

# Statutory Statement for Corporate Governance in NORDEN

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On the following pages, the recommendations by the Committee on Corporate Governance are shown in the left column, while NORDEN's positions are stated in the right column. To facilitate the reading, NORDEN is using the following colour symbols:

▲ full compliance; ► partial compliance; ▼ other practice in NORDEN

The recommendations by the Committee on Corporate Governance (the Committee) operate with the notions “the supreme governing body” and “the central governing body” whereas NORDEN operates with the term “Board of Directors” covering both terms.

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

Corporate governance recommendation	NORDEN's practice and positions
1.1. Dialogue between the company and its shareholders	
1.1.1. The Committee <b>recommends</b> that the general governing body, for example through investor relations activities, ensure an ongoing dialogue between the company and its shareholders in order that the central governing body knows the shareholders' attitude, interests and views in relation to the company and that investor relations material be made available to all investors on the company's website.	▲ NORDEN web- and audio casts the annual general meeting and the Executive Management's presentation of the interim reports. On the website, shareholders can also find updated information on the Company and its activities and, in addition, the shareholders as well as other stakeholders can receive company announcements and other information on an ongoing basis. Finally, NORDEN engages in various activities to promote dialogue with shareholders and other external stakeholders.
1.2. Capital and share structures	
1.2.1. The Committee <b>recommends</b> that the central governing body every year evaluate whether the company's capital and share structures continue to be in the interests of the shareholders and the company and account for this evaluation in the management commentary in the annual report and/or on the company's website.	▲ The Board of Directors assesses the capital and share structure on a regular basis and always in connection with the preparation of the Company's strategy and budgets as well as the proposed distribution of profit. The assessment is included in the annual report and the Chairman's report at the annual general meeting.
1.3. General meeting	
1.3.1. The Committee <b>recommends</b> that the supreme governing body and the executive board promote active ownership, including shareholders' attendance at general meetings.	▲ A dedicated section on the website facilitates the shareholders' ability to participate and/or influence the general meetings.
1.3.2. The Committee <b>recommends</b> that the central governing body resolve or submit to the general meeting the question whether the general meeting shall be conducted by physical attendance or as a partly or entirely electronic general meeting.	▲ NORDEN carefully follows the development in conducting electronic general meetings, but so far, the Board of Directors has resolved that general meetings by physical attendance provide the best procedure.
1.3.3. The Committee <b>recommends</b> that proxies given to the supreme governing body allow shareholders to consider each individual item on the agenda.	▲ Proxies are differentiated so that the shareholders may consider each individual item on the agenda.
1.3.4. The Committee <b>recommends</b> that all members of the supreme governing body and the executive board be present at the general meeting.	▲ The entire Board of Directors and the Executive Management strive to be present at the general meeting. Except for very special circumstances, the board members elected by the general meeting will be present. There may be instances where presence is not possible for the employee-elected members due to duties on board the Company's vessels.

Corporate governance recommendation	NORDEN's practice and positions
1.4. Takeover bids	
1.4.1. The Committee <b>recommends</b> that the central governing body, from the moment it obtains knowledge that a takeover bid will be submitted, do not, without the acceptance of the general meeting, attempt to counter the takeover bid by making decisions which in reality prevent the shareholders from deciding on the takeover bid.	▲ In the event of a takeover bid, the Board of Directors will act in the best interests of the shareholders and will not make any decisions which in reality will prevent the shareholders from deciding on the takeover bid. For the same reason, NORDEN has no limitations on voting rights and ownership.
1.4.2. The Committee <b>recommends</b> that the central governing body give the shareholders the opportunity to decide whether or not they wish to dispose of their shares in the company under the terms offered.	▲ The Board of Directors will act in the best interests of the shareholders and will ensure 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.

## 2. The role of the stakeholders and their importance to the company and the company's corporate social responsibility

Corporate governance recommendation	NORDEN's practice and positions
2.1. The company's policy in relation to its stakeholders	
2.1.1. The Committee recommends that the central governing body identify the company's key stakeholders and their main interests in relation to the company.	▲ The Board of Directors has adopted a communication policy and in relation hereto, the Company's key stakeholders and their main interests in relation to the Company have been identified. The policy is available on the Company's website.
2.1.2. The Committee recommends that the central governing body adopt a policy on the company's relationship with its stakeholders, including the investors, and ensure that the interests of the stakeholders are respected in accordance with the company's policy on such issues.	▲ The Board of Directors has adopted a communication policy, including the Company's relationship with its stakeholders (as above). Besides this policy, NORDEN has a specific investor relations policy that governs the communication to the stock market. NORDEN has drawn up procedures to ensure that the Company abides by the NASDAQ OMX Copenhagen Rules for Issuers of shares and keeps a high level of information. The policies are available on the Company's website.
2.2. Corporate social responsibility	
2.2.1. The Committee recommends that the central governing body adopt a policy on corporate social responsibility.	▲ The Board of Directors has adopted a policy on corporate social responsibility which is available on the Company's website and in the Company's corporate social responsibility report.

