To the Management Board and the Board of Directors
Copenhagen, 20 December 2010

Recommendations for corporate governance

The purpose of this correspondence is to inform the companies about the revised demands for the companies’ corporate governance statement.

In April 2010 the Committee on Corporate Governance published revised recommendations for corporate governance.

The new recommendations from April 2010 are applicable for financial years starting on 1 January 2010 or later.

According to rule 4.3 in Rules for issuers of shares, Danish companies admitted to trading on NASDAQ OMX Copenhagen (the exchange) are required to provide a statement explaining their position on corporate governance. The revised recommendations from the Committee on Corporate Governance from April 2010 shall be used in the statement going forth. The companies shall use the “comply or explain” principle when preparing the statement.

The revised recommendations for Corporate Governance from April 2010 can be found at:
www.corporategovernance.dk

Rules for issuers of shares can be found at:

"Comply or explain" - principle

The companies shall use the “comply or explain”- principle in their Corporate Governance statement. The “comply or explain”- principle also follows from rule 4.3 in Rules for issuers of shares.

The “comply or explain” - principle means that the companies shall either comply with the recommendations for good Corporate Governance or explain why the company does not comply, in whole or in part, with the recommendations.

The companies shall explicit take position on each of the individual recommendations. Previously, it was possible to take position on a series of recommendations under the same headline. This means that going forward the companies shall identify which recommendations they do not comply with and the companies shall explain the reason for their non-compliance and – if relevant – the company shall specify its different approach.

Today – after we have had the recommendations for good Corporate Governance in Denmark for a number of years – there is generally more focus on the quality of the companies’ feedback on the recommendations for good Corporate Governance and, especially, the explanations given for non-compliance. Consequently, the exchange considers it important that the companies provide meaningful and understandable explanations of both compliance and deviations from the recommendations.

Surveillance Copenhagen
Formal requirements for the statement

According to section 107 b of the Financial Statements Act the company must prepare one complete Corporate Governance statement. The statement form part of the management report in the company’s annual report. However, the Financial Statements Act also makes it possible to publish the statement on the company’s webpage by reference to the management report.

Irrespective of whether the statement is published in the management report or on the company’s webpage by reference to the management report, the statement form part of the management report as mentioned above. Accordingly, the statement shall be prepared in Danish.

If the company decides to publish the statement on the company’s webpage, certain duties are incumbent on the management. These duties are stated in the executive order no. 761 of 20 July 2009 on publication of Corporate Governance statements and policies on social responsibility etc. on a company’s website. Amongst others, the executive order contains the following duties:

- The management report must state that the company has chosen to publish the statement on its website. In this connection the URL-address to be used to go directly to the statement must be stated.
- The statement must be published under the title: "Statutory corporate governance statement, cf. Financial Statements Act § 107 b”.
- It must be indicated in the statement that it is a part of the management report in the company’s annual report.
- The statement must cover the same period as the annual report's accounting period.
- The statement must be kept separate from any voluntary additional information.
- The statement must be publicly available on the company’s website from the time the annual report is publicly available.
- The statement must be available in its entirety in unmodified form for at least 5 years at the URL-address listed in the management report in the annual report the statement relates to.

There are special rules to the statement for credit institutions in an executive order on Financial Reports for credit institutions and investment companies, etc.

On www.corporategovernance.dk the Committee on Corporate Governance has published a suggestion to a schedule that can be used for reporting.

Follow-up by NASDAQ OMX Copenhagen

The exchange will examine whether the company has prepared one complete statement and whether it has taken position on all recommendations.

Further, the exchange will assess whether the explanations are understandable, however, the exchanges does not intend to assess whether the content of an explanation is good or bad. Such assessment is expected to be made by the market.

If you have any questions please contact Surveillance at 33 93 33 66.

Kind regards

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Surveillance