



Corporate Governance principles

Corporate Governance can be defined as ‘the system used to manage and control a company’. Requirements for good corporate governance are to a wide extent included in the requirements for boards of directors laid down in the Danish Public Companies Act (*Aktieselskabsloven*) and in the code of conduct for companies listed on NASDAQ OMX, Copenhagen.

In Denmark, it is the Committee on Corporate Governance which has laid down a number of rules on and recommendations for good corporate governance which Danish companies must review and comply with to the greatest possible extent. Auriga reviews these recommendations annually on the basis of the comply-or-explain principle and regularly assesses how the company can ensure additional compliance. The recommendations specify that it is just as legitimate for a company to provide an explanation as it is to comply with a specific recommendation as the most important objective is to ensure transparency about the company’s management.

The summary and checklist provided below have been prepared on the basis of the 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’. It is the opinion of the management that Auriga is complying with the recommendations issued by the Committee on Corporate Governance.

Summary and contents:

Corporate Governance recommendations			Complied with	Not complied with
I.	The role of the shareholders and their interaction with the management of the company	Page 2	X	
II.	The role of the stakeholders and their importance to the company	Page 5	X	
III.	Openness and transparency	Page 6	X	
IV.	The tasks and responsibilities of the supervisory board	Page 10	X	
V.	The composition of the supervisory board	Page 13	X	
VI.	Remuneration to the members of the supervisory board and the executive board	Page 23	X	
VII.	Risk management	Page 28	X	
VIII.	Audit	Page 29	X	
Appendix A on supervisory board committees		Page 32		

Corporate Governance recommendations	Complied with	Not complied with	Auriga's comments on the recommendations
<p>I. The role of the shareholders and their interaction with the management of the company</p> <p><i>I. 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.</i></p>			
<p>1. <u>Exercise of ownership and communication</u></p> <p>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.</p> <p><i>Comment:</i> This may motivate the shareholders to exercise their rights and to use their influence.</p>	<p>X</p>		<p>Auriga maintains an ongoing dialogue with the company's shareholders and investors. The day-to-day communication takes place via phone calls and written enquiries via investor@auriga.dk and via an informative website. Furthermore, shareholder letters are sent out by post approx. four times a year to all shareholders registered in the company's register of shareholders. Auriga's stakeholders may subscribe to Auriga's E-mail Service and receive company announcements, annual reports and interim reports as well as other news via email. Auriga's shareholders registered in the company's register of shareholders can also use the InvestorPortal, which is available at www.auriga-industries.com. The holdings of registered Auriga shares in the individual custody accounts can be viewed online at the InvestorPortal, and the company's printed publications can be ordered for delivery by ordinary mail or by email. In connection with the annual general meeting, admission cards can be ordered and proxies submitted via the InvestorPortal.</p>

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<p>2. <u>Capital and share structures</u></p> <p>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.</p>	X		<p>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 NASDAQ OMX, Copenhagen, 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 and the management, the existing ownership and share structure is expedient for the continued positive development of the company.</p>
<p>3. <u>Preparations for the general meeting, including notice of meeting and proxy</u></p> <p>The Committee recommends <i>that</i> 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 <i>that</i> 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 <i>that</i> proxies given to a company's supervisory board, as far as possible, include the position of the shareholders regarding each item on the agenda.</p> <p><i>Comment:</i> Pursuant to the Danish Companies Act, proxies given to a company's supervisory board shall be limited to one particular general meeting.</p>	X		<p>Auriga's shareholders can exert influence on the company's general meeting, which is held once a year as a minimum.</p> <p>Pursuant to the company's Articles of Association, general meetings are called subject to two to four weeks' notice. In practice, general meetings are typically called giving three weeks' notice.</p> <p>Pursuant to the company's Articles of Association, proposals from shareholders to be considered by the annual general meeting must be submitted to the Board of Directors within two months of the end of the financial year at the latest. Though, pursuant to the new Danish Public Company's Act (den nye Selskabslov) coming into force in 2010, the deadline for proposing items to be included on the agenda for the annual general meeting in 2010 is March 10, 2010.</p> <p>The notice of meeting, registration form and proxy form are distributed by post to all shareholders registered in the company's register of shareholders, including a detailed description of the individual proposals and an overview of any new candidates for the Board of Directors.</p> <p style="text-align: right;"><i>cont.</i></p>