## 3. Openness and transparency

Corporate governance recommendation	NORDEN's practice and positions
3.1. Disclosure of information to the market	
3.1.1. The Committee <b>recommends</b> that the central governing body adopt a communication strategy.	▲ The Board of Directors has adopted a communication policy. Based on this policy, action plans will be prepared.
3.1.2. The Committee <b>recommends</b> that information from the company to the market be published in both Danish and English.	▲ All company announcements are published in both Danish and English. The website is primarily in English, but there are extensive excerpts of the website written in Danish. Parts of the contents can also be found in Chinese, Spanish, Portuguese and Japanese.
3.1.3. The Committee <b>recommends</b> that the company	▲ NORDEN publishes interim reports in English and

Corporate governance recommendation	NORDEN's practice and positions
publish quarterly reports.	Danish.

#### 4. The tasks and responsibilities of the supreme and the central governing bodies

Corporate governance recommendation	NORDEN's practice and positions
4.1. Overall tasks and responsibilities	
4.1.1. The Committee <b>recommends</b> that the central governing body determine the company's overall strategy at least once every year with a view to sustaining value creation in the company.	▲ The Board of Directors determines the Company's overall strategy once a year and follows up on this on an ongoing basis.
4.1.2. The Committee <b>recommends</b> that the supreme governing body at least once every year discuss and ensure that the necessary qualifications and financial resources are in place in order for the company to achieve its strategic goals.	▲ The Board of Directors assesses on an ongoing basis whether the Company possesses the necessary qualifications and whether the financial resources at any time are sound in order for the Company to operate and achieve its strategic goals.
4.1.3. The Committee <b>recommends</b> that the supreme governing body at least once every year define its most important tasks related to the financial and managerial control of the company, including how to supervise the work of the executive board.	▲ The Board of Directors establishes annually its most important tasks in relation to strategy, goals, risk management, managerial and controlling matters as well as remuneration of the Executive Management.
4.1.4. The Committee <b>recommends</b> that the supreme governing body annually discuss the company's activities to ensure diversity at management levels, including equal opportunities for both sexes, and that the supreme governing body set measurable objectives and in the management commentary in the annual report and/or on the company's website give an account of both the objectives and the progress made in achieving the objective.	▼ NORDEN strives for diversity in the Board of Directors, the Executive Management and other management functions, and it is NORDEN's opinion that this is best facilitated by the members each possessing the competences and profiles required to optimally contribute to the development of the Company. In 2012, NORDEN has not set quotas or goals for gender, nationality, age, etc. since in each case, the candidate with the specific competences required for the specific function has been chosen.
4.2. Procedures	
4.2.1. The Committee <b>recommends</b> that the supreme governing body review its rules of procedure annually to ensure that they are adequate and always match the activities and needs of the company.	▲ The Board of Directors reviews its Rules of Procedure on a regular basis and at least annually.
4.2.2. The Committee <b>recommends</b> that the supreme governing body annually review and approve procedures for the executive board, including establish requirements for the executive board's timely, accurate and adequate reporting to the supreme governing body and for any other communication between the two governing bodies.	▲ Procedures for how the Executive Management reports to the Board of Directors have been established and are regularly assessed. In addition to material for board meetings, etc., the Board of Directors receives a monthly report presenting the financial and business-related status of the Company as well as follow-ups on goals and strategy. The Board of Directors is also kept informed on other matters that require this.
4.3. The chairman and deputy chairman of the supreme governing body	
4.3.1. The Committee <b>recommends</b> that a deputy chairman of the supreme governing body be appointed, who must be able to act in the chairman's absence and also act as an effective sounding board for the chairman.	▲ The Board of Directors has a Vice Chairman.
4.3.2. The Committee <b>recommends</b> the preparation of	▲ A description of the Chairman's and Vice Chairman's

