it is necessary to offer the member in question relevant supplementary training.

The Committee **recommends** that every year, the supervisory board assess whether the competence and expertise of the members need to be updated in some respect.

Comment: Such training and updating of the members' competence and expertise must be adjusted to the needs of the individual supervisory board member and must ensure that each of the members of the supervisory board is capable of:

- taking part in a qualified dialogue with the executive board about the company's strategic development and prospects.
- acquiring and keeping an overview of the company's core areas, activities and the conditions of the industry in question.
- actively participating in the supervisory board's work.

In addition, the members of the supervisory board are solely responsible for actively obtaining knowledge and regularly keeping themselves posted on the conditions of the company and the industry in question.

3. The number of supervisory board members

The Commission **recommends** that the supervisory board have only so many members as to allow a constructive debate and an effective decision-making process that enables all the members of the supervisory board to play an active role and so that the size of the supervisory board allows the competence and experience of the supervisory board members to match the requirements of the company.

The Commission **recommends** that at regular intervals, the supervisory board considers whether the number of supervisory board members is appropriate in relation to the requirements of the company.

4. The independence of the supervisory board

In order for the supervisory board members to act independently of special interests, the Committee **recommends** that at least half of the supervisory board members elected by the general meeting be independent persons. In this context, an independent supervisory board member elected by the general meeting may not:

- be an employee of the company or have been employed by the company within the past five years.
- be or have been a member of the executive board of the company.
- be a professional consultant to the company or be employed by, or have a financial interest in, a company which is a professional consultant to the company.
- have some other essential strategic interest in the company other than that of a shareholder.

Furthermore, any person related, in terms of business or in any other way, to the company's major shareholder, is not regarded as an independent person.

Family ties with persons not regarded as independent persons also imply a situation of non-independence.

The Committee **recommends** that least once a year, the supervisory board list the names of the members of the supervisory board who are not regarded as independent persons and also disclose whether new candidates for the supervisory board are considered independent persons and state the grounds for such consideration.

The Committee **recommends** that the members of the executive board of a company not be members of the supervisory board of the same company.

The Committee **recommends** that the annual report contain the following information about supervisory board members:

- occupation of the individual supervisory board member.

- other managerial positions or directorships held by the supervisory board member in Danish and foreign companies as well as demanding organisational tasks performed by that individual.
- number of shares, options and warrants held by the supervisory board member in the company and group enterprises as well as changes in the member's portfolio of the mentioned securities having taken place during the financial year.

5. Supervisory board members elected by the staff

The Committee **recommends** that the individual company consider the need to explain the system of staff-elected supervisory board members in the company's annual report or on its website.

Comment: Supervisory board members elected by the staff have the same rights, duties and responsibilities as supervisory board members elected by the general meeting.

6. Meeting frequency

The Committee **recommends** that the supervisory board meet at regular intervals according to a predetermined meeting and work schedule or when meetings are deemed necessary or appropriate as required by the company and that the annual meeting frequency be published in the annual report.

7. Time allocated to supervisory board work and the number of directorships

The Committee **recommends** that a supervisory board member who is also a member of the executive board of an active company hold not more than three ordinary directorships or one chairmanship and one ordinary directorship in companies not forming part of the group unless in exceptional circumstances.

Comment: It is essential that the individual member of the supervisory board in advance understand the demands in terms of time placed on him by the supervisory board work and that he allocate sufficient time for such tasks while sitting on the supervisory board.

8. Retirement age

The Committee **recommends** that the company agree on a retirement age for members of the supervisory board and that the annual report contain information about the age of the individual members of the supervisory board.

9. Election period

The Committee **recommends** that members of the supervisory board be up for re-election every year at the general meeting and that the supervisory board in this connection makes special efforts to ensure the balance between replacement and continuity on the supervisory board as regards the chairmanship and the deputy chairmanship.

The Committee **recommends** that the annual report state when the individual member of the supervisory board joined the board, whether the member of the supervisory board was re-elected and when the new election period expires.