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			<p>Any shareholder has the right to attend the general meeting if the shareholder has requested an admission card no later than five days prior to the meeting. Registration can be made online via Auriga's InvestorPortal.</p> <p>Shareholders who are unable to attend the general meeting may issue proxies to the Board of Directors and, in this way, exert influence on the general meeting.</p> <p>Proxies issued to Auriga's Board of Directors have so far not included the position of the shareholders regarding each item on the agenda for the general meeting. The reason for this 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 developments in the debate at the general meeting. Plans are to change this in 2010 to proxies indicating the shareholders' voting preferences for the business to be considered.</p> <p>Decisions at the general meeting are normally adopted by a simple majority of votes. However, the adoption of resolutions to amend the Articles of Association normally requires that two-thirds of the votes cast and two-thirds of the voting share capital present at the general meeting favour the proposal in accordance with Danish company legislation.</p>
<p>4. <u>The duties of the supervisory board and the rights of the shareholders in the event of takeover bids</u></p> <p>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.</p> <p><i>cont.</i></p>	X		<p>If a bid is made for the takeover of the company's shares, the Board of Directors will act in accordance with the applicable Danish legislation within this area.</p>

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<p><i>Comment:</i> 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.</p>			
<p>II. The role of the stakeholders and their importance to the company <i>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.</i></p>			
<p>1. <u>The company's policy in relation to the stakeholders</u></p> <p>The Committee recommends that the supervisory board adopt a policy on the company's relationship with its stakeholders.</p> <p><i>Comment:</i> 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.</p>	<p>X</p>		<p>Auriga's stakeholder policy and IR Policy are available on www.auriga-industries.com, and communication policy has been adopted for Cheminova. The policies concern the company's stakeholder relations, Cheminova's mission, vision and values, Code of Business Principles as well as objectives and strategy.</p> <p>The management endeavours to strike a good balance in the creation of value and the dialogue with all stakeholders. Moreover, the company is very keen to contribute to responsible behaviour, as reflected, among other things, in Cheminova's Code of Business Principles, the annual CSR (Corporate Social Responsibility) report and in the environmental accounts.</p> <p>In December 2009, Cheminova decided to support the United Nations Global Compact's ten principles for responsible business conduct.</p> <p>Auriga endeavours to develop and maintain good relations with its stakeholder groups, as such relations are deemed to have a significant and positive impact on the company's development.</p>

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<p>2. <u>The role of the stakeholders and their interests</u></p> <p>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.</p> <p><i>Comment:</i> 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.</p>	X		<p>Auriga's stakeholder policy and IR Policy as well as Cheminova's communication policy are to ensure that the interests and roles of the stakeholders are respected.</p> <p>Reporting to the Board of Directors Every month, the Board of Directors receives a report from the Board of Executives which, among other things, contains a description of the meetings and activities in which the company has participated in relation to external stakeholders. The agenda for board meetings also safeguard the possibility of this type of reporting. The regular annual activities of the Board of Directors furthermore ensure that the Board has the chance every year to assess and review the company's HR strategy and environmental and HR issues (CSR and environment, safety and quality).</p>
<p>III. Openness and transparency</p> <p><i>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.</i></p>			
<p>1. <u>Information and publication of information</u></p> <p>The Committee recommends that the supervisory board adopt an information and communication policy.</p> <p>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</p>	X		<p>Communication and investor relations Auriga's stakeholder policy and IR Policy are available on www.auriga-industries.com.</p> <p>Through active and structured investor relations and communication activities, an open and trustworthy dialogue is sought with investors, analysts, stockbrokers and other stakeholders. All communication is in accordance with the code of conduct of the stock exchange.</p> <p>As a trustworthy partner of its stakeholders, Auriga endeavours to submit timely, adequate and simultaneous information on the company's business activities to ensure high interest in the Auriga share.</p>