Corporate governance recommendation	NORDEN's practice and positions
<p>a scope of work and task list specifying the tasks, duties and responsibilities of the chairman and deputy chairman.</p>	<p>tasks, duties and responsibilities is included in the Rules of Procedure of the Board of Directors. The Vice Chairman assists the Chairman in carrying out his/her tasks. In the event of absence of the Chairman, the Vice Chairman manages the Chairman's duties and possesses his/her authorities.</p>
<p>4.3.3. The Committee <b>recommends</b> that the chairman of the supreme governing body organise, convene and chair meetings to ensure efficiency in the body's work and to create the best possible working conditions for the members, individually and collectively.</p>	<p>▲ The Chairman of the Board of Directors organises and chairs board meetings and oversees that the work is efficient and that working conditions for the board members are the best possible.</p>
<p>4.3.4. The Committee <b>recommends</b> that, if the board of directors in exceptional cases asks its chairman to perform special tasks for the company, including briefly participate in the day-to-day management, a board resolution to that effect should be passed and precautions taken to ensure that the board of directors will maintain responsibility for the overall management and control function. A reasonable distribution of duties must be ensured between the chairman, the deputy chairman, the other members of the board of directors and the executive board. Information about agreements on the chairman's participation in the day-to-day management and the expected duration hereof must be disclosed in a company announcement.</p>	<p>▲ If needed that the Chairman of the Board of Directors performs special tasks for the Company, a board resolution to that effect will be passed and precautions will be taken in order to ensure that the Board of Directors will maintain responsibility for the overall management and control function.</p>

## 5. Composition and organisation of the supreme governing body

Corporate governance recommendation	NORDEN's practice and positions
5.1. Composition	
<p>5.1.1. The Committee <b>recommends</b> that the supreme governing body annually specify the skills it must have to best perform its tasks and that the specification be posted on the website. Proposals for the nomination/replacement of members of the supreme governing body to be submitted to the general meeting should be prepared in the light hereof.</p>	<p>▲ The skills which the Board of Directors must have to best perform its tasks are reviewed annually in connection with the Rules of Procedure. The skills are described in the annual report available on the website. Proposals of members to the Board of Directors are submitted at the general meeting, and a description of the candidates as well as a motivation is sent out together with the notice of general meeting.</p>
<p>5.1.2. The Committee <b>recommends</b> that the supreme governing body ensure a formal, thorough and transparent process for selection and nomination of candidates to the supreme governing body. When assessing its composition and nominating new candidates, the supreme governing body must take into consideration the need for integration of new talent and the need for diversity in relation to international experience, gender and age, etc.</p>	<p>▲ In relation to composition and nominating of new candidates for the Board of Directors, the need for new talent and the need for diversity are taken into account, although, the deciding factor is the candidate's competences and experience.</p>
<p>5.1.3. The Committee <b>recommends</b> that a description of the nominated candidates' qualifications, including information about other executive functions, e.g. memberships of executive boards,</p>	<p>▲ In relation to proposal for new election to the Board of Directors as well as re-election of board members, a description of the nominated candidate's occupational experience, age, nationality, education and significant</p>

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boards of directors and supervisory boards, including board committees, held by the candidates in both Danish and foreign companies as well as information on demanding organisational tasks should accompany the notice convening the general meeting when election of members to the supreme governing body is on the agenda.	position of trust in Danish and foreign companies and organisations is enclosed in the notice of general meeting. When possible, new candidates present themselves from the platform at the general meeting.
5.1.4. The Committee <b>recommends</b> that every year, the annual report contain an account of the composition of the supreme governing body, including its diversity, and of any special skills possessed by the individual members.	▲ The annual report contains a description of the composition of the Board of Directors and of any special skills possessed by the individual members.
5.2. Training of members of the supreme governing body	
5.2.1. The Committee <b>recommends</b> that new members joining the supreme governing body be given an introduction to the company.	▲ New members joining the Board of Directors receive a thorough introduction to the Company. The Chairman in collaboration with the Executive Management is responsible for this.
5.2.2. The Committee <b>recommends</b> that the supreme governing body annually assess whether the skills and expertise of its members need to be updated.	▲ On an annual basis, the Board of Directors assesses its work, its competencies, the cooperation among the board members, etc. The form and content of the assessment are determined on a year to year basis. In addition to the self-evaluation process, the role of the Board of Directors, tasks and qualifications to handle its managerial and supervision tasks are discussed on a regular basis. The Board of Directors assesses that by virtue of its long experience, its network and its special competences within shipping, finance and strategic management, the Board of Directors is fully qualified to manage NORDEN.
5.3. Number of members of the supreme governing body	
5.3.1. The Committee <b>recommends</b> that the supreme governing body have only so many members as to allow a constructive debate and an effective decision-making process enabling all members to play an active role.	▲ According to NORDEN's Articles of Association the number of board members elected by the general meeting is between 4 and 6. The number has been deemed appropriate to ensure a constructive debate and an effective decision-making process.  Furthermore, 3 members of the Board of Directors are elected by the employees at NORDEN.
5.3.2. The Committee <b>recommends</b> that in connection with the preparation for each year's general meeting, the supreme governing body consider whether the number of members is appropriate in relation to the requirements of the company.	▲ The Board of Directors regularly assesses whether the number of board members is appropriate in relation to the needs of the Company.
5.4. The independence of the supreme governing body	
5.4.1. In order for the members of the supreme governing body to act independently of special interests, the Committee <b>recommends</b> that at least half of the members elected by the general meeting be independent persons.  The independent supreme governing body member may not: - be, or have been within the last five years, a member of the executive board/managerial staff of the company or an associated	▲ No board members elected by the general meeting have previously been employed by NORDEN, received remuneration other than the board remuneration, had direct or indirect business relations to NORDEN or been employed by the Company's external auditor.  3 of the 6 board members elected by the general meeting cannot be regarded as independent according to the definitions set up by the Committee, as 2 members are associated with a major shareholder in NORDEN and all 3 members have been members of the Board of Directors

