

The report forms part of the management's review and concerns the financial year **1 January 2015 to 31 December 2015**

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

DAMPSKIBSSELSKABET NORDEN A/S
FINANCIAL YEAR 2015

Recommendation	The company complies	The company complies partially	The company does not comply	The explanation for complying partially/not complying with the recommendation
1. Communication and interaction by the company with its investors and other stakeholders				
<i>1.1. Dialogue between company, shareholders and other stakeholders</i>				
1.1.1. The Committee recommends that the board of directors ensure ongoing dialogue between the company and its shareholders in order for the shareholders to gain relevant insight into the company's potential and policies, and in order for the board of directors to be aware of the shareholders' views, interests and opinions on the company.	✓			
1.1.2. The Committee recommends that the board of directors adopt policies on the company's relationship with its stakeholders, including shareholders and other investors, and that the board ensures that the interests of the shareholders are respected in accordance with company policies.	✓			
1.1.3. The Committee recommends that the company publish quarterly reports	✓			
<i>1.2. General meeting</i>				
1.2.1. The Committee recommends that when organizing the company's general meeting, the board of directors plans the meeting to support active ownership.	✓			<p>A dedicated section on the website facilitates the shareholders' ability to participate and/or have an influence at the general meeting.</p> <p>NORDEN carefully follows the development in conducting electronic general meetings, but so far, the Board of Directors has resolved that general meeting by physical attendance provides the best procedure.</p>

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1.2.2. The Committee recommends that proxies granted for the general meeting allow shareholders to consider each individual item on the agenda.	✓			
<i>1.3. Takeover bids</i>				
1.3.1. The Committee recommends that the company set up contingency procedures in the event of takeover bids from the time that the board of directors has reason to believe that a takeover bid will be made. According to such contingency procedures, the board of directors should 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 themselves.	✓			
2. Tasks and responsibilities of the board of directors				
<i>2.1. Overall tasks and responsibilities</i>				
2.1.1. The Committee recommends that at least once a year the board of directors take a position on the matters related to the board's performance of its responsibilities.	✓			
2.1.2. The Committee recommends that at least once a year the board of directors take a position on the overall strategy of the company with a view to ensuring value creation in the company.	✓			
2.1.3. The Committee recommends that the board of directors ensure that the company has a capital and share structure ensuring that the strategy and longterm value creation of the company are in the best interest of the shareholders and the com-	✓			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 includ-

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pany, and that the board of directors presents this in the management commentary on the company's annual report and/or on the company's website.				ed in the annual report and the Chairman's report at the annual general meeting.
2.1.4. The Committee recommends that the board of directors annually review and approve guidelines for the executive board; this includes establishing requirements for the executive board on timely, accurate and adequate reporting to the board of directors.	✓			
2.1.5. The Committee recommends that at least once a year the board of directors discuss the composition of the executive board, as well as developments, risks and succession plans.	✓			
2.1.6. The Committee recommends that once a year the board of directors discuss the company's activities to ensure relevant diversity at management levels, including setting specific goals and accounting for its objectives and progress made in achieving the objectives in the management commentary on the company's annual report and/or on the website of the company.	✓			NORDEN strives for diversity in the Board of Directors, the Executive Management and at other management levels, 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. The Board of Directors has adopted a policy to increase the share of women at NORDEN's management levels and has set a target for the share of shareholder-elected women on the Board of Directors. Objectives and progress in achieving these are included in the annual report.
2.2. Corporate social responsibility				
2.2.1. The Committee recommends that the board of directors adopt policies on corporate social responsibility.	✓			
2.3. Chairman and vice-chairman of the board of directors				