	according to stock exchange legal rules.			<i>cont.</i>
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	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.			<p>Investor meetings are held on an ongoing basis; however, with a 'silent period' for three weeks prior to financial reporting.</p> <p>As a company listed on NASDAQ OMX, Copenhagen, Auriga is under an obligation to ensure that everyone is granted equal access to all essential information on the company which can be assumed to affect the price formation of the Auriga share. In connection with the publication of company announcements, Auriga must ensure that such information is made available quickly and, as far as possible, simultaneously to the public in all EU/EEA countries.</p> <p>To ensure that Auriga complies with the above disclosure requirements, the company has concluded an agreement with GlobeNewswire, which is a part of NASDAQ OMX, Copenhagen, on the distribution of company announcements. Through GlobeNewswire, all company announcements are published in Danish and English and can furthermore be viewed on Auriga's website, which contains identical content in Danish and English.</p> <p>By virtue of Auriga's internal rules and the rules of procedure of the Board of Directors and the Board of Executives, respectively, procedures have been prepared which are to safeguard internal knowledge and the correct publication of information as well as insider trading in the company's shares. The Board of Directors assesses and reviews the company's internal rules and rules of procedure at an annual board meeting. The rules are not available on the company's website.</p>
2.	<p><u>Investor relations</u></p> <p>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.</p> <p><i>cont.</i></p>	X		<p>Auriga regularly updates its website and the InvestorPortal to ensure full compliance with this recommendation.</p> <p>Following the publication of financial statements, Auriga participates in a number of meetings with analysts and investors as well as roadshows in Denmark and abroad. Auriga also participates in several other investor events to ensure a dialogue with existing and potential investors and private shareholders.</p> <p><i>cont.</i></p>

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<p><i>Comment:</i> Such dialogue can take place in the following ways:</p> <ul style="list-style-type: none"> • 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. 			<p>Several times a year, presentations of financial statements are webcast live with live teleconferencing, which stakeholders can view via a link on the company website. An indexed webcast version can be viewed subsequently on the company's website. This gives far more of the company's existing and potential investors the chance to monitor – or subsequently familiarise themselves with – the company's situation. Information on the webcast/teleconference is made available on the company's website approx. two weeks before the date of the publication of the financial statements.</p> <p>Both the financial calendar and the plan for future IR activities are available on the website.</p>
<p>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.</p> <p>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.</p> <p><i>Comment:</i> 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. <i>cont.</i></p>	X		<p>As a company listed on NASDAQ OMX, Copenhagen, financial statements are presented in accordance with the IFRS executive order and meet the requirements of Danish legislation as well as the criteria for generally recognised accounting principles. Annual and interim reports contain some supplementary, non-financial information.</p> <p>Annual reports are published via NASDAQ OMX, GlobeNewswire, and are available in an online version (Ipaper) on the company's website as well as in PDF format for download.</p> <p>Cheminova also publishes the group's CSR report (Corporate Social Responsibility), which, among other things, describes topics such as occupational health and safety, social responsibility, climate, sustainability etc. Reporting on CSR is provided in annual and interim reports.</p>

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<p>Examples of details of a non-financial nature could be information about the company's</p> <ul style="list-style-type: none"> • 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. 			
<p>4. <u>Quarterly reports</u></p> <p>The Committee recommends that companies publish quarterly reports.</p>	<p>X</p>		<p>Auriga's interim reports are published via NASDAQ OMX, GlobeNewswire, and are available in an online version (Ipaper) on the company's website as well as in PDF format for download.</p>

