



NORDEN – General Meeting 11 April 2011

Appendix A

Re agenda item F.3)

Adoption of General Guidelines for incentive-based remuneration of the Board of Directors, the Board of Management and other employees in NORDEN pursuant to section 139 of the Danish Companies Act

At the annual general meeting on 11 April 2011, the Board of Directors will present the following proposal for a remuneration policy which, in addition to guidelines regarding incentive-based remuneration, also describes the fundamental principles in NORDEN's total remuneration of the Board of Directors, Board of Management and other employees.

If adopted, the proposed remuneration policy will replace the guidelines for incentive-based remuneration etc. adopted at the annual general meeting on 23 April 2008.

Remuneration policy and General Guidelines for incentive-based remuneration of the Board of Directors, the Board of Management and other employees

1. General principles

The principles in NORDEN's remuneration policy reflect the Company's objective of recruiting and retaining competent managers and employees, which is essential in order for the Company to create long-term value for its shareholders. Consequently, in addition to a competitive base salary and pension scheme, NORDEN shall also offer a range of incentives to the employees and remunerate employees who perform particularly well. The incentives applied by NORDEN are cash bonuses, share options and employee shares (bonus shares).

The chosen principles in the remuneration policy enable both short and long-term convergence of interests between the Board of Directors, the Board of Management, employees and the Company's shareholders. The allotment of incentives will be made with due regard to the Company's results, the competitive environment, market developments and forecasts, purpose of the individual instruments and, where relevant, personal performance. The administration of incentives ensures that the incentive-based remuneration does not lead to carelessness, unreasonable conduct or inexpedient acceptance of risk.

The aim of individual cash bonus is to motivate managers and employees to make an extra effort by rewarding good results of initiatives within the Company's risk management framework and strategy. To avoid inexpedient short-term behaviour, accumulated bonuses are payable to key employees over a period of years on the condition that the employees in question are still employed by the Company. The total bonus limit is determined by the Board of Directors, and bonuses for employees and managers will as a general rule not amount to more than some 3% of the Company's profit from operations (EBIT) of the financial year where bonuses are allotted.

To promote the long-term community of interest between managers, employees and shareholders, the Board of Directors may adopt annual share option schemes which will typically be limited to approximately 1% of the Company's share capital. The schemes are long-term and the options will not be of value to the recipients until the shareholders are guaranteed a return on their investments. At the time of adoption of this remuneration policy, allotment and utilisation of options are 3 years apart and the exercise period is also 3 years. The strike price is calculated on the basis of the market price at the date of allotment with a 20% supplement and less distributed dividend from the allotment. Term of years as well as size of the supplement can be modified by the Board of Directors. The options are mainly covered by treasury shares.

The Board of Directors may also approve annual allotments of employee shares (bonus shares) in accordance with the tax legislation in force from time to time.

The Board of Directors decides on the implementation of NORDEN's remuneration policy including incentive-based remuneration. Every year, following the remuneration committee's recommendation, the Board of Directors determines the framework of the Company's remuneration, incentives to management and employees as well as the Board of Management's other remuneration and contractual obligations. The remuneration committee sees to it that the total remuneration reflects the Company's needs, results and challenges and that the remuneration ensures that the Company is able to recruit and retain competent employees in a global industry. This is essential in order for the Company to obtain the maximum return on its considerable and continuous investments.



NORDEN describes the remuneration policy including the estimated value of the incentive-based remuneration in the annual report which will be submitted for adoption at the annual general meeting.

2. Remuneration principles for the Board of Directors

Members of the Board of Directors receive a fixed annual remuneration. In addition, the chairman and vice chairman receive a supplement. Furthermore, remuneration for efforts beyond what can naturally be expected of members of the Board of Directors can be granted in extraordinary cases. The total remuneration of the Board of Directors is disclosed in the annual report and will be considered at the general meeting where the Board of Directors will also give an account of its proposal for remuneration in the coming financial year. Remuneration is determined following comparison with remuneration in other international shipping companies and major Danish listed companies as well as on the basis of an assessment of scope and nature of the work.

At present, the Board of Directors does not receive incentive-based remuneration.

3. Remuneration principles for the Board of Management

Remuneration for the Board of Management consists of a fixed salary and a variable salary which consists of bonuses, share options and employee shares (bonus shares). Members of the Board of Management have the usual benefits but are responsible for making their own pension contributions. The Board of Management's termination notice is determined on the basis of market practice and in addition, the Board of Management has special rights in case of change-of-control. The essential content of the Company's retention and termination terms is disclosed in the annual report.