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<p>company,</p> <ul style="list-style-type: none"> <li>- have received significant additional remuneration from the company/group or an associated company apart from a fee for its services in the capacity as a member of the supreme governing body,</li> <li>- represent the interest of a controlling shareholder,</li> <li>- within the last year, have had a material business relationship (e.g. personally or indirectly as a partner or an employee, shareholder, customer, supplier or member of a governing body of companies with similar relations) with the company or an associated company,</li> <li>- be, or have been within the last three years, an employee or partner of the external audit firm,</li> <li>- hold cross-membership of governing bodies,</li> <li>- have been a member of the supreme governing body for more than 12 years, or</li> <li>- have close family ties with persons that are not regarded as independent persons.</li> </ul>	<p>for more than 12 years. NORDEN considers it of great importance that the Board of Directors as a whole has significant experience in managing the Company. This experience and the overall competences within shipping, economy and strategic management are important assets in managing a growing and ever more complex business.</p>
<p>5.4.2. The Committee <b>recommends</b> that at least once every year, the supreme governing body list the names of the members who are regarded as independent persons.</p>	<p>▲ Disclosure of which board members are regarded as independent persons according to the definitions of the Committee takes place in connection with the annual general meeting.</p>
<p>5.5. Members of the supreme governing body elected by the employees</p>	
<p>5.5.1. The Committee <b>recommends</b> that the individual company explain, in the company's annual report or on its website, the system of employee-elected board members and the company's use hereof in companies where the employees have chosen to apply the provisions of the Companies Act on employee representation.</p>	<p>▲ NORDEN has described the system of employee-elected board members in brief on its website.</p>
<p>5.6. Meeting frequency</p>	
<p>5.6.1. The Committee <b>recommends</b> that the supreme governing body 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 number of meetings held be disclosed in the annual report.</p>	<p>▲ The Board of Directors decides on an annual work calendar so that all relevant issues are treated during the year. The number of meetings, the meeting frequency and the most essential activities are described in the annual report.</p>
<p>5.7. Expected time commitment and the number of other executive functions</p>	
<p>5.7.1. The Committee <b>recommends</b> that each member of the supreme governing body assess the expected time commitment for each function in order that the member does not take on more functions that he/she can manage in a satisfactory way for the company.</p>	<p>▲ Each member of the Board of Directors is expected to assess how many functions he/she can manage in a satisfactory way.</p>
<p>5.7.2. The Committee <b>recommends</b> that the annual report contain the following information about the members of the supreme governing body:</p> <ul style="list-style-type: none"> <li>- the member's occupation,</li> <li>- the member's other executive functions,</li> </ul>	<p>▲ The annual report contains information about the board members' occupation, other executive functions, the number of shares held in the Company together with any changes in such holdings during the financial year. The board members are not included under a share option</p>