Comment: If a supervisory board member's conditions of employment change during an election period, he must inform the other members of the supervisory board accordingly and be prepared to put his seat up for election at the next general meeting.

10. Use of supervisory board committees

The Committee **recommends** that the supervisory board consider and decide whether to establish committees, including nomination, remuneration and audit committees.

If the supervisory board appoints a committee, the Committee **recommends** that such appointment take place only in connection with matters relating to specific issues for the purpose of preparing decisions to be made by all the members of the supervisory board.

In the event of appointment of a supervisory board committee, the Committee **recommends** the supervisory board draw up terms of reference for that committee setting out its responsibilities and powers.

The Committee **recommends** that the company's annual report describe important issues included in the terms of reference of the individual supervisory board committee and that the annual report list the names of the members of the individual supervisory board committee as well as the number of meetings of that committee held during the financial year.

Comment: The specific conditions of each individual company, including the size and modus operandi of the supervisory board as well as the size and complexity of the company, determine whether to establish a supervisory board committee.

It is essential that the supervisory board ensure that the appointment of a supervisory board committee does not cause important information intended for all members of the supervisory board to be communicated to the supervisory board committee only.

Appendix A contains a number of directions to be used in the event of appointment of a supervisory board committee.

See also VIII, 7 regarding supervisory board committees.

11. Assessment of the supervisory board's work

The Committee **recommends** that the supervisory board establish an assessment procedure that regularly and systematically evaluates the work, results and composition of the supervisory board as well as the work and results of the individual members, including the chairman, for the purpose of improving the supervisory board's work and that the criteria of assessment are clearly defined.

The Committee **recommends** *that* such assessment be made once a year, *that* the chairman of the supervisory board be in charge of this process, drawing on external support, if necessary, *that* the outcome be discussed by the entire supervisory board and *that* the supervisory board provide details of its procedures of self-assessment in the company's annual report.

The Committee **recommends** that the supervisory board assess the executive board's work and results once year according to previously established explicit criteria.

The Committee **recommends** that the executive board and the supervisory board establish a procedure to assess the collaboration between the two boards at an annual meeting between the CEO and the chairman of the supervisory board and that the outcome of such assessment be presented to the entire supervisory board.

Comment: Assessing the supervisory board as a whole implies a clear need to evaluate the extent to which previously established strategic goals and plans have been met.

VI. Remuneration of the members of the supervisory board and the executive board

Competitive remuneration is a prerequisite for attracting and retaining competent members of the supervisory board and the executive board. The remuneration of the members of the supervisory and executive boards should be reasonable in relation to the tasks assigned and the responsibilities involved in performing these tasks.

Performance-related pay may result in convergence of interests between the shareholders and the management of the company and may cause the management to focus on increasing the company's value creation.

It is essential that there be openness about all important issues regarding the principles and amounts of the total remuneration offered to the members of the supervisory board and the executive board.

1. Remuneration
The Committee **recommends** that the total remuneration (fixed pay, incentive pay covering all forms of variable pay, pension, severance pay and other benefits) be at a competitive and fair level, reflecting the independent performance and value creation in the company of the members of the executive board and the supervisory board.

2. Remuneration policy
The Committee **recommends** that the supervisory board adopt a remuneration policy and that the company disclose the contents of such policy in its annual report and on the company's website.

The Committee **recommends** that the remuneration policy reflect the interests of the company and the shareholders, match the specific conditions of the company and be reasonable in relation to the tasks and responsibilities undertaken and that it promotes long-term behaviour and is transparent and easy to understand.

The Committee **recommends** that the remuneration policy include a statement explaining the fixed pay and the overall principles of the incentive pay programme (covering all forms of variable pay), including the terms of the vesting/granting of bonus/performance-related bonus and/or price-related incentive schemes, etc., as well as pension schemes and severance programmes and other benefits. Information about the relationship between the fixed pay, the incentive pay and the other elements of the pay is a part of the remuneration policy.