Fixed salary

NORDEN aims to offer a competitive fixed salary that is appropriate for a company of NORDEN's size with regard to bonus and share option schemes. Salaries are reviewed annually by the Board of Directors' remuneration committee and are negotiated ordinarily at the turn of the year. The total fixed salary of the Board of Management is disclosed in the annual report.

Cash bonus

Individual bonus for members of the Board of Management is either determined on the basis of an individual bonus agreement or at the discretion of the Board of Directors in the light of results, the competitive environment, market developments and forecasts as well as personal performance.

Individual bonus agreements are made in consideration of market practice and the competitive environment and will as a main rule be subject to NORDEN reaching a given profit target. The company ensures that the shareholders get a certain return measured in proportion to the Company's market value just as there will be a ceiling on obtainable bonus under the agreements.

In connection with results-based bonus agreements, a part of the accumulated bonus is payable when an audited annual report for the financial year is available while the rest becomes payable over the following years on the condition that the members of the Board of Management remain with the Company and that NORDEN earns a certain profit.

In addition, the Board of Directors may decide that the Board of Management is covered by collective bonus schemes.

The total cash bonus of the Board of Management cannot amount to more than 200% of the Board of Management's fixed annual salary.

The annual report contains information on the total bonus allocation allocated to each member of the Board of Management as well as a specification of any results-based schemes.

Share options

Every year, members of the Board of Management are included in the Company's general share option programme which is determined by the Board of Directors. The number of allotted options is determined by the Board of Directors' remuneration committee on the basis of the fixed salary of the individual member of the Board of Management. The Board of Management's share of the programme will typically amount to 20-30% but it will i.a. depend on the number of participants, which is also determined by the Board of Directors' remuneration committee.



At the time of allotment, the Board of Management's share of the programme may have a value of up to 150% of the Board of Management's fixed annual salary depending on price development and share price volatility.

The Board of Management is obliged to reinvest part of any net gain on the share options in NORDEN shares and retain their shareholdings for a number of years. At the adoption of this remuneration policy, the Board of Management must reinvest 25% of any net gain in NORDEN shares and keep these for at least 2 years. The reinvestment part as well as the term of years may be modified by the Board of Directors' remuneration committee.

The value of the share options is calculated according to recognised market criteria and the number of allotted options to each member of the Board of Management as well as the estimated value at the time of allotment is disclosed in the annual report.

Employee shares (bonus shares)

Finally, the Board of Management is also included in any general allotment of bonus shares. The value for the individual member of the Board of Management must not exceed the limits of the tax legislation in force from time to time. The annual report discloses information on allotted bonus shares to the Board of Management.

4. Remuneration principles for other employees

Fixed salary

NORDEN aims to offer a competitive fixed salary which reflects employees' roles, responsibilities, qualifications and skills and which in overall terms can match any salary offer from competitive companies. Salaries are reviewed annually.

Cash bonus

Any individual cash bonus to managers and employees is determined at the discretion of the Board of Directors based on results, the competitive environment, market developments and forecasts as well as personal performance. Bonus to managers is determined by the Board of Directors at the recommendation of the remuneration committee and the Board of Management. Bonus to other employees is determined by the Board of Management in cooperation with the heads of departments based on the monetary limit set by the Board of Directors. For selected managers payment of part of the bonus is subject to continued employment for a given term of years.

Moreover, the Board of Directors may extraordinarily decide to pay a collective bonus to the Company's employees.

The annual report contains information on the total amount of bonus paid to the employees.

Share options

Share options are granted annually by the Board of Directors. The Board of Directors decides on the number of people to receive share options and the amount of the options to each individual at the recommendation of the remuneration committee and the Board of Management.

Like the Board of Management, selected managers are obliged to reinvest part of any net gain on the share options in NORDEN shares and retain their shareholdings for a given period.

The annual report discloses details of the options allocated to each member of the Senior Management as well as the total amount of options granted to other managers and employees.

Employee shares (bonus shares)

In addition, NORDEN regularly awards bonus shares to its employees within the framework of the tax legislation in force from time to time. The annual report contains information on the total number of bonus shares allotted.

5. Publication and commencement

Subject to adoption at NORDEN's annual general meeting on 11 April 2011, this document will be published on NORDEN's website (www.ds-norden.com/investor/corporategovernance) as soon as possible, cf. article 11a.1 of NORDEN's Articles of Association. The date of adoption of the guidelines at the annual general meeting will also be disclosed on the website.

In case a general meeting amends the guidelines at a later date, the amended guidelines will be published on NORDEN's website in the same manner.