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2.3.1. The Committee recommends appointing a vice-chairman of the board of directors who will assume the responsibilities of the chairman in the event of the chairman's absence, and who will also act as effective sparring partner for the chairman.	✓			
2.3.2. The Committee recommends ensuring that, if the board of directors, in exceptional cases, asks the chairman of the board of directors to perform special operating activities for the company, including briefly participating in the day-to-day management, a board resolution to that effect be passed to ensure that the board of directors maintains its independent, overall management and control function. Resolutions on the chairman's participation in day-to-day management and the expected duration hereof should be published in a company announcement.	✓			If needed that the Chairman of the Board of Directors performs special tasks for the Company, a board resolution to that effect must 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.
3. Composition and organization of the board of directors				
<i>3.1. Composition</i>				
3.1.1. The Committee recommends that the board of directors annually accounts for <ul style="list-style-type: none"> • the skills it must have to best perform its tasks, • the composition of the board of directors, and • the special skills of each member. 	✓			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 are sent out together with the notice of general meeting.
3.1.2. The Committee recommends that the selection and nomination of candidates for the board of directors be carried out through a thoroughly transparent process approved by the	✓			

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overall board of directors. When assessing its composition and nominating new candidates, the board of directors must take into consideration the need for integration of new talent and diversity in relation to age, international experience and gender.				
<p>3.1.3. The Committee recommends that a description of the nominated candidates' qualifications, including information about the candidates'</p> <ul style="list-style-type: none"> • other executive functions, e.g. memberships in executive boards, boards of directors, and supervisory boards, including board committees in foreign enterprises, be accompanied by the notice convening the general meeting when election of members to the board of directors is on the agenda. • demanding organizational tasks, and information • about whether candidates to the board of directors are considered independent. 	✓			
3.1.4. The Committee recommends that the company's articles of association stipulate a retirement age for members of the board of directors.	✓			The retirement age for members of the Board of Directors is 72. The annual report states the birth year and age of every board member.
3.1.5. The Committee recommends that members of the board of directors elected by the general meeting be up for 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 to ensure necessary continuity.
3.2. Independence of the board of directors				
3.2.1. The Committee recommends that at least half of the members of the board of directors elected by the general meeting be independent persons, in order for the board of directors to be able to act independently of special interests. To be con-	✓			3 of the 5 board members elected by the general meeting are independent. Chairman Klaus Nyborg acted as interim CEO for NORDEN in the transitional phase until Jan Rindbo took up the position as CEO in the early summer of 2015. Since Klaus

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<p>sidered independent, this person may not:</p> <ul style="list-style-type: none"> • be or within the past five years have been member of the executive board, or senior staff member in the company, a subsidiary undertaking or an associate, • within the past five years, have received larger emoluments from the company/group, • a subsidiary undertaking or an associate in another capacity than as member of the • board of directors, • represent the interests of a controlling shareholder, • within the past year, have had significant business relations (e.g. personal or indirectly as partner or employee, shareholder, customer, supplier or member of the executive management in companies with corresponding connection) with the company, a subsidiary undertaking or an associate. • be or within the past three years have been employed or partner at the external auditor, • have been chief executive in a company holding cross-memberships with the company, • have been member of the board of directors for more than 12 years, or • have been close relatives with persons who are not considered independent. 				<p>Nyborg was not able to sign documents and since he was not registered with the Danish Business Authority during the 10 months as interim CEO, he is considered independent in his current function.</p>
<p><i>3.3. Members of the board of directors and the number of other executive functions</i></p>				
<p>3.3.1. The Committee recommends that each member of the board of directors assesses the expected time commitment for each function in order that the member does not take on more functions than he/she can manage satisfactorily for the compa-</p>	<p>✓</p>			

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ny.				
<p>3.3.2. The Committee recommends that the management commentary, in addition to the provisions laid down by legislation, includes the following information about the members of the board of directors:</p> <ul style="list-style-type: none"> • the position of the relevant person, • the age and gender of the relevant person, • whether the member is considered independent, • the date of appointment to the board of directors of the member, • expiry of the current election period, • other executive functions, e.g. memberships in executive boards, boards of directors, and supervisory boards, including board committees in foreign enterprises and • demanding organizational tasks, and • the number of shares, options, warrants and similar in the company, and other group companies of the company, owned by the member, as well as changes in the portfolio of the member of the securities mentioned which have occurred during the financial year. 	✓			
3.4. Board committees				
<p>3.4.1. The Committee recommends that the company publish the following on the company's website:</p> <p>The terms of reference of the board committees,</p> <ul style="list-style-type: none"> • the most important activities of the committees during the year, and the number of meetings held by each committee, and 	✓			