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<p>e.g. memberships of executive boards, boards of directors and supervisory boards, including board committees, in Danish and foreign companies as well as demanding organisational tasks, and</p> <ul style="list-style-type: none"> <li>- the number of shares, options, warrants, etc. that the member holds in the company and its consolidated companies and any changes in such holdings during the financial year.</li> </ul>	<p>programme.</p> <p>The directorships stated in the annual report exclude directorships within NORDEN and associated companies.</p>
5.8. Retirement age	
5.8.1. The Committee <b>recommends</b> that the company's article of association fix a retirement age for member of the supreme governing body and that the annual report contain information on such retirement age as well as the age of each member of the board of directors.	▲ The retirement age of the Board of Directors is 72. The annual report states the birth year and age of every board member.
5.9. Election period	
5.9.1. The Committee <b>recommends</b> that the members of the supreme governing body elected by the general meeting be up for re-election every year at the annual general meeting.	▼ In NORDEN, 2 of the board members elected by the general meeting are up for re-election every year. NORDEN considers it of great importance that this model ensures the necessary continuity.
5.9.2. The Committee <b>recommends</b> that the annual report state when the individual member of the supreme governing body joined the body, whether the member was re-elected and when the current election period expires.	▲ In the annual report, it is stated when each board member joined the board, when the member was most recently re-elected, and when his/her current term will expire.
5.10. Board committees	
5.10.1. The Committee <b>recommends</b> that the company publish the following information in the management commentary in its annual report or on the company's website: <ul style="list-style-type: none"> <li>- the terms of reference for the board committees,</li> <li>- important activities of the committees during the year and the number of meetings held by each committee, and</li> <li>- the names of the members of each committee, including the chairman of the committees, as well as information on which members are independent members and which members have special qualifications.</li> </ul>	▲ The terms of reference for the board committees, important activities and number of meetings held during the year, and the members of each committee are published on the Company's website and in the annual report.
5.10.2. The Committee <b>recommends</b> that a majority of the members of a board committee be independent members.	<p>▶ 3 of the board members who are also on the audit committee are not independent, according to the definitions set up by the Committee, since the audit committee consists of the entire Board of Directors.</p> <p>The majority of the members of the remuneration committee are independent according to the definitions set up by the Committee.</p>
5.10.3. The Committee <b>recommends</b> that the supreme governing body establish an actual <u>audit committee</u> .	▲ The Board of Directors has appointed an audit committee.
5.10.4. The Committee <b>recommends</b> that the following be taken into account in composing the audit committee: <ul style="list-style-type: none"> <li>- the chairman of the supreme governing</li> </ul>	▶ The audit committee consists of the entire Board of Directors since considerations between the audit committee are too important to preclude board members and the rather small size of the board will ensure smooth

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<p>body should not be chairman of the audit committee, and</p> <ul style="list-style-type: none"> <li>- between them, the members 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 companies whose shares are admitted to trading on a regulated market.</li> </ul>	<p>handling of issues.</p> <p>The Chairman of the Board of Directors is the Chairman of the audit committee since he is considered most suitable due to his position as Chairman of the Board of Directors and to his professional background. The audit committee consists of all board members and because of the board members' knowledge of finance, accounting, auditing and risk assessment, the audit committee is considered to possess the necessary expertise and experience required.</p>
<p>5.10.5. The Committee <b>recommends</b> that, prior to the approval of the annual report and other financial reports, the audit committee monitor and report to the supreme governing body about:</p> <ul style="list-style-type: none"> <li>- significant accounting policies,</li> <li>- significant accounting estimates,</li> <li>- related party transactions, and</li> <li>- uncertainties and risks, including in relation to the outlook.</li> </ul>	<p>▲ The recommendations prescribed by the Committee are integrated in the tasks of the audit committee.</p>
<p>5.10.6. The Committee <b>recommends</b> that the audit committee:</p> <ul style="list-style-type: none"> <li>- annually consider whether there is a need for an internal audit function, and if so,</li> <li>- formulate recommendations on selecting, appointing and removing the head of the internal audit function and on the budget of the internal audit function, and</li> <li>- monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function.</li> </ul>	<p>▲ The audit committee annually considers the need for an internal audit function. However, this is for the time being not considered needed.</p>
<p>5.10.7. The Committee <b>recommends</b> that the supreme governing body establish a <u>nomination committee</u> with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>- describe the qualifications required in the two governing bodies and for a given position, state the expected time commitment for a position and evaluate the balance of skills, knowledge and experience available in the two governing bodies,</li> <li>- annually evaluate the structure, size, composition and performance of the governing bodies and make recommendations to the supreme governing body with regard to any changes,</li> <li>- annually evaluate the skills, knowledge and experience of the individual members of the governing bodies and report such details to the supreme governing body,</li> <li>- consider proposals submitted by relevant persons, including shareholders and members of the governing bodies, for candidates for executive positions, and</li> <li>- identify and recommend to the supreme governing body candidates for the governing bodies.</li> </ul>	<p>▼ Tasks in relation to the recommendations prescribed by the Committee are managed by the Chairman of the Board of Directors. No formal nomination committee has been established, however, decisions are taken within the entire Board of Directors.</p>

