

## **Statutory Statement for Corporate Governance, cf. S. 107 (b) of the Danish Financial Statements Act**

### **Control and risk management in relation to the financial reporting process constitute a part of the management's review for NORDEN for the financial year 2011**

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 estimates and uncertainties in relation to the financial reporting (see note 1 to the financial statements). The Board of 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 Board of Management approves all other policies and regularly briefs the Board of Directors about such policies.

The composition of the Board of Directors and the Board of 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 Board of Management regularly assess risks that NORDEN is exposed to, including risks related to financial reporting. The assessment includes the risk of fraud and misconduct. NORDEN's risk profile and management are described on the website under "Risk Management".

Systems, procedures and control activities to minimise the risk of material errors and omissions in relation to financial reporting have been described and documented in respect of all significant financial reporting areas.

### **Control procedures**

The control procedures are integrated in the accounting and reporting systems and include procedures in respect of approval and certification, system controls, reconciliations and analytical controls. The processes

and systems of particular significance to the financial reporting are described in Standard Operating Procedures (SOPs).

The Board of Management follows up to ensure that any internal control weaknesses are addressed and that any errors or omissions identified and reported by the auditors are corrected, including that controls or procedures are implemented to prevent errors or omissions.

## **Information and communication**

SOPs, reporting instructions and policies in relation to approvals and counterparty risks are updated on an ongoing basis and are available to the employees.

A Group Finance forum with representatives of all finance functions meets regularly to ensure that all finance functions are updated on the latest developments in policies and procedures so as to ensure uniform, high quality in the regular reporting that forms the basis of the financial reporting.

The information and transactions on which the financial reporting is based is compiled and registered in a single, integrated finance and information system according to uniform principles and definitions.

## **Monitoring**

NORDEN uses a fully integrated finance and information system to monitor the accounting information. The system is able to identify material financial reporting errors and omissions, including material internal control and system weaknesses.

The Board of Directors and the Board of Management receive monthly internal financial reporting, which they review against their own knowledge and expectations. The monthly reporting is developed on an ongoing basis.