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<p>IV. The tasks and responsibilities of the supervisory board</p> <p><i>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.</i></p>			
<p>1. <u>The overall tasks and responsibilities of the supervisory board</u></p> <p>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.</p> <p><i>Comment:</i> The supervisory board's most important tasks normally include:</p> <ul style="list-style-type: none"> • 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. 	<p>X</p>		<p>Auriga is managed according to a two-tier management system with a clear division of authority and independence between the Board of Directors and the Board of Executives, it being noted that no members are members of both boards.</p> <p>Every year, at a board meeting, the Board of Directors discusses and decides on the overall strategic management of the group, planning the level of internal reporting to ensure the satisfactory financial and managerial supervision of the company. At this meeting, it is also discussed how the Board of Directors and the Board of Executives are to interact.</p> <p>The rules of procedure of the Board of Directors and the Board of Executives, respectively, lay down detailed guidelines for their activities and duties, which are reviewed once a year with a view to matching the current needs of the company.</p> <p>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 performance-related remuneration schemes.</p> <p>For use at the annual general meeting in April 2008, a proposal for general guidelines concerning performance-related remuneration of the Board of Directors and the Board of Executives was published in the form of a company announcement along with the notice of the annual general meeting, at which the proposal was adopted.</p> <p style="text-align: right;"><i>cont.</i></p>

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			<p>See the general guidelines concerning performance-related remuneration of the Board of Directors and the Board of Executives on the company's website.</p> <p>Through interaction and reporting, the Board of Directors reviews and assesses on an ongoing basis how the investor relations with the company's shareholders and other stakeholders can be strengthened further.</p>
<p>2. <u>The tasks of the chairman</u></p> <p>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.</p> <p>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.</p> <p>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.</p> <p><i>Comment:</i> 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, <i>cont.</i></p>	X		<p>The rules of procedure of the Board of Directors describe the tasks, duties and responsibilities of the Chairman of the Board, and the recommendations are otherwise complied with.</p>

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<p>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.</p>			
<p>3. <u>Procedures</u></p> <p>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.</p> <p><i>Comment:</i> It is essential that the procedures of the supervisory board be an effective and functional tool for performing the supervisory board's tasks.</p>	X		<p>At an annual board meeting, the Board of Directors assesses and reviews the company's rules of procedure of the Board of Directors and the Board of Executives, respectively.</p>
<p>4. <u>Information from the executive board to the supervisory board</u></p> <p>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.</p> <p><i>Comment:</i> 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.</p>	X		<p>Reporting to the Board of Directors</p> <p>Every month, the Board of Directors receives a report from the Board of Executives which, among other things, contains a description of the developments in the company. The report is explained further as a fixed item on the agenda of the board meetings.</p> <p>The Board of Executives ensures that the Board of Directors is informed about significant events which may occur in between board meetings.</p>

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<p>V. The composition of the supervisory board</p> <p><i>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.</i></p>			
<p>1. <u>Composition of the supervisory board</u></p> <p>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.</p> <p>As a way to achieve this, the Committee recommends that:</p> <ul style="list-style-type: none"> • 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. <p><i>cont.</i></p>	<p>X</p>		<p>At present, the Board of Directors is composed of six members elected by the general meeting, who possess broad international business experience and relevant professional qualifications, as well as three employee representatives elected by and among the company's employees in accordance with Danish legislation.</p> <p>The retirement age for board members is 70 years of age. A profile of the individual board members is available on the company's website, where the individual board member's background, honorary positions, age, independence and special qualifications are also presented. The Board of Directors is also presented every year in the annual report.</p> <p>Gender and age are not qualifications in themselves, but are included in a general assessment of the qualifications of the board member, and seniority is also not a decisive criterion in itself.</p> <p style="text-align: right;"><i>cont.</i></p>