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<p>5.10.8. The Committee <b>recommends</b> that the supreme governing body establish a <u>remuneration committee</u> with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>- make proposals, for the approval of the supreme governing body prior to approval at the general meeting, on the remuneration policy, including the overall principles of incentive pay schemes, for members of the supreme governing body and the executive board,</li> <li>- make proposals to the supreme governing body on remuneration for members of the supreme governing body and the executive board and ensure that the remuneration is consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned. The committee should have information about the total amount of remuneration that members of the supreme governing body and the executive board receive from other companies in the group, and</li> <li>- oversee that the information in the annual report on the remuneration of the supreme governing body and the executive board is correct, true and sufficient.</li> </ul>	<p>▲ The Board of Directors has appointed a remuneration committee with tasks in accordance with the prescribed recommendations. The remuneration committee is responsible for the implementation of the Company's remuneration policy and presents proposals to the Board of Directors as a whole.</p>
<p>5.10.9. The Committee <b>recommends</b> that the remuneration committee do not consult with the same external advisers as the executive board of the company.</p>	<p>▲ The remuneration committee does not consult with the same external advisers as the Executive Management.</p>
<p>5.11. Evaluation of the performance of the supreme governing body and the executive board</p>	
<p>5.11.1. The Committee <b>recommends</b> that the supreme governing body undertake an annual evaluation of the performance and achievements of the supreme governing body and of the individual members of the body.</p>	<p>▲ The Chairman evaluates together with the rest of the board whether the Board of Directors possesses the relevant and necessary independence, knowledge and professional experience relating to the Company's needs. The evaluation also comprises the cooperation within the Board of Directors and the performance of the members. The procedure is established from year to year.</p>
<p>5.11.2. The Committee <b>recommends</b> that the chairman be in charge of the evaluation of the supreme governing body, that the outcome be discussed in the supreme governing body and that the details of the procedures of self-evaluation and the outcome be disclosed in the annual report.</p>	<p>▲ The Chairman is in charge of the evaluation of the Board of Directors and the outcome is discussed between the entire Board of Directors. Process and outcome are described in the annual report.</p>
<p>5.11.3. The Committee <b>recommends</b> that the supreme governing body at least once every year evaluate the work and performance of the executive board in accordance with pre-defined criteria.</p>	<p>▶ The Executive Management's work and performance are assessed on a regular basis and always in connection with the annual negotiation of the Executive Management's pay and bonus conditions. A continuous dialogue on efforts, priorities and results is deemed more important than mechanical annual criteria.</p>
<p>5.11.4. The Committee <b>recommends</b> that the executive board and the supreme governing body establish a procedure according to which their cooperation annually through a formalised dialogue between</p>	<p>▲ The cooperation between the Executive Management and the Board of Directors is assessed as part of the Board of Directors' self-evaluation procedure and is discussed between the Executive Management and the Board of</p>

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the chairman of the supreme governing body and the chief executive officer and that the outcome of the evaluation be presented to the supreme governing body.	Directors as well as in meetings between the Chairman and the Chief Executive Officer.

