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1 Setting the Scene – Sources and Overview

1.1 What are the main corporate entities to be discussed?

The Danish Companies Act (the "Companies Act") facilitates four types of companies in which the shareholders' liability is limited to the capital contributed as payment for the shares: (i) the public limited company (in Danish: *aktieselskab* or A/S); (ii) the private limited company (in Danish: *anpartsselskab* or ApS); (iii) the limited partnership company (in Danish: *partnerselskab* or P/S); and (iv) the entrepreneur company (in Danish: *iværksætterselskab* or IVS).

Only public limited companies, as opposed to, e.g. private limited companies, are admitted to official listing. 'Nasdaq Copenhagen A/S', which is owned by Nasdaq, Inc., is the only regulated market in Denmark. It also operates an alternative marketplace for smaller growth companies called Nasdaq First North Denmark, which is categorised as a multilateral trading facility and is not a regulated market.

This chapter focuses on public limited companies whose securities are admitted to trading and official listing on Nasdaq Copenhagen A/S. There are certain governance related provisions in the Danish Financial Business Act applicable only to financial institutions. These have been excluded from this chapter, unless otherwise stated.

1.2 What are the main legislative, regulatory and other corporate governance sources?

The key sources of corporate governance for Danish listed companies consist of a combination of legislation (acts and executive orders), corporate documents (e.g. the articles of association of a company), stock exchange regulations, codes/recommendations of a soft-law nature containing generally accepted best practices, and guidelines.

The Companies Act lays down the fundamental rules under which public and private limited companies operate in Denmark. Being a public limited company, a listed company is subject to the Companies Act. The Danish Financial Statements Act (the "Financial Statements Act") also includes certain provisions regarding corporate governance in a similar manner to the Danish Act on Approved Auditors and Audit Firms, which deals specifically with auditors and the audit of financial accounts. The Danish Business Authority operates the Danish Central Business Register and is the authority surveilling compliance with the Companies Act, the Financial Statements Act and the Auditors Act. The Danish Financial Supervisory Authority (the "Danish FSA") also carries out supervision of accounts under the Financial Statements Act with respect to listed companies that are financial institutions.

In addition, listed companies are subject to the Danish Securities Trading Act and the EU Market Abuse Regulation (Regulation 596/2014) ("MAR"). The Danish FSA is the competent authority monitoring compliance with this legislation.

Under the authority of the said acts, the Danish Business Authority and the Danish FSA have adopted a number of executive orders providing a more detailed regulation on specific matters. Generally, non-compliance with the legislation is subject to fines and/or reprimands and to some extent sanctions are published revealing the identity of the listed company and/or the natural person in question. Market abuse violations are subject to imprisonment.

The primary constitutional document is the articles of association (the "Articles") which prescribes the overarching rules governing the company. The Articles are publicly available and can be requested from the Danish Business Authority. The Articles reflect the legal relationship between the shareholders (and the company) and include rules on the company's corporate objective, its share capital and rights attached to the shares, the meetings of shareholders, the powers to bind the company, the duties of the board of directors and the management board, restrictions on share transfers, the company's financial year, and many other aspects relating to the governance.

Companies listed on Nasdaq Copenhagen A/S must adhere to the terms and conditions set out in the latest revised version of the Nasdaq Copenhagen A/S' 'Rules for issuers of shares', which were updated on 3 July 2016 due to the entry into force of and in order to be aligned with MAR. Nasdaq Copenhagen A/S monitors compliance with these market place rules and may in the event of non-compliance give the issuer a reprimand, a fine, decide to delete the issuer's securities from admittance to trading and/or publish any such sanction and the identity of the issuer. This rule book includes listing and disclosure requirements and adopts the "comply or explain" principle whereby the issuer shall give a statement on how the company addresses the Danish Recommendations on Corporate Governance of May 2013 (revised as of November 2014) issued by the Committee on Corporate Governance. Listed companies must either comply with those recommendations or explain why they do not comply. The practice developed by Nasdaq Copenhagen A/S suggests that it is not sufficient to merely explain the reason for non-compliance. The company must also specify its different approach to the recommendation. The recommendations do not have legal force but is considered "soft law"; however, the "comply or explain" principle is embedded in the Financial Statements Act, requiring issuers to present a statement in its annual report or on its website

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concerning any given applicable code on corporate governance (i.e. in this context, the Danish Recommendations on Corporate Governance).

The current set of Danish Recommendations on Corporate Governance affords more attention than before on value creation, the framework for active ownership and board assessment procedures.