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<ul style="list-style-type: none"> • 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. 			<p>The need for changes to the qualifications of the Board of Directors as a whole is assessed on a regular basis. The criteria for selecting new candidates are based on the combination of professional qualifications (e.g. industry knowledge, commercial and financial qualifications) and international experience deemed by the Board of Directors to be required to supplement those of the existing members. Moreover, the company endeavours to strike a good balance between continuity and replacement on the Board of Directors.</p> <p>The description of recruitment criteria and the required professional qualifications of board members has been formalised and put in writing, but not disclosed on the website.</p> <p>A profile description of any new candidates for the Board of Directors is distributed to the shareholders along with the notice of the general meeting and the proxy form. The shareholders thus have the chance, by voting and submitting proxies to the general meeting, to express their opinion on the board candidates presented.</p> <p>Employee representatives on the Board of Directors have the same rights, duties and responsibilities as the members of the Board of Directors elected by the general meeting, and, although they cannot be considered independent in relation to the company, their qualifications and experience constitute an important supplement to the expertise reflected by the members of the Board of Directors elected by the general meeting.</p>

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<p>2. <u>Training and introduction for members of the supervisory board</u></p> <p>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.</p> <p>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.</p> <p><i>Comment:</i> 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:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>	X		<p>If required, new board members receive an introduction to the company by the Chairman of the Board of Directors and the Board of Executives.</p> <p>In addition, board meetings and monthly reporting from the Board of Executives ensure a good understanding of the company's business, goals and strategy.</p> <p>The Chairman of the Board of Directors ensures ongoing evaluation of the qualifications of the individual board members and their need for supplementary training and updating.</p>

Corporate Governance recommendations	Complied with	Not complied with	Auriga's comments on the recommendations
<p>3. <u>The number of supervisory board members</u></p> <p>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.</p> <p>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.</p>	X		<p>Pursuant to Auriga's Articles of Association, the Board of Directors must consist of four to six members elected by the general meeting. Pursuant to Danish legislation, the Board of Directors may also be include a number of employee representatives.</p> <p>The Board of Directors must ensure that the number of board members is sufficient to ensure the requisite professional breadth, but, on the other hand, it must also ensure that the board is not of such a size as to hamper a quick and effective decision-making process.</p>
<p>4. <u>The independence of the supervisory board</u></p> <p>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:</p> <ul style="list-style-type: none"> • 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. <p style="text-align: right;"><i>cont.</i></p>	X		<p>Five out of six members of the Board of Directors elected by the general meeting are independent.</p> <p>No members of the Board of Directors and the Board of Executives are members of both bodies, and no former members of the Board of Executives are members of the Board of Directors.</p> <p>Employee representatives on the Board of Directors cannot be considered independent as they are employed with the company.</p> <p>The Board of Directors is presented in the annual report with the recommended information. Further information on the backgrounds of the board members is available on the company's website.</p>

Corporate Governance recommendations	Complied with	Not complied with	Auriga's comments on the recommendations
<ul style="list-style-type: none"> • have some other essential strategic interest in the company other than that of a shareholder. <p>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.</p> <p>Family ties with persons not regarded as independent persons also imply a situation of non-independence.</p> <p>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.</p> <p>The Committee recommends that the members of the executive board of a company not be members of the supervisory board of the same company.</p> <p>The Committee recommends that the annual report contain the following information about supervisory board members:</p> <ul style="list-style-type: none"> • 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. <p><i>cont.</i></p>			

Corporate Governance recommendations	Complied with	Not complied with	Auriga's comments on the recommendations
<ul style="list-style-type: none"> 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. 			
<p>5. <u>Supervisory board members elected by the staff</u></p> <p>The Committee recommends that the individual company consider the need to explain the system of staffelected supervisory board members in the company's annual report or on its website.</p> <p><i>Comment:</i> Supervisory board members elected by the staff have the same rights, duties and responsibilities as supervisory board members elected by the general meeting.</p>	X		<p>The system with employee representatives on the Board of Directors is explained on the company's website.</p>
<p>6. <u>Meeting frequency</u></p> <p>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.</p>	X		<p>Board meetings are held in connection with financial reporting and otherwise as necessary. Meetings are typically held in January, March, April, June, August, November and December. A conference call may constitute board meeting. Board meetings are planned approx. one to two years in advance.</p> <p>Nine board meetings were held in 2008. Nine board meetings were held in 2009.</p>

