

Corporate Governance



The new Danish Corporate Governance Code

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The Danish Corporate Governance Committee

- **9 independent members**

Target audience: publicly traded companies in Denmark

Primary task

- **Responsible for updates of the Danish Code**

Other tasks

- **Follow international developments on CG**
- **Participate in EU / OECD networks**
- **Cooperate with companies on practicalities and collect and develop best practice**

Revisions of the Danish Code – why again ?

- 2001 - First Danish Code (Nørby committee)
- 2005 - Updated Code including EU Recommendations
- 2008 – Two of 9 chapters revised re. remuneration and diversity

Need for 2010 update:

- New company law (June 2009); new amendments re. Danish Financial Statements Act § 107 b; Audit Act - § 31 on audit committees; new EU recommendations

“Soft law” as an alternative to legislation

- Commitment – otherwise it does not work
- Comply or explain
- Threat of legislation



1. The role of the shareholders

- Promotion of stewardship
- Communication *between* the shareholders
- Significant proposals to the annual general meeting
- Electronic AGM (e-AGM)
- The shareholders' use of their votes

2. Corporate Social Responsibility

- New law and the Danish Committee for CSR established in 2009
- A link between the code and the Danish Financial Statements Act

3. Openness and transparency

- Information to the market on expectations concerning the future
- Publication of quarterly reports

4. Tasks and responsibilities of the governing bodies

- Necessary competence and financial resources to reach the strategic goals
- The role of the chairman when participating in the day-to day management

5. Composition and organization of the supreme governing body

- Disclosure competency profile for the Board
- Independence provisions (12 years)
- Board committees (Audit, Remuneration, Nomination)
- Annual self-evaluation
- Number of BoD positions

6. Remuneration of members of the governing bodies

- Remuneration policy and changes to this to be approved by the AGM – long-term value creation is goal
- Disclosure of individuals remuneration
- Ceilings on termination payments and possibly claw-backs

7. Financial reporting

- Going concern – and interaction with legal requirements

8. Risk management

- Financial crisis: increased focus on risk management and internal control
- Whistle blowing
- Business risks

9. Audit

- The supreme governing body maintain a regular dialogue and exchange of information with the external auditor
- At least once a year meet with the auditor w/o executive management
- Board committees (audit committee) sole purpose to prepare decisions
- Evaluate need for internal audit