In November 2016, the Committee issued a new set of Danish Recommendations on Shareholder Activism (seven recommendations) applicable to Danish institutional investors such as pension funds and insurance companies making investments in Danish listed companies. These new recommendations apply to financial years commencing on 1 January 2017 or later. According to these recommendations, each institutional investor shall publish its policy on active ownership, addressing its methods for escalating active ownership, collaborative efforts with other shareholders, voting policies including use of proxy advisors and disclosure of how votes are cast and policies for identification and handling of possible conflicts of interest. Further, it is recommended that the investors at least annually report on their activities pertaining to active ownership, including voting activity. Although considered "soft law", non-observance must be explained in accordance with the "comply or explain" principle.

On 1 January 2018, the Danish Securities Trading Act will be subject to a revision and be replaced with a new Act carrying the name 'Capital Markets Act'. While the new Act will implement MiFID II into Danish law and include provisions related to the MiFIR, the Act will not change the existing rule of law on most of the substantial areas in the existing Danish Securities Trading Act such as the rules on takeovers, major shareholder flagging, etc. The new Act is, however, expected to increase the offering threshold for when a prospectus is required from DKK 1.0 million to DKK 5.0 million.

The revision of the existing Shareholders' Rights Directive (2007/36/EC) was finally adopted on 3 April 2017, following which each Member State will have to implement it into domestic law within a timeframe of two (2) years. The aim of this new directive is to strengthen corporate governance in listed companies by encouraging shareholder engagement in the long term and increasing transparency. The new requirements will apply to: (i) the remuneration of directors and managers; (ii) the identification of shareholders; (iii) the facilitation of exercise of shareholders' rights; (iv) information distribution; (v) the transparency regarding institutional investors, asset managers and proxy advisors; and (vi) related party transactions.

1.3 What are the current topical issues, developments, trends and challenges in corporate governance?

While having been in existence for some time, many aspects of the corporate governance debate in Denmark remain topical and important and focus on: (i) diversity (in terms of qualifications, age, international experience and gender issues, etc.; (ii) independence of the board of directors; (iii) transparency in terms of individual management and board remuneration and policies related thereto; (iv) the duties of the board of directors in connection with a public takeover bid; (v) the impact of corporate social responsibility; (vi) risk-taking with particular focus on remuneration as well as the board of directors' duties in insolvency situations; (vii) nomination committees in respect of election of members of the board of directors and assessment of existing members of the board of directors; and (viii) shareholder activism, e.g. in the form of an increased number of shareholder proposals and statements at general meetings and the practical implications for the companies as a result thereof, and the need to enhance the transparency on the operation and activities of proxy advisors. The predominant proxy advisors covering Danish listed companies are Institutional Shareholder Services Inc. and Glass, Lewis & Co.

Lately, following larger private equity driven IPOs, substantial focus and political voicing of the need for regulation has been directed towards very profitable management incentive schemes.

Since the spring of 2013 legislation has been aiming at equalising the gender composition by requiring that larger companies – including listed companies – should set specific target figures and implement a policy seeking to achieve a greater balance between men and women at board and management levels. Companies are required to include a statement in their annual reports describing the company's gender policy and reporting the target figures and current status. Alternatively, the reporting may be made on the company's website or as a supplement to the annual report if reference thereto is made. If the target figures are not met, an explanation must be provided. New guidelines issued in March 2016 by the Danish Business Authority emphasise the flexible nature of these rules by clarifying that new target figures do not necessarily have to be higher than target figures already achieved.

2 Shareholders

2.1 What rights and powers do shareholders have in the operation and management of the corporate entity/entities?

Shareholders exercise their power of decision-making at the general meeting. Besides that, being a shareholder does not entail additional rights to make decisions regarding the company or to act on behalf of the company. The rights of the shareholders are protected through the general corporate law principles including equal treatment of all shareholders and the fiduciary duties of the board of directors and the management board.

A shareholder is entitled to attend and address the general meeting and to exercise voting rights, if any, on the shares. In a public company whose shares are admitted to trading and are officially listed on a regulated market, the shareholder's right to attend and the ability to vote shall, however, be determined based on the shareholding one week before the date of the general meeting (record date). In addition, the Articles may provide that shareholders are required to notify the company no later than three days before the date of a general meeting if they wish to attend.

2.2 What responsibilities, if any, do shareholders have as regards the corporate governance of their corporate entity/entities?

The shareholders do not have an obligation to promote the interests of the company. Thus, the shareholders are not obliged to attend the general meetings of the company, and the shareholders do not have a duty to vote for or against specific proposals at such meetings. However, there is legal basis for holding shareholders liable in damages for losses caused to the company, to other