Corporate Governance recommendations	Complied with	Not complied with	Auriga's comments on the recommendations
<p>7. <u>Time allocated to supervisory board work and the number of directorships</u></p> <p>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.</p> <p><i>Comment:</i> 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.</p>	X		<p>None of the company's board members holds more than the recommended number of directorships.</p> <p>Auriga has not defined any guidelines on how many honorary positions a board member may hold as more emphasis is placed on the input, qualifications and capacity of individual members.</p>
<p>8. <u>Retirement age</u></p> <p>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.</p>	X		<p>Auriga's Articles of Association stipulate that no member of the Board of Directors can be elected or re-elected after having attained the age of 70. Age appears from the presentation of the board members on www.auriga-industries.com and in the annual report.</p>
<p>9. <u>Election period</u></p> <p>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.</p> <p><i>cont.</i></p>	X		<p>Members of the Board of Directors elected by the general meeting are up for re-election every year.</p> <p>The time of the member joining the board appears from the presentation of the board members on the company's website.</p>

Corporate Governance recommendations	Complied with	Not complied with	Auriga's comments on the recommendations
<p>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.</p> <p><i>Comment:</i> 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.</p>			
<p>10. <u>Use of supervisory board committees</u></p> <p>The Committee recommends that the supervisory board consider and decide whether to establish committees, including nomination, remuneration and audit committees.</p> <p>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.</p> <p>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.</p> <p><i>cont.</i></p>	X		<p>The company appointed an audit committee in April 2009, the purpose of which is to prepare decisions and recommendations for consideration and approval by the Board of Directors. The audit committee has a secretariat in the company.</p> <p>The audit committee's responsibilities include supporting the Board of Directors in performing its supervisory duties, e.g. monitoring the financial reporting process, internal control and risk management systems, as well as defining the relations to and framework for the external audit.</p> <p>Read more about the audit committee on Auriga's website, where the terms of reference are published.</p>

Corporate Governance recommendations	Complied with	Not complied with	Auriga's comments on the recommendations
<p>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.</p> <p><i>Comment:</i> 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.</p> <p>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.</p> <p>Appendix A contains a number of directions to be used in the event of appointment of a supervisory board committee.</p> <p>See also VIII, 7 regarding supervisory board committees.</p>			

Corporate Governance recommendations	Complied with	Not complied with	Auriga's comments on the recommendations
<p>11. <u>Assessment of the supervisory board's work</u></p> <p>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.</p> <p>The Committee recommends <i>that</i> such assessment be made once a year, <i>that</i> the chairman of the supervisory board be in charge of this process, drawing on external support, if necessary, <i>that</i> the outcome be discussed by the entire supervisory board and <i>that</i> the supervisory board provide details of its procedures of self-assessment in the company's annual report.</p> <p>The Committee recommends that the supervisory board assess the executive board's work and results once year according to previously established explicit criteria.</p> <p>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.</p> <p><i>cont.</i></p>	X		<p>The work of the Board of Directors is assessed every year and is incorporated in the regular annual activities of the Board of Directors. The chairman of the Board of Directors is in charge of the self-assessment of the Board of Directors' working methods and collaboration, possibly with the assistance of an external consultant.</p>

Corporate Governance recommendations	Complied with	Not complied with	Auriga's comments on the recommendations
<p><i>Comment:</i> 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.</p>			
<p>VI. Remuneration of the members of the supervisory board and the executive board <i>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.</i></p>			
<p>1. <u>Remuneration</u> 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.</p>	<p>X</p>		<p>It is ensured that the remuneration of the Board of Executives and the Board of Directors is in accordance with the general practice in the market and reflects the efforts required.</p>
<p>2. <u>Remuneration policy</u> 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. <i>cont.</i></p>	<p>X</p>		<p><u>General guidelines concerning performance-related remuneration</u> of the Board of Executives were adopted by the general meeting in 2008.</p> <p>Members of the Board of Directors receive fixed remuneration and do not receive any performance-related remuneration.</p> <p>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 performance-related remuneration schemes. Other employee groups typically receive basic pay, bonus/profit-sharing and pension contributions.</p> <p style="text-align: right;"><i>cont.</i></p>

