

## Corporate governance

### **Corporate governance in Auriga Industries A/S**

The Board of Directors regards it a very important task to look after the long-term interests of the company, and thereby of the shareholders. The guidelines for the overall management of Auriga are based on the articles of association, objectives, strategy and values and on the corporate governance principles laid down in, for example, legislation, best practice and recommendations.

The recommendations for good corporate governance form part of the code of conduct for companies listed on OMX Nordic Exchange in Copenhagen. The company must adhere to the recommendations adopted on the basis of the "comply-or-explain" principle.

Auriga generally complies with the OMX recommendations for good corporate governance, but has nevertheless chosen a different practice in a few areas, as described below.

Read more about corporate governance on the Auriga website [www.auriga-industries.com](http://www.auriga-industries.com).

### **Share structure and general meeting**

The Board of Directors assesses the expediency of the company's existing capital and share structures at regular intervals. Auriga has two share classes, Class A shares with a nominal value of DKK 75 million, and Class B shares with a nominal value of DKK 180 million, where each Class A share carries ten votes, while each Class B share carries one vote. The Class B shares are listed on OMX Nordic Exchange, while the Class A shares are non-negotiable. According to the charter

of the Aarhus University Research Foundation, the foundation must hold all Class A shares and at least 51 per cent of the votes in Auriga. In the opinion of the Board of Directors, the existing ownership and share structure is expedient for the continued positive and stable development of the company.

Proxies given to the Board of Directors do not include the positions of shareholders regarding individual items on the agenda. The reason for this deviation from the recommendations is that, in the opinion of the Board of Directors, the inclusion of the position of the shareholder regarding each item on the agenda on the proxy form does not take account of the development of the debate at the general meeting.

### **Stakeholders**

The group management endeavours a continuous balance in the value creation for all stakeholders. Moreover, the group is keen to contribute to responsible behaviour, as reflected, among other things, in Cheminova's annual CSR (Corporate Social Responsibility) report and in the environmental accounts.

### **Information and investor relations**

Through active and structured investor relations and information activities, an open and trustworthy dialogue is preferred with investors, analysts, stockbrokers and other stakeholders. All communication is in accordance with the code of conduct of the stock exchange. For further information, please see the section "Shareholders" on page 12.



### Board of Directors

Every year, the Board of Directors discusses and decides on the overall strategic management of the group, and the level of internal reporting to ensure a satisfactory financial and managerial supervision of the company. The procedures of the Board of Directors are also reviewed once a year with a view to matching the current needs of the company.

The Board of Directors is composed of a wide variety of competences, and the selection of new candidates is based on the degree of professional qualifications, possibly combined with broadly based international experience, deemed by the Board of Directors to be required to supplement those of the existing members. The Board of Directors of Auriga is independent pursuant to the OMX guidelines and has no standing committees. A total of seven meetings were held by the Board of Directors in 2007, with the same number of meetings being planned for 2008.

Auriga has not defined how many honorary positions a member of the Board of Directors may hold, as emphasis is being placed on the input, qualifications and capacity of individual members. The Board of Directors believes that it is sufficient to state the members' combined holding of shares in the company. At the beginning of 2008, the Chairman of the Board of Directors has, with the assistance of an external consultant, carried out an evaluation of the collaboration and working methods of the Board of Directors.

### Remuneration to the Board of Directors and the Board of Executives

No information on individual remuneration is given in the annual report as the information on developments in the combined remuneration paid to the Board of Directors and the Board of Executives is regarded sufficient.

Members of the Board of Directors receive fixed remuneration and are not part of any incentive schemes.

The Board of Directors determines the remuneration for the Board of Executives once a year. The basic pay received by members of the Board of Executives is often supplemented by incentive programmes. Other members of the management also receive basic pay supplemented with incentive programmes. Other employee groups typically receive basic pay as well as bonus/profit-sharing.

The general meeting approves the remuneration for the Board of Directors and the Board of Executives, including any performance-related pay as described in further detail in Note 3.

No agreement has been made with any member of the Board of Executives which imposes obligations of an unusual nature on the group over and above one year of severance pay.

### Risk management

The most significant business risks are identified and described in the section "Risk management" on page 16, together with the most important risk-reducing procedures at operational level. The Board of Directors monitors Auriga's commercial and financial risk management, and are also regularly evaluating the general risk exposure as such.



Global population growth demands better and more efficient agricultural production in several regions of the world. Controlling plant diseases is one of the means of increasing crop yields.