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<ul style="list-style-type: none"> the names of the members of each committee, including the chairmen of the committees, as well as information on which members are independent members and which members have special qualifications. 				
3.4.2. The Committee recommends that a majority of the members of a board committee be independent.		✓		The Nomination Committee consists of 1 independent member and 1 member who is not independent. See 3.2.1.
3.4.3. The Committee recommends that the board of directors set up a formal <u>audit committee</u> composed such that <ul style="list-style-type: none"> the chairman of the board of directors is not chairman of the audit committee, and between them, the members should possess such expertise and experience as to provide an updated insight into and experience in the financial, accounting and audit aspects of companies whose shares are admitted to trading on a regulated market. 	✓			
3.4.4. The Committee recommends that, prior to the approval of the annual report and other financial reports, the audit committee monitors and reports to the board of directors about: <ul style="list-style-type: none"> significant accounting policies, significant accounting estimates, related party transactions, and uncertainties and risks, including in relation to the outlook for the current year. 	✓			
3.4.5. The Committee recommends that the audit committee: <ul style="list-style-type: none"> annually assesses the need for an internal audit, and in such case, makes recommendations on selecting, appointing and 	✓			The audit committee annually considers the need for an internal audit function. For the time being, this is not considered to be needed.

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<p>removing the head of the internal audit function and on the budget of the internal audit function, and</p> <ul style="list-style-type: none"> monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function. 				
<p>3.4.6. The Committee recommends that the board of directors establish a nomination committee chaired by the chairman of the board of directors with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> describe the qualifications required by the board of directors and the executive board, and for a specific membership, state the time expected to be spent on having to carry out the membership, as well as assess the competences, knowledge and experience of the two governing bodies combined, annually assess the structure, size, composition and results of the board of directors and the executive board, as well as recommend any changes to the board of directors, annually assess the competences, knowledge and experience of the individual members of management, and report to the board of directors in this respect, consider proposals from relevant persons, including shareholders and members of the board of directors and the executive board for candidates for the board of directors and the executive board, and propose an action plan to the board of directors on the future composition of the board of directors, including proposals for specific changes. 	✓			
<p>3.4.7. The Committee recommends that the board of directors establish a remuneration committee with at least the following</p>	✓			

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preparatory tasks: <ul style="list-style-type: none"> to recommend the remuneration policy (including the general guidelines for incentive-based remuneration) to the board of directors and the executive board for approval by the board of directors prior to approval by the general meeting, make proposals to the board of directors on remuneration for members of the board of directors and the executive board, as well as ensure that the remuneration is in compliance with the company's remuneration policy and the assessment of the performance of the persons concerned. The committee should have information about the total amount of remuneration that members of the board of directors and the executive board receive from other companies in the group, and recommend a remuneration policy applicable for the company in general. 				
3.4.8. The Committee recommends that the remuneration committee do not consult with the same external advisers as the executive board of the company.	✓			
3.5. Evaluation of the performance of the board of directors and the executive board				
3.5.1. The Committee recommends that the board of directors establish an evaluation procedure where contributions and results of the board of directors and the individual members, as well as collaboration with the executive board are annually evaluated. Significant changes deriving from the evaluation should be included in the management commentary or on the company's website.	✓			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 each member. The procedure is established from year to year. The Chairman is in charge of the evaluation, and the outcome is discussed within the Board of