## 6. Remuneration of members of the governing bodies

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6.1. Content and form of the remuneration policy	
6.1.1. The Committee <b>recommends</b> that the supreme governing body adopt a remuneration policy applicable to the supreme governing body and the executive board.	▲ The annual general meeting adopted in 2008 for the first time a remuneration policy, and this was updated at the annual general meeting in 2011. The policy describes the principal lines for the remuneration of the Board of Directors, the Executive Management and NORDEN's employees. The remuneration policy is available on the Company's website. The implementation of the principal elements of the remuneration policy is described in the annual report and in the Chairman's statement at the general meeting. The remuneration of the Board of Directors is also presented for approval at the general meeting.
6.1.2. The Committee <b>recommends</b> that the remuneration policy and any changes to the policy be approved by the general meeting of the company.	▲ The remuneration policy and changes hereto is approved by the annual general meeting.
6.1.3. The Committee <b>recommends</b> that the remuneration policy include a thorough description of the components of the remuneration for members of the supreme governing body and the executive board.	▲ The remuneration policy includes a thorough description of the components of the remuneration for members of the Board of Directors, the Executive Management and other NORDEN employees.
6.1.4. The Committee <b>recommends</b> that the remuneration policy include: <ul style="list-style-type: none"> <li>- the reasons for choosing the individual components of the remuneration, and</li> <li>- a description of the criteria on which the balance between the individual components of the remuneration is based.</li> </ul>	▲ The remuneration policy includes the reasons for choosing the individual components of the remuneration and a description of the criteria on which the balance between the individual components of the remuneration is based.
6.1.5. The Committee <b>recommends</b> that, if the remuneration policy includes variable components, <ul style="list-style-type: none"> <li>- limits be set on the variable components of the total remuneration package,</li> <li>- a reasonable and balanced linkage be ensured between remuneration for governing body members, expected risks and the value creation for shareholders in the short and long term,</li> <li>- there be clarity about performance criteria and measurability for award of variable components, and</li> <li>- there be criteria ensuring that vesting periods for variable components of remuneration agreements are longer than one calendar year.</li> </ul>	▶ The remuneration policy includes variable payments for the Executive Management and other employees. NORDEN's remuneration policy complies with the recommendations of the Committee in all instances except for one: the Board of Directors has decided that award of any cash bonus to some of the members of the Executive Management because of their special function takes place not based on results criteria but on the discretionary assessment of the Board of Directors.
6.1.6. The Committee <b>recommends</b> that remuneration	▲ Remuneration of the board members does not include

Corporate governance recommendation	NORDEN's practice and positions
of members of the supreme governing body do not include share or warrant programmes.	share option or warrant programmes.
6.1.7. The Committee <b>recommends</b> that if members of the executive board receive share-based remuneration, such programmes be established as roll-over programmes, i.e. the options are granted periodically and should not be exercisable earlier than three years from the date of grant. An explanation of the relation between the redemption price and the market price at the time of grant should be provided.	▲ Remuneration of the Executive Management does consist of share-based remuneration. The term of the share options is 3 years and the options vest after 3 years. The programmes are assessed and granted annually, and the redemption price is higher than the market price at the time of grant. Thus, the options will only be of value when the shareholders have received a return on their investment. The options granted to the Executive Management may at the time of grant have a value of up to 150% of the fixed annual salary. Part of any net gain on the share options must be reinvested in NORDEN shares.
6.1.8. The Committee <b>recommends</b> that, in exceptional cases, companies should be able to reclaim in full or in part variable components of remuneration that were paid on the basis of data, which proved to be manifestly misstated.	▲ The described issue has never been relevant in the Company, but the possibility is incorporated in the relevant agreements.
6.1.9. The Committee <b>recommends</b> that termination payments should not amount to more than two years' annual remuneration.	▶ Termination payments do not amount to more than 1 year's annual remuneration for the Executive Management and to 4-12 months' remuneration for Senior Vice Presidents. However, in the event of change of control, e.g. in the event of a takeover of NORDEN or a merger with another business, termination payment can lead to 2 years' extra remuneration for the Executive Management and 1 year's extra remuneration for selected Senior Vice Presidents.
6.2. Disclosure of the remuneration policy	
6.2.1. The Committee <b>recommends</b> that the remuneration policy be clear and easily understandable and that it be disclosed in the annual report and posted on the company's website.	▲ The remuneration policy is clearly described in the annual report, and the entire policy is available on the Company's website.
6.2.2. The Committee <b>recommends</b> that the company's remuneration policy and compliance with this policy be explained and justified in the chairman's statement at the company's general meeting.	▲ At NORDEN's annual general meeting, the Chairman of the Board of Directors thoroughly accounts for the implementation of the Company's remuneration policy.
6.2.3. The Committee <b>recommends</b> that the total remuneration granted to each member of the supreme governing body and the executive board by the company and other consolidated companies be disclosed in the (consolidated) financial statements and that the linkage with the remuneration policy be explained.	▶ In the annual report, NORDEN announces the proposed total remuneration of the Board of Directors and the total remuneration of the Executive Management, including fixed salary, cash bonus, share options, employee shares and severance terms in special situations. The Executive Management has no other significant advantages, nor any pension plans. NORDEN does not publish the total remuneration of each member of the Board of Directors or the Executive Management since NORDEN believes that what is important is that the shareholders can evaluate the total remuneration and development herein.
6.2.4. The Committee <b>recommends</b> that the details of any defined-benefit schemes offered to members of the supreme governing body or the executive board and the actuarial value of such schemes as well as changes during the year be included as part of the information on the total remuneration.	▲ NORDEN does not have any defined-benefit schemes for the Board of Directors and Executive Management.

