

The report forms part of the Management's Review and concerns the financial year 1 January 2023 to 31 December 2023

STATUTORY STATEMENT FOR CORPORATE GOVERNANCE CF. ART. 107b. OF THE DANISH FINANCIAL STATEMENTS ACT

DAMPSKIBSSELSKABET NORDEN A/S
FINANCIAL YEAR 2023

About this statement

This Statutory Statement for Corporate Governance for Dampskibsselskabet NORDEN A/S (“NORDEN” or the “Company”) covers the financial year 1 January to 31 December 2023 and is prepared pursuant to section 107b of the Danish Financial Statements Act.

The statement forms part of the Management’s Review section of the Company’s Annual Report for 2023.

The statement covers the following topics:

- Governance structure
- Internal control and risk management in relation to the financial reporting process
- Recommendations on Corporate Governance

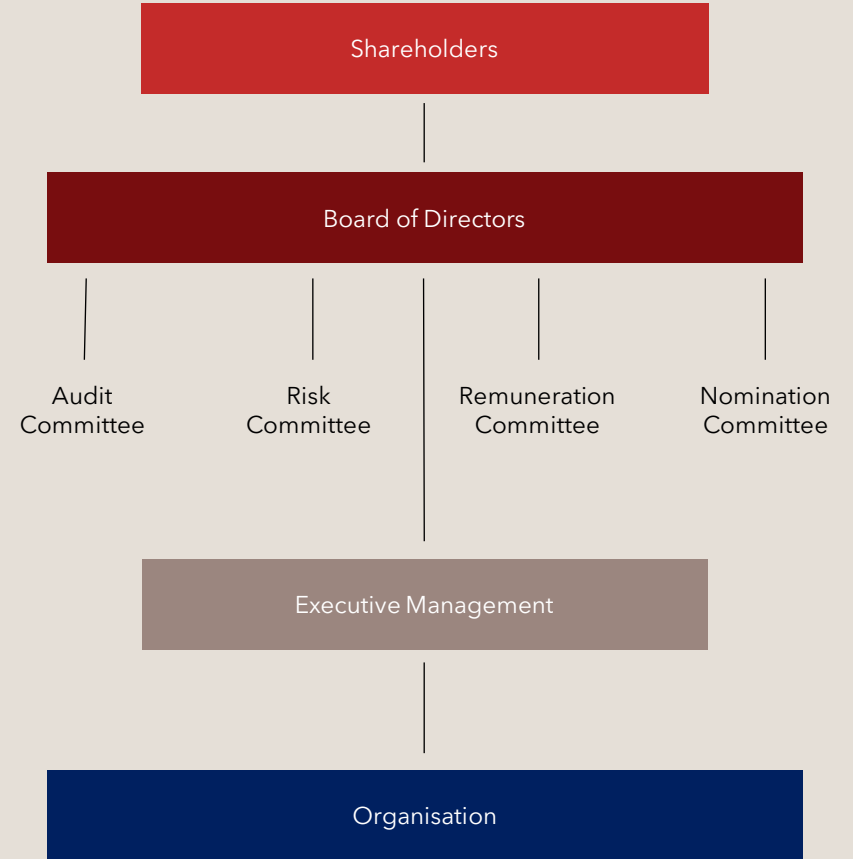
The sections “Governance structure” and “Internal control and risk management in relation to the financial reporting process” are covered by the independent auditor’s Statement on Management’s Review as set out in the Annual Report 2023, whereas the section “Recommendations on Corporate Governance” is not covered by the independent auditor’s report.

Governance structure

NORDEN has a two-tier governance structure consisting of a Board of Directors and an Executive Management. No individuals are part of both management bodies.

The shareholders have the ultimate authority over the Company and can exercise their rights by passing resolutions at general meetings. Resolutions are adopted by simple majority of votes, unless otherwise provided by legislation or by NORDEN's articles of association.

The Articles of Association can be found on the Company's website. Generally, resolutions to amend the Articles of Association require a quorum of at least two-thirds of the voting share capital represented at a general meeting and a majority of at least two-thirds of the votes cast, as well as of the voting share capital represented at the general meeting. In addition, certain resolutions on changes of the shareholders' dividend or voting rights or the transferability of shares, as set out in the Danish Companies Act, require a special supermajority of at least 9/10 of the votes and of the capital represented.