Corporate Governance recommendations	Complied with	Not complied with	Auriga's comments on the recommendations
<p>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.</p> <p>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.</p> <p>The Committee recommends that any defined benefit schemes be disclosed.</p> <p>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.</p> <p><i>cont..</i></p>			<p>The general meeting approves the remuneration for the Board of Directors and the Board of Executives, including any performance-related remuneration, which, in comparison with current law, is described in further detail in the notes in the annual report.</p>

Corporate Governance recommendations	Complied with	Not complied with	Auriga's comments on the recommendations
<p>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.</p> <p>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.</p>			
<p>3. <u>General guidelines for incentive pay</u></p> <p>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.</p> <p><i>Cont.</i></p>	X		<p>General guidelines concerning performance-related remuneration of the Board of Executives were adopted by the general meeting in 2008. Members of the Board of Directors do not receive any performance-related remuneration.</p>

Corporate Governance recommendations	Complied with	Not complied with	Auriga's comments on the recommendations
<p>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.</p> <p>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.</p> <p>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.</p> <p><i>Comment:</i> 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.</p>			

Corporate Governance recommendations	Complied with	Not complied with	Auriga's comments on the recommendations
<p>4. <u>Severance programmes</u></p> <p>The Committee recommends that information about the most important aspects of severance programmes be disclosed in the company's annual report.</p> <p><i>Comment:</i> 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.</p> <p>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.</p>	X		<p>No agreement has been made with any member of the Board of Executives which imposes obligations of an unusual nature on the company over and above one year of severance pay.</p>
<p>5. <u>Openness about remuneration</u></p> <p>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.</p> <p><i>cont.</i></p>	X		<p>The remuneration paid to the Chairman of the Board, the Deputy Chairman and the other board members was stated at the company's general meeting on 2 April 2009 and mentioned in the subsequent company announcement to the market.</p> <p>In future, Auriga's website and annual report will contain comprehensible information on the remuneration paid to members of the Board of Directors and the Board of Executives as well as the audit committee.</p>

Corporate Governance recommendations	Complied with	Not complied with	Auriga's comments on the recommendations
<p><i>Comment:</i> 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.</p>			<p>The remuneration paid to the Board of Directors in 2008 amounted to DKK 2.3 million, and the same amount will be paid in 2009. The Chairman of the Board of Directors receives remuneration of DKK 500,000 a year, while the Deputy Chairman is paid DKK 300,000 a year, and ordinary members are paid DKK 225,000 a year.</p> <p>The Board of Directors has decided to appoint an audit committee consisting of two members. The Board of Directors has decided that the committee chairman will receive remuneration of DKK 200,000, while the ordinary member will be paid DKK 100,000 a year.</p>
<p>VII. Risk management</p> <p><i>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.</i></p> <p><i>The purpose of risk management is to:</i></p> <ul style="list-style-type: none"> • <i>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.</i> • <i>analyse the possibilities and challenges related to the implementation of the above goals as well as the risk of these goals not being met.</i> • <i>analyse the most important activities launched by the company to identify the risks in this connection.</i> • <i>determine the venture spirit of the company.</i> 			
<p>1. <u>Identification of risks</u></p> <p>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.</p>	<p>X</p>		<p>The most significant business risks are identified and described in Auriga's annual report, while the most important risk-reducing procedures are described at an operational level. The Board of Directors monitors Auriga's commercial and financial risk management, while also regularly evaluating the general risk exposure as such.</p>