Corporate governance recommendation	NORDEN's practice and positions
6.2.5. The Committee <b>recommends</b> that the most important aspects of retention and severance programmes be disclosed in the company's annual report.	▲ The Executive Management's ordinary severance schemes and severance schemes applying in special situations such as takeovers or mergers are described in the annual report.
6.2.6. The Committee <b>recommends</b> that the proposal for remuneration of the supreme governing body for the current financial year be approved by the shareholders at the general meeting.	▲ The proposal for remuneration of the Board of Directors for the current financial year will be presented at the annual general meeting. However, the actual remuneration may deviate slightly from the proposed due to unforeseen additional workload.

## 7. Financial reporting

Corporate governance recommendation	NORDEN's practice and positions
7.1. Other relevant information	
7.1.1. The Committee <b>recommends</b> that the annual report and other financial reports be supplemented by additional financial and non-financial information, if deemed necessary or relevant in relation to the information needs of the recipients.	▲ The annual and interim reports contain additional financial and non-financial information when deemed necessary and relevant for evaluation of the Company.
7.2. The going concern assumption	
7.2.1. The Committee <b>recommends</b> that, upon consideration and approval of the annual report, the supreme governing body decide whether the business is a going concern, including supporting assumptions or qualifications where necessary.	▲ At the board meeting where the annual report is approved, the Board of Directors decides whether the business is a going concern.

## 8. Risk management and internal control

Corporate governance recommendation	NORDEN's practice and positions
8.1. Identification of risks	
8.1.1. The Committee <b>recommends</b> that the central governing body at least once every year identify the most important business risks associated with the realisation of the company's strategy and overall goals as well as the risks associated with financial reporting.	▲ The shipping business is cyclical. Identification and handling of the greatest risks as well as sensitivity analyses are therefore an integral part of the strategy and budget formulation as well as of all important decisions presented to the Board of Directors.
8.1.2. The Committee <b>recommends</b> that the executive board currently report to the supreme governing body on the development within the most important areas of risk and compliance with adopted policies, frameworks etc. in order to enable the supreme governing body to track the development and make the necessary decisions.	▲ NORDEN has a number of plans and procedures in order to manage commercial and financial risks as well as insurance conditions, security, etc. These plans and procedures are presented to and approved by the Board of Directors. The Executive Management reports on a regular basis to the Board of Directors on the development within the specific areas.
8.2. Whistleblowing	
8.2.1. The Committee <b>recommends</b> that the supreme governing body decide whether to establish a whistleblowing scheme for expedient and confidential notification of possible or suspected wrongdoing.	▲ In 2011, NORDEN established the whistleblowing scheme SafeLine providing safe access for all employees to report potential violations of law and regulations, NORDEN's policies and guidelines, or other serious irregularities to an independent External Investigator. The External Investigator performs his work on the instructions of the Chairmanship of NORDEN's Board of Directors.

Corporate governance recommendation	NORDEN's practice and positions
8.3. Openness about risk management	
8.3.1. The Committee <b>recommends</b> that the management commentary in the annual report include information about the company's management of business risks.	▲ The key points of risk management which have been important for the year are described in the management commentary in the annual report while the compiled description of NORDEN's financial and commercial risk management including sensitivity analyses is described coherently in the notes to the annual report.

## 9. Audit

Corporate governance recommendation	NORDEN's practice and positions
9.1. Contact to auditor	
9.1.1. The Committee <b>recommends</b> that the supreme governing body maintain a regular dialogue and exchange of information with the auditor.	▲ The Board of Directors meets with the auditor on a regular basis.
9.1.2. The Committee <b>recommends</b> that the auditor agreement and auditors' fee be agreed between the supreme governing body and the auditor on the basis of a recommendation from the audit committee.	▲ The auditor agreement and the auditor's fee are agreed between the Board of Directors and the auditor based on a recommendation from the audit committee.
9.1.3. The Committee <b>recommends</b> that the supreme governing body and the audit committee meet with the auditor at least once every year without the executive board present. This also applies to the internal auditor, if any.	▲ The audit committee meets with the auditor without the Executive Management being present at least once every year.
9.2. Internal audit	
9.2.1. The Committee <b>recommends</b> that the supreme governing body, on the basis of a recommendation from the audit committee, once every year decide whether to establish an internal audit for support and control of the company's internal control and risk management systems and state the reasons for its decision in the annual report.	▲ Once a year, the auditor reviews all NORDEN's control systems and important procedures. The auditor's report on these matters is reviewed and discussed by the Board of Directors and, in this context, the Board of Directors also assesses the need to strengthen internal control and risk management systems, for instance by establishing an internal audit.