The Committee **recommends** that any defined benefit schemes be disclosed.

The Committee **recommends** that the company's remuneration, including incentive pay, policy reporting include a statement explaining how such policy was implemented in the past financial year, how such policy is implemented in the current financial year and how the company plans to implement it in the next financial year.

The Committee **recommends** that the remuneration policy contain clear and comprehensible information that is easy to understand by the individual shareholder and which enables the shareholder to see that the supervisory board complies with the remuneration policy and the guidelines adopted for incentive pay. Thus, there must be a connection between the information communicated to and approved by the general meeting prior to the granting and the annual report stating the facts after the granting.

The Committee **recommends** that the company's remuneration policy be mentioned in the statement given by the chairman at the company's general meeting and that the remuneration of the supervisory board for the current financial year be presented for adoption at the general meeting when the annual report for the previous year is submitted for adoption.

3. General guidelines for incentive pay

The Committee **recommends** that the general guidelines for incentive pay reflect the interests of the shareholders and the company, match the specific conditions of the company and be reasonable in relation to the tasks and responsibilities undertaken. There must be a connection between the information communicated to and approved by the general meeting prior to the granting and the annual report showing the specific results of the approved guidelines for incentive pay.

The Committee **recommends** that the remuneration of the members of the supervisory board not consist of share option schemes, but e.g. bonus schemes and shares at market price.

If the remuneration of the members of the executive board consists of share or subscription options, the Committee **recommends** that the schemes be set up as roll-over schemes (i.e. the options are granted periodically e.g. every year and expire over a number of years) and that the redemption price be higher than the market price at the time of granting.

The Committee **recommends** that incentive pay programmes be designed in such a way that they promote long-term behaviour and are transparent and easy to understand, even for outsiders, and that valuation at the time of granting be made according to generally accepted methods.

Comment: Section 69b of the Danish Companies Act provides that the supervisory board of the company must have specified general guidelines for incentive programmes for the company's supervisory board or executive board before the company can enter into a specific agreement on incentive pay with a member of the supervisory board or the executive board. The guidelines must be considered and approved by the company in general meeting.

4. Severance programmes

The Committee **recommends** that information about the most important aspects of severance programmes be disclosed in the company's annual report.

Comment: Severance programmes cover a wide area, including number of years' notice and qualification, change of control agreements, 'golden handshakes', insurance and pension schemes, payment of pension contributions after retirement, etc. Pursuant to section 107a of the Danish Financial Statements Act a company's annual report shall include information on special retirement agreements resulting from a successfully completed takeover bid. If, in exceptional cases, severance programmes include an element of incentive pay, such programmes shall be covered by section 3.

5. Openness about remuneration

The Committee **recommends** that the annual report include information about the amounts of total remuneration of the individual members of the supervisory board and the executive board provided by the company or other companies within the same group.

Comment: The annual report should contain all, clear and comprehensible information about the remuneration of the individual members of the management body that is easy to understand by the individual shareholder and which enables the shareholder to follow up on the compliance with the remuneration policy and the general guidelines adopted for incentive pay.

VII. Risk management
Effective risk management is a prerequisite allowing the supervisory board to perform its tasks in the best possible way. Therefore, it is essential that the supervisory board arrange for appropriate risk management systems to be established and generally ensure that such systems meet the requirements of the company at any time

The purpose of risk management is to:

- develop and maintain an understanding of the organisation of the company's strategic and operational goals, including an identification of the critical success factors for achieving such goals.
- analyse the possibilities and challenges related to the implementation of the above goals as well as the risk of these goals not being met.
- analyse the most important activities launched by the company to identify the risks in this connection.
- determine the venture spirit of the company.

1. Identification of risks
The Committee **recommends** that the supervisory board and the executive board, when formulating the company's strategy and overall goals, identify the greatest business risks involved in achieving such strategy and goals.