Corporate Governance recommendations	Complied with	Not complied with	Auriga's comments on the recommendations
<p>2. <u>Plan for risk management</u></p> <p>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.</p> <p><i>Comment:</i> Such reporting may include procedures and action plans to eliminate, reduce, divide or accept these risks.</p>	X		<p>Auriga focuses on risk management within the critical business processes.</p> <p>Risk identification is an integrated part of company's strategy, goals and action plans.</p> <p>The risk management, including insurance policy and finance policy, is approved by the Board of Directors. The policies are reflected in action plans and business processes.</p>
<p>3. <u>Openness regarding risk management</u></p> <p>The Committee recommends that the company's annual report include information about the company's risk management activities.</p>	X		<p>A separate section on 'Risk management' is included in the annual report.</p>
<p>VIII. Audit</p> <p><i>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.</i></p>			
<p>1. <u>The supervisory board's nomination of an auditor candidate</u></p> <p>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.</p>	X		<p>The Board of Directors, in consultation with the Board of Executives, assesses the auditor's independence and competencies for use in its recommendations to the general meeting.</p> <p>The Board of Directors has decided to establish an audit committee in 2009. The objective of the audit committee is to prepare the Board of Directors' consideration of audit and accounting issues.</p> <p style="text-align: right;"><i>cont.</i></p>

Corporate Governance recommendations	Complied with	Not complied with	Auriga's comments on the recommendations
			<p>The audit committee's responsibilities include supporting the Board of Directors in performing its supervisory duties, e.g. monitoring the financial reporting process, internal control and risk management systems, as well as defining the relations to and framework for the external audit, including a specific and critical assessment of the external auditor's independence as well qualifications and performance.</p> <p>The audit committee has a secretariat in the company.</p>
<p>2. <u>Agreement with the auditor</u></p> <p>The Committee recommends that the auditor agreement and the auditor's fee be agreed between the company's supervisory board and the auditor.</p>	X		<p>The basis of the agreement and thus the framework for the audit work, including non-audit services, is agreed between the company's Board of Directors and the auditor. The result of the audit, including the auditor's observations and opinion, are discussed at meetings with the audit committee and the Board of Directors.</p>
<p>3. <u>Non-audit services</u></p> <p>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.</p>	X		<p>On the basis of a recommendation from the audit committee, the Board of Directors adopts an overall, general scope for the provision of non-audit services by the auditor elected by the general meeting with a view to ensuring the auditor's independence.</p>
<p>4. <u>Internal control systems</u></p> <p>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.</p>	X		<p>In connection with the audit of financial statements, the Board of Directors – following consideration by the audit committee – reviews and assesses the internal control systems as well as the management's guidelines and monitoring.</p> <p>So far, the Board of Directors has not found an actual internal audit to be necessary but has established an audit committee in 2009.</p>

Corporate Governance recommendations	Complied with	Not complied with	Auriga's comments on the recommendations
<p>5. <u>Accounting policies and accounting estimates</u></p> <p>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.</p>	X		<p>In connection with the audit of financial statements, the Board of Directors – following consideration by the audit committee – reviews and discusses accounting policies and significant accounting estimates.</p>
<p>6. <u>Result of the audit</u></p> <p>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.</p>	X		<p>The auditor participates in the board meeting at which the annual report is approved. At this meeting, the long-form audit report is presented to Board of Directors, which reviews the auditor's observations.</p> <p>The Board of Directors is in a dialogue with the auditor without the participation of the Board of Executives when deemed expedient.</p>
<p>7. <u>Audit committee</u></p> <p>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.</p> <p><i>Comment:</i> For information on general use of supervisory board committees, see section V, 10.</p>	X		<p>Pursuant to applicable Danish legislation, the Board of Directors has appointed an audit committee, the members of which are found among the board members. The main objective of the audit committee is to assist the Board of Directors in performing the board's supervisory duties as well as preparing the board's consideration of audit and accounting issues. The audit committee has a secretariat in the company.</p> <p>The audit committee must encourage continued improvement of and compliance with the company's accounting policies, procedures and practice at all levels. Furthermore, the audit committee must ensure open communication between the external auditor, the company's finance function/Board of Executives and Board of Directors.</p>

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, semiannual 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.