

# CORPORATE GOVERNANCE & INTERNAL CONTROLS

Auriga's Board of Directors and Executive Board attach importance to corporate governance as a prerequisite both for creating value for shareholders and supporting the group's trustworthiness in relation to customers, suppliers, employees and all other stakeholders.

Auriga's Board of Directors and Executive Board must ensure an appropriate group management structure at all times and develop an efficient risk management and control system to handle the economic and financial affairs of the company. The Board of Directors focuses on the company's long-term interests and value creation for the benefit of shareholders and all other stakeholders.

## CORPORATE GOVERNANCE

On April 8, 2010, the Danish Committee on Corporate Governance published a new and revised set of Recommendations on Corporate Governance. Auriga's Board of Directors has reviewed the recommendations on the basis of the "comply-or-explain" principle, and in the opinion of the Board of Directors, Auriga complies with the recommendations. Auriga's comments on the recommendations are collated in the statutory report on corporate governance published at [www.auriga-industries.com](http://www.auriga-industries.com) > Auriga Industries > Corporate Governance.

Corporate governance in Auriga builds on relevant legislation such as the Danish Companies Act (Selskabsloven), the Danish Securities Trading Act (Værdipapirhandelsloven), the Danish Financial Statements Act (Årsregnskabsloven), IFRS and the Rules for Issuers on NASDAQ OMX Copenhagen, while Auriga's Articles of Association, objectives, values, policies and best practice for enterprises of the same size and of comparable international reach form the basis of corporate governance.

## COMPOSITION OF THE BOARD OF DIRECTORS

A presentation of the special competencies of the individual members of the Board of Directors in relation to their work as board members can be found on page 19 in this report. A description of the requested qualifications and skills of the Board of Directors, pursuant to the statutory report on corporate governance, item 5.1 on the composition of the Board of Directors, can be found at [www.auriga-industries.com](http://www.auriga-industries.com) > Auriga Industries > Corporate Governance. The recommended information, cf. the recommendations issued by the Danish Committee on Corporate Governance, is presented in the profiles of the individual members of the Board of Directors on [www.auriga-industries.com](http://www.auriga-industries.com) > Auriga Industries > Group Management > Board of Directors.

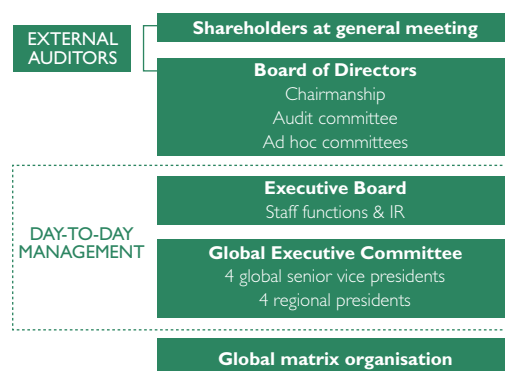
## INTERNAL CONTROLS

The object of Auriga's internal control and risk management systems is to ensure a true and fair view of the financial statements in accordance with IFRS and other Danish disclosure requirements, including Section 107b of the Danish Financial Statements Act.

On the basis of a recommendation by the Board of Directors, Auriga's annual general meeting appoints independent auditors who at least twice a year submit a written report to the Board of Directors. The audit committee appointed by the Board of Directors assists the Board of Directors in its supervisory duties and in monitoring the financial reporting process, internal control and risk management systems and determining the relations with and the framework for the external audit.

In order to counter, identify and correct errors in the financial reporting, the company has established a number of control mechanisms in the form of accounts manuals, descriptions of

## CORPORATE GOVERNANCE STRUCTURE



## COMPOSITION OF THE BOARD OF DIRECTORS 2010

Name	Born	Nationality	Elected	Term	Independent*	Remuneration, DKK	No. of shares
Povl Krogsgaard-Larsen, Chairman	1941	Danish	2002	1 yr	Yes	500,000	0
Gunnar Krarup Andersen	1965	Danish	2007	4 yrs**	No**	225,000	2,810
Kenneth Bro	1954	Danish	2007	4 yrs**	No**	225,000	1,005
Karl Anker Jørgensen	1955	Danish	2007	1 yr	No	225,000	0
Jutta af Rosenborg, Chairman of the audit committee	1958	Danish	2010	1 yr	Yes	425,000	0
Jan Stranges, Member of the audit committee	1958	Danish	2001	1 yr	Yes	325,000	50
Torben Svejgård	1955	Danish	2010	1 yr	Yes	225,000	0
Jørn Sand Tofting	1956	Danish	2003	4 yrs**	No**	225,000	1,647

\* As defined by the Danish Committee on Corporate Governance and NASDAQ OMX Copenhagen      \*\* Board member elected by the employees

procedures, segregation of duties, internal system controls and approval procedures. Each year, the management and the auditor appointed by the annual general meeting agree on the scope of the audit and any separate focus areas in connection with the audit. No actual internal audit function has been established.

The operational, financial and managerial quality assurance of the financial reporting process takes place in close collaboration between the local, regional and group-level finance functions and the responsible management. The group's controller function monitors compliance with internal rules and procedures. Moreover, visits to important subsidiaries and regular monthly follow-up and reviewing of accounting records and sparring with the external auditors are helping to ensure the efficiency of the global control environment.

The company constantly seeks to optimise its internal controls and risk management activities.

The statutory report on corporate governance forms part of the management's review in the annual report for 2010 and covers the same period as the annual report, cf. Section 107b of the Danish Financial Statements Act.

READ MORE:  
[http://www.auriga-industries.com/en/auriga\\_industries/corporate\\_governance/](http://www.auriga-industries.com/en/auriga_industries/corporate_governance/)  
[http://www.auriga-industries.com/en/auriga\\_industries/corporate\\_governance/report\\_on\\_corporate\\_governance.htm](http://www.auriga-industries.com/en/auriga_industries/corporate_governance/report_on_corporate_governance.htm)