2. Plan for risk management
The Committee **recommends** that the executive board prepare a plan for the company's risk management on the basis of the risks identified and submit this plan to the supervisory board for approval, and that the executive board regularly report to the supervisory board to allow the latter to systematically follow the trends in significant risk areas.

Comment: Such reporting may include procedures and action plans to eliminate, reduce, divide or accept these risks.

3. Openness regarding risk management
The Committee **recommends** that the company's annual report include information about the company's risk management activities.

VIII. Audit
Ensuring a competent and independent audit is an essential part of the supervisory board's work. The Committee recommends that the contractual basis and thus the framework of the auditor's work be determined between the supervisory board and the auditor.

1. The supervisory board's nomination of an auditor candidate
The Committee **recommends** that having consulted the executive board, the supervisory board make a specific and critical assessment of the auditor's independence and competence, etc., to be used in connection with the nomination of a candidate at the general meeting.

2. Agreement with the auditor
The Committee **recommends** that the auditor agreement and the auditor's fee be agreed between the company's supervisory board and the auditor.

3. Non-audit services

The Committee **recommends** that every year, the supervisory board lay down the overall, general scope of the auditor's provision of non-audit services with a view to ensuring the auditor's independence, etc.

4. Internal control systems
The Committee **recommends** that at least once a year, the supervisory board review and assess the internal control systems within the company as well as the management's guidelines for and supervision of such systems and that the supervisory board consider the extent to which this function is able to assist the supervisory board in this work.

5. Accounting policies and accounting estimates
When the supervisory board reviews the annual report (or a draft of it) together with the auditor, the Committee **recommends** that particular efforts be made to discuss the accounting policies applied in the most important areas as well as important accounting estimates and that the expediency of the accounting policies applied be assessed.

6. Result of the audit
The Committee **recommends** that the result of the audit be discussed at meetings with the supervisory board for the purpose of reviewing the auditor's observations and opinion, possibly on the basis of the long-form audit report.

7. Audit committee
In companies with complex accounting and audit conditions, the Committee **recommends** that the supervisory board consider establishing an audit committee to assist the supervisory board in accounting and audit matters.

Comment: For information on general use of supervisory board committees, see section V, 10.

Appendix A on supervisory board committees

Joint information for all three types of committee
At least three persons should sit on a supervisory board committee. In companies where the supervisory board consists of a limited number of persons, a committee may consist of two members only. The members of a committee should be appointed in due consideration of their qualifications.

For the purpose of ensuring a committee's independency and objectivity, other members of the management should only participate in its meetings if so requested by the committee.

A supervisory board committee may invite or summon specific employees or experts to participate in its meetings.

Nomination committees
The majority of the members of a nomination committee should be independent persons. If the supervisory board deems it appropriate that a nomination committee consist of a minority of non-independent members, the CEO may be appointed to sit on that committee.

A nomination committee should have the following responsibilities:

- Nominating supervisory board and executive board candidates to be presented to the supervisory board. In this connection, the committee should assess the competence, knowledge and experience possessed by the supervisory board and the executive board, describe the qualifications needed for the individual office and specify the estimated time needed to perform the duties of that office.

- At regular intervals, assessing the structure, size, composition and results of the supervisory board/executive board and drawing up recommendations for changes, if needed, to the supervisory board.

- At regular intervals, assessing the competence, knowledge and experience of the individual members of the supervisory board/executive board and reporting such details to the supervisory board.

- In due time, considering candidates to replace a member of the supervisory board/executive board.

A nomination committee should consider proposals submitted by relevant persons, including shareholders, members of the supervisory board and members of the executive board.

When performing its duties, a nomination committee should be able to draw on necessary resources, including external advisory or advertising services. The company should provide all the resources needed for this purpose.

Remuneration committees
The majority of the members of a remuneration committee should be independent persons.

A remuneration committee should have the following responsibilities:

- Submitting recommendations to the supervisory board about the remuneration policy established for the supervisory board and the executive board. The remuneration policy should cover all types of pay and remuneration, including regular pay, performance-related schemes (including share-based remuneration), pension schemes as well as severance pay, etc.