Governance structure (continued)

The Board of Directors is made up of nine members. Six are elected for a term of one year by the shareholders, while three members are elected for a term of three years by the employees. The Board of Directors determines and approves strategies, policies, overall goals and budgets for the Company. In addition, it sets out the risk management framework and supervises the work, procedures, etc. carried out by the day-to-day management. To avoid conflicts of interest, there are no transactions between related parties within the Board, and the Board does not operate with any form of incentive-based remuneration.

As part of the Board of Directors' work and structure, four subcommittees have been established to ensure dedicated focus on recurring topics deemed of high importance for the governance of the Company:

- The **Audit Committee** supervises financial and ESG reporting, monitors financial reporting procedures and internal controls, oversees the work of the independent auditor, and govern the whistleblower system.
- The **Risk Committee** assist the Board of Directors in its oversight of NORDEN's overall risk-taking tolerance and management of market, credit and liquidity risks.
- The **Remuneration Committee** is responsible for supervising the implementation of NORDEN's remuneration policy, which specifies the remuneration of the Board of Directors and Executive Management.
- The **Nomination Committee** is responsible for describing the qualifications required in the Board of Directors and the Executive Management and is in charge of an annual assessment of the competences, knowledge and experience present in the two management bodies.

The Board of Directors appoints the Executive Management and sets out its responsibilities and remuneration. The Executive Management comprises the CEO and CFO, who are responsible for the day-to-day management, organisation and development of NORDEN, for managing assets, liabilities and equity, for accounting and reporting, and for preparing and implementing the strategy. The day-to-day contact between the Board of Directors and the Executive Management is primarily handled by the Chair and the CEO. The Executive Management participates in board meetings and is supplemented by other managers in strategic meetings as and when relevant.

Internal control and risk management in relation to the financial reporting process

The purpose of the internal control and risk management systems is to ensure that NORDEN's financial statements are presented in accordance with applicable accounting legislation and Danish disclosure requirements for the annual reports of listed companies and to ensure fair, informative reporting without material misstatements or omissions.

The internal control and risk management systems are designed to ensure that material errors or inconsistencies in the financial reporting are identified and corrected, but they do not provide absolute assurance that all errors are detected and corrected. The systems fall under the following headings:

- Control environment
- Risk assessment
- Control procedures
- Information and communication
- Monitoring

Control environment

The Board of Directors supervises the financial reporting and the effectiveness of internal control and risk management systems and furthermore discusses significant accounting estimates and judgements in relation to the financial reporting (see note 1.4 to the consolidated financial statements). The Board of Directors has put in place an Audit Committee to assist in this work. The Executive Management is responsible for the effectiveness of the risk management system and controls and has implemented controls to mitigate risks in relation to the financial reporting.

The Board of Directors approves policies relating to, among other things, finance, treasury and risk management. The Executive Management approves all other policies and regularly briefs the Board of Directors about such policies.

The composition of the Board of Directors and the Executive Management ensures the relevant capabilities with respect to internal controls and risk management in relation to the financial reporting process.

Risk assessment

The Board of Directors and the Executive Management regularly assess risks that NORDEN is exposed to, including risks related to financial reporting. Key financial reporting risks and mitigating controls have been identified and are being monitored. Due to the centralised nature of shipping operations, all material financial reporting risks are anchored in only a few legal entities allowing for substantial management oversight. NORDEN applies one global operational system and one uniform ERP/Finance system across all main entities with one uniform chart of accounts which is believed to reduce the risks overall.

Internal control and risk management in relation to the financial reporting process (continued)

Control procedures

Control procedures have been implemented to ensure that accounting and risk management policies and procedures are adhered to, and to prevent, detect and correct any material misstatements. If possible, the control procedures are integrated in the accounting and reporting systems and include approvals, reviews, segregation of duties, system controls, reconciliations and analytical procedures. Centralised accounting, controlling and reporting teams oversee all main entities in the Group, and a standardised closing process is followed monthly. The information and transactions on which the financial reporting is based is compiled and registered in a single, integrated ERP/finance system according to uniform principles and definitions. Specialised software is applied to account for leases and to consolidate the financial reporting of the entities in the Group.

Information and communication

NORDEN's internal control and risk management systems are rooted in the company values which speaks of honesty, integrity and reliability and steams from an appropriate Tone at the Top which is cascaded to all teams and entities.

The organisation of the Company mirrors the centralised nature of shipping operations, and accounting, controlling and reporting teams are centralised allowing for easy information sharing and communication across teams with respect to such items as reporting instructions and accounting policies and any out of the ordinary transactions.

Policies and guidelines are in place where deemed necessary and shared with relevant teams.

Monitoring

The Audit Committee regularly receives updates from Executive Management on the adequacy of the Company's financial reporting procedures and internal controls and on the actions taken to mitigate any identified weaknesses in internal control.

The Board of Directors and the Executive Management receive monthly internal financial reporting, and the quarterly and annual reporting is reviewed by the Audit Committee and the Board of Directors prior to release.

In addition to the internal control procedures performed by NORDEN, an independent audit is performed and the results thereof communicated to the Audit Committee and the Board of Directors through Management Letters and Long-form Audit Reports. The conclusion of the audit is set out in the Independent Auditor's Report included in the Annual Report.

Recommendations on Corporate Governance

As a company listed on Nasdaq Copenhagen, NORDEN is subject to the Corporate Governance codex as issued by the Danish Committee on Corporate Governance. The recommendations have been published at <https://corporategovernance.dk/>.

The Board of Directors has discussed the recommendations and reviewed NORDEN's adherence to each recommendation following a 'comply or explain' approach.

NORDEN complies with all recommendations.

Adherence to the codex is set out in further detail below.

Recommendation	The company complies	The company explains	
		why	how
1. Interaction with the company's shareholders, investors and other stakeholders			
1.1 Communication with the company's shareholders, investors and other stakeholders			
1.1.1. The Committee recommends that the management through ongoing dialogue and interaction ensures that shareholders, investors and other stakeholders gain the relevant insight into the company's affairs, and that the board of directors obtains the possibility of hearing and including their views in its work.	√		
1.1.2. The Committee recommends that the company adopts policies on the company's relationships with its shareholders, investors and if relevant other stakeholders in order to ensure that the various interests are included in the company's considerations and that such policies are made available on the company's website.	√		
1.1.3. The Committee recommends that the company publishes quarterly reports.	√		
1.2 The general meeting			
1.2.1. The Committee recommends that the board of directors organises the company's general meeting in a manner that allows shareholders, who are unable to attend the meeting in person or are represented by proxy at the general meeting, to vote and raise questions to the management prior to or at the general meeting. The Committee recommends that the board of directors ensures that shareholders can observe the general meeting via webcast or other digital transmission.	√		
1.2.2. The Committee recommends that proxies and postal votes to be used at the general meeting enable the shareholders to consider each individual item on the agenda	√		

Recommendation	The company complies	The company explains	
		why	how
1.3. Takeover bids			
1.3.1. The Committee recommends that the company has a procedure in place in the event of takeover bids, containing a “road map” covering matters for the board of directors to consider in the event of a takeover bid, or if the board of directors obtains reasonable grounds to suspect that a takeover bid may be submitted. In addition, it is recommended that it appears from the procedure that the board of directors abstains from countering any takeover bids by taking actions that seek to prevent the shareholders from deciding on the takeover bid, without the approval of the general meeting	√		
1.4 Corporate Social Responsibility			
1.4.1. The Committee recommends that the board of directors adopts a policy for the company’s corporate social responsibility, including social responsibility and sustainability, and that the policy is available in the management commentary and/or on the company’s website. The Committee recommends that the board of directors ensures compliance with the policy.	√		
1.4.2. The Committee recommends that the board of directors adopts a tax policy to be made available on the company’s website	√		
2. The duties and responsibilities of the board of directors			
2.1 Overall tasks and responsibilities			
2.1.1. The Committee recommends that the board of directors in support of the company’s statutory objects according to its articles of association and the long-term value creation considers the company’s purpose and ensures and promotes a good culture and sound values in the company. The company should provide an account thereof in the management commentary and/or on the company’s website	√		

Recommendation	The company complies	The company explains	
		why	how
2.1.2. The Committee recommends that the board of directors at least once a year discusses and on a regular basis follows up on the company's overall strategic targets in order to ensure the value creation in the company	√		
2.1.3. The Committee recommends that the board of directors on a continuously basis takes steps to examine whether the company's share and capital structure supports the strategy and the long-term value creation in the interest of the company as well as the shareholders. The Committee recommends that the company gives an account thereof in the management commentary.	√		
2.1.4. The Committee recommends that the board of directors prepares and on an annual basis reviews guidelines for the executive management, including requirements in respect of the reporting to the board of directors.	√		
2.2 Members of the Board of Directors			
2.2.1. The Committee recommends that the board of directors, in addition to a chairperson, appoints a vice chairperson, who can step in if the chairperson is absent and who can generally act as the chairperson's close sparring partner.	√		
2.2.2. The Committee recommends that the chairperson in cooperation with the individual members of the board of directors ensures that the members update and supplement their knowledge of relevant matters, and that the members' special knowledge and qualifications are applied in the best possible manner	√		
2.2.3. The Committee recommends that if the board of directors, in exceptional cases, requests a member of the board of directors to take on special duties for the company, for instance, for a short period to take part in the daily management of the company, the board of directors should approve this in order to ensure that the board of directors maintains its independent overall management and control function. It is recommended that the company publishes any decision on allowing a member of the board of directors to take part in the daily management, including the expected duration thereof	√		

Recommendation	The company complies	The company explains	
		why	how
3. The composition, organization and evaluation of the Board of Directors			
3.1. Composition			
<p>3.1.1. The Committee recommends that the board of directors on an annual basis reviews and in the management commentary and/or on the company's website states</p> <ul style="list-style-type: none"> • which qualifications the board of directors should possess, collectively and individually, in order to perform its duties in the best possible manner, and • the composition of and diversity on the board of directors. 	√		
<p>3.1.2. The Committee recommends that the board of directors on an annual basis discusses the company's activities in order to ensure relevant diversity at the different management levels of the company and adopts a diversity policy, which is included in the management commentary and/or available on the company's website.</p>	√		
<p>3.1.3. The committee recommends that candidates for the board of directors are recruited based on a thorough process approved by the board of directors. The Committee recommends that in assessing candidates for the board of directors - in addition to individual competencies and qualifications - the need for continuity, renewal and diversity is also considered.</p>	√		
<p>3.1.4. The Committee recommends that the notice convening general meetings, where election of members to the board of directors is on the agenda - in addition to the statutory items - also includes a description of the proposed candidates'</p> <ul style="list-style-type: none"> • qualifications, • other managerial duties in commercial undertakings, including board committees, • demanding organisational assignments and • independence. 	√		
<p>3.1.5. The Committee recommends that members to the board of directors elected by the general meeting stand for election every year at the annual general meeting, and that the members are nominated and elected individually.</p>	√		

Recommendation	The company complies	The company explains	
		why	how
3.2.2. The Committee recommends that members of the executive management are not members of the board of directors and that members retiring from the executive management does not join the board of directors immediately thereafter.	√		
3.3. Members of the board of directors and the number of other managerial duties			
3.3.1. The Committee recommends that the board of directors and each of the members on the board of directors, in connection with the annual evaluation, cf. recommendation 3.5.1., assesses how much time is required to perform the board duties. The aim is for the individual member of the board of directors not to take on more managerial duties than the board member in question is able to perform in a satisfactory manner.	√		
<p>3.3.2. The Committee recommends that the management commentary, in addition to the statutory requirements, contains the following information on the individual members of the board of directors:</p> <ul style="list-style-type: none"> • position, age and gender, • competencies and qualifications relevant to the company, • independence, • year of joining the board of directors, • year of expiry of the current election period, • participation in meetings of the board of directors and committee meetings, • managerial duties in other commercial undertakings, including board committees, and demanding organisational assignments, and • the number of shares, options, warrants, etc. that the member holds in the company and its group companies and any changes in such holdings during the financial year. 	√		

Recommendation	The company complies	The company explains	
		why	how
3.2. The Board of Director's independence			
<p>3.2.1. The Committee recommends that at least half of the members of the board of directors elected in general meeting are independent in order for the board of directors to be able to act independently avoiding conflicts of interests. In order to be independent, the member in question may not:</p> <ul style="list-style-type: none"> • be or within the past five years have been a member of the executive management or an executive employee in the company, a subsidiary or a group company, • within the past five years have received large emoluments from the company/group, a subsidiary or a group company in another capacity than as member of the board of directors, • represent or be associated with a controlling shareholder, • within the past year have had a business relationship (e.g. personally or indirectly as a partner or an employee, shareholder, customer, supplier or member of a governing body in companies with similar relations) with the company, a subsidiary or a group company, which is significant for the company and/or the business relationship, • be or within the past three years have been employed with or a partner in the same company as the company's auditor elected in general meeting, • be a CEO in a company with cross-memberships in the company's management, • have been a member of the board of directors for more than twelve years, or • be closely related to persons, who are not independent, cf. the above-stated criteria. <p>Even if a member of the board of directors does not fall within the above-stated criteria, the board of directors may for other reasons decide that the member in question is not independent.</p>	√		4 out of 6 members of the board elected by the general meeting are considered independent according to the recommendation during 2023. One of these members will no longer be independent as per the recommendation from April 2024 due to tenure on the Board.

Recommendation	The company complies	The company explains	
		why	how
3.4. Board committees			
<p>3.4.1. The Committee recommends that the management describes in the management commentary:</p> <ul style="list-style-type: none"> the board committees' most significant activities and number of meetings in the past year, and the members on the individual board committees, including the chairperson and the independence of the members of the committee in question. <p>In addition, it is recommended that the board committees' terms of reference are published on the company's website</p>	√		
<p>3.4.2. The Committee recommends that board committees solely consist of members of the board of directors and that the majority of the members of the board committees are independent.</p>	√		
<p>3.4.3. The Committee recommends that the board of directors establishes an audit committee and appoints a chairperson of the audit committee, who is not the chairperson of the board of directors. The Committee recommends that the audit committee, in addition to its statutory duties, assists the board of directors in:</p> <ul style="list-style-type: none"> supervising the correctness of the published financial information, including accounting practices in significant areas, significant accounting estimates and related party transactions, reviewing internal control and risk areas in order to ensure management of significant risks, including in relation to the announced financial outlook, assessing the need for internal audit, performing the evaluation of the auditor elected by the general meeting, reviewing the auditor fee for the auditor elected by the general meeting, 	√		

Recommendation	The company complies	The company explains	
		why	how
<ul style="list-style-type: none"> • supervising the scope of the non-audit services performed by the auditor elected by the general meeting, and • ensuring regular interaction between the auditor elected by the general meeting and the board of directors, for instance, that the board of directors and the audit committee at least once a year meet with the auditor without the executive management being present <p>If the board of directors, based on a recommendation from the audit committee, decides to set up an internal audit function, the audit committee must:</p> <ul style="list-style-type: none"> • prepare terms of reference and recommendations on the nomination, employment and dismissal of the head of the internal audit function and on the budget for the department, • ensure that the internal audit function has sufficient resources and competencies to perform its role, and • supervise the executive management's follow-up on the conclusions and recommendations of the internal audit function. 			
<p>3.4.4. The Committee recommends that the board of directors establishes a nomination committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> • describing the required qualifications for a given member of the board of directors and the executive management, the estimated time required for performing the duties of this member of the board of directors and the competencies, knowledge and experience that is or should be represented in the two management bodies, • on an annual basis evaluating the board of directors and the executive management's structure, size, composition and results and preparing recommendations for the board of directors for any changes, 	√		

Recommendation	The company complies	The company explains	
		why	how
<ul style="list-style-type: none"> • in cooperation with the chairperson handling the annual evaluation of the board of directors and assessing the individual management members' competencies, knowledge, experience and succession as well as reporting on it to the board of directors, • handling the recruitment of new members to the board of directors and the executive management and nominating candidates for the board of directors' approval, • ensuring that a succession plan for the executive management is in place, • supervising executive managements' policy for the engagement of executive employees, and • supervising the preparation of a diversity policy for the board of directors' approval. 			
<p>3.4.5. The Committee recommends that the board of directors establishes a remuneration committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> • preparing a draft remuneration policy for the board of directors' approval prior to the presentation at the general meeting, • providing a proposal to the board of directors on the remuneration of the members of the executive management, • providing a proposal to the board of directors on the remuneration of the board of directors prior to the presentation at the general meeting, • ensuring that the management's actual remuneration complies with the company's remuneration policy and the evaluation of the individual member's performance, and • assisting in the preparation of the annual remuneration report for the board of directors' approval prior to the presentation for the general meeting's advisory vote 	√		

Recommendation	The company complies	The company explains	
		why	how
3.5. Evaluation of the board of directors and the executive management			
<p>3.5.1. The Committee recommends that the board of directors once a year evaluates the board of directors and at least every three years engages external assistance in the evaluation. The Committee recommends that the evaluation focuses on the recommendations on the board of directors' work, efficiency, composition and organisation, cf. recommendations 3.1.-3.4. above, and that the evaluation as a minimum always includes the following topics:</p> <ul style="list-style-type: none"> • the composition of the board of directors with focus on competencies and diversity • the board of directors and the individual member's contribution and results, • the cooperation on the board of directors and between the board of directors and the executive management, • the chairperson's leadership of the board of directors, • the committee structure and the work in the committees, • the organisation of the work of the board of directors and the quality of the material provided to the board of directors, and • the board members' preparation for and active participation in the meetings of the board of directors. 	√		
<p>3.5.2. The Committee recommends that the entire board of directors discusses the result of the evaluation of the board of directors and that the procedure for the evaluation and the general conclusions of the evaluation are described in the management commentary, on the company's website and at the company's general meeting.</p>	√		
<p>3.5.3. The Committee recommends that the board of directors at least once a year evaluates the work and results of the executive management according to pre-established criteria, and that the chairperson reviews the evaluation together with the executive management. In addition, the board of directors should on a continuous basis assess the need for changes in the structure and composition of the executive management, including in respect of diversity, succession planning and risks, in light of the company's strategy</p>	√		

Recommendation	The company complies	The company explains	
		why	how
4. Remuneration of management			
4.1. Remuneration of the board of directors and the executive management			
4.1.1. The Committee recommends that the remuneration for the board of directors and the executive management and the other terms of employment/service is considered competitive and consistent with the company's long-term shareholder interests.	√		
4.1.2. The Committee recommends that share-based incentive schemes are revolving, i.e. that they are periodically granted, and that they primarily consist of long-term schemes with a vesting or maturity period of at least three years.	√		
4.1.3. The Committee recommends that the variable part of the remuneration has a cap at the time of grant, and that there is transparency in respect of the potential value at the time of exercise under pessimistic, expected and optimistic scenarios.	√		
4.1.4. The Committee recommends that the overall value of the remuneration for the notice period, including severance payment, in connection with a member of the executive management's departure, does not exceed two years' remuneration including all remuneration elements.	√		
4.1.5. The Committee recommends that members of the board of directors are not remunerated with share options and warrants	√		
4.1.6. The Committee recommends that the company has the option to reclaim, in whole or in part, variable remuneration from the board of directors and the executive management if the remuneration granted, earned or paid was based on information, which subsequently proves to be incorrect, or if the recipient acted in bad faith in respect of other matters, which implied payment of a too large variable remuneration	√		

Recommendation	The company complies	The company explains	
		why	how
5. Risk management			
5.1. Identification of risks and openness in respect of additional information			
5.1.1. The Committee recommends that the board of directors based on the company's strategy and business model considers, for instance, the most significant strategic, business, accounting and liquidity risks. The company should in the management commentary give an account of these risks and the company's risk management.	√		
5.1.2. The Committee recommends that the board of directors establishes a whistleblower scheme, giving the employees and other stakeholders the opportunity to report serious violations or suspicion thereof in an expedient and confidential manner, and that a procedure is in place for handling such whistleblower cases.	√		