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				Directors as a whole. Processes and results are described in the annual report.
3.5.2. The Committee recommends that in connection with preparation of the general meeting, the board of directors consider whether the number of members is appropriate in relation to the requirements of the company. This should help ensure a constructive debate and an effective decision-making process in which all members are given the opportunity to participate actively.	✓			
3.5.3. The Committee recommends that at least once every year the board of directors evaluate the work and performance of the executive board in accordance with predefined clear criteria.		✓		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 remuneration. A continuous dialogue on priorities, efforts and results is deemed more important than mechanical annual criteria.
3.5.4. The Committee recommends that the executive board and the board of directors establish a procedure according to which their cooperation is evaluated annually through a formalized dialogue between the chairman of the board of directors and the chief executive officer and that the outcome of the evaluation be presented to the board of directors.	✓			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 Directors as well as in meetings between the Chairman and the Chief Executive Officer.
4. Remuneration of management				
<i>4.1. Form and content of the remuneration policy</i>				
4.1.1. The Committee recommends that the board of directors prepare a clear and transparent remuneration policy for the	✓			

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<p>board of directors and the executive board, including</p> <ul style="list-style-type: none"> • a detailed description of the components of the remuneration for members of the board of directors and the executive board, • 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. <p>The remuneration policy should be approved by the general meeting and published on the company's website.</p>				
<p>4.1.2. The Committee recommends that, if the remuneration policy includes variable components,</p> <ul style="list-style-type: none"> • limits be set on the variable components of the total remuneration package, • 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 terms, • there be clarity about performance criteria and measurability for award of variable components, • there be criteria ensuring that qualifying periods for variable components in remuneration agreements are longer than one calendar year, and • an agreement is made which, in exceptional cases, entitles the company to reclaim in full or in part variable components of remuneration that were paid on the basis of data, which proved to be misstated. 		✓		<p>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 members of the Executive Management can take place both based on results criteria as well as the discretionary assessment of the Board of Directors.</p>

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4.1.3. The Committee recommends that remuneration of members of the board of directors does not include share options.	✓			
4.1.4. The Committee recommends that if share-based remuneration is provided, such programmes be established as roll-over programmes, i.e. the options are granted periodically and should have a maturity of at least three years from the date of allocation.	✓			
4.1.5. The Committee recommends that agreements on termination payments should not amount to more than two years' annual remuneration.	✓			
<i>4.2. Disclosure of the remuneration policy</i>				
4.2.1. The Committee recommends that the company's remuneration policy and compliance with this policy be explained and justified annually in the chairman's statement at the company's general meeting.	✓			
4.2.2. The Committee recommends that the proposed remuneration for the board of directors for the current financial year be approved by the shareholders at the general meeting.	✓			The proposed 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.
4.2.3. The Committee recommends that the total remuneration granted to each member of the board of directors and the executive board by the company and other companies in the group, including information on the most important contents of reten-		✓		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 and schemes related to retention

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tion and retirement/resignation schemes, be disclosed in the annual report and that the linkage with the remuneration policy be explained.				and severance including severance terms in special situations. The Board of Directors and the Executive Management have no pension plans. NORDEN believes that what is important is that the shareholders can evaluate the total remuneration and development herein and does consequently not disclose individual remuneration.
5. Financial reporting, risk management and audits				
<i>5.1. Identification of risks and transparency about other relevant information</i>				
5.1.1. The Committee recommends that the board of directors in the management commentary review and account for the most important strategic and business-related risks, risks in connection with the financial reporting as well as for the company's risk management.	✓			
<i>5.2. Whistleblower scheme</i>				
5.2.1. The Committee recommends that the board of directors decide whether to establish a whistleblower scheme for expedient and confidential notification of possible or suspected wrongdoing.	✓			In 2011, NORDEN established the whistleblower scheme Safe-Line 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.
<i>5.3. Contact to auditor</i>				
5.3.1. The Committee recommends that the board of directors ensure regular dialogue and exchange of information between	✓			The Board of Directors meets with the auditor on a regular basis. In addition, the audit committee meets with the auditor

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the auditor and the board of directors, including that the board of directors and the audit committee at least once a year meet with the auditor without the executive board present. This also applies to the internal auditor, if any.				without the Executive Management being present at least once a year.
5.3.2. The Committee recommends that the audit agreement and auditors' fee be agreed between the board of directors and the auditor on the basis of a recommendation from the audit committee.	✓			