- Proposals for performance-related pay and remuneration schemes should be accompanied by recommendations on targets and evaluation criteria for the purpose of ensuring that remuneration matches the long-term interests of the shareholders and the goals set for the company by the supervisory board.

- Submitting proposals to the supervisory board for the remuneration of executives and ensuring that such proposals are consistent with the company’s remuneration policy and the assessment of the individual person’s performance. The committee should be familiar with the total amount of remuneration that executives receive from other group enterprises.

- Submitting proposals to the supervisory board for standard agreements for executives.

- Assisting the supervisory board in checking how the company complies with the current rules governing public insight into pay and remuneration issues, for example in the annual report.

In respect of share-based remuneration offered to members of the management and employees, a remuneration committee should

- discuss the general policy on such schemes.
- submit relevant proposals to the supervisory board.
- review information about such remuneration disclosed in the annual report and at the general meeting.
- submit proposals to the supervisory board regarding the choice between share option schemes and warrant schemes, accompanied by a statement giving the grounds for the choice made as well as its consequences.

A remuneration committee should consult the chairman of the supervisory board as regards the remuneration of other members of the supervisory board and consult the CEO as regards the remuneration of other executives.

A remuneration committee should be able to draw on the expertise of consultants for the purpose of providing the necessary information about market remuneration practice. The company should provide all the resources needed for this purpose.

Audit committees
The majority of the members of an audit committee should be independent persons. Between them, the members of an audit committee should possess such an amount of expertise and experience as to provide an updated insight into and experience in the financial, accounting and audit conditions of listed companies.

An audit committee should have the following responsibilities:

- Checking the accuracy of financial information disclosed in annual, semi-annual and quarterly reports, etc., issued by the company, including ensuring that accounting policies are relevant and applied consistently.

- Reporting to the supervisory board on its activities in connection with the adoption of annual, semi-annual and quarterly financial statements or any other important financial report issued.

- Assessing the expediency of the accounting policies applied as well as the methods of recognition and measurement used in connection with material and unusual transactions if it is possible to base the accounting treatment on alternative accounting policies.

- At least once a year, reviewing and assessing internal control and risk management systems as well as the management's guidelines in this respect and supervising the systems for the purpose of identifying and managing the most important risks.

- At least once a year, assessing the need for an internal audit. The committee should submit recommendations on selecting, employing and dismissing the head of any internal audit as well as recommendations on the budget of the internal audit department. The committee should be notified of the internal auditor's work programme and should receive material internal audit opinions or periodical summaries. Finally, the committee should supervise the executive board's follow-up on the conclusions and recommendations of the internal audit.

As regards the company's external auditor, an audit committee should:

- submit recommendations to the supervisory board for the board's nomination of a candidate as the company's external auditor at the general meeting.

- make a specific and critical assessment of the independence, objectivity and competence of the external auditor, for example by checking that current guidelines for partner rotation are met and by checking the size and composition of fees paid to the auditor, etc.

- submit proposals to the supervisory board for the audit and the auditor's fee.

- submit proposals to the supervisory board as regards the overall, general scope of the auditor's provision of non-audit services. The committee should check the nature and extent of non-audit services provided by the external auditor for the purpose of ensuring the auditor's independence and objectivity.

- be notified of the external auditor's audit plan, etc., and also be informed in due time of any important questions raised as a result of the audit.

- review and discuss the result of the audit, including the auditor's observations and opinion, possibly on the basis of a long-form audit report.

- check that the company's management follows up the recommendations contained in the external auditor's report to the management.

- look into the matters surrounding any resignation of the external auditor and submit recommendations on the steps to be taken as result of such resignation.

An audit committee should be offered an introduction programme to be followed up, to the extent necessary, by regular relevant supplementary briefing.

An audit committee must be able to seek advice and help from external legal advisers, accounting consultants and other advisers when this is deemed necessary to enable the committee to perform its duties. The company should provide all the resources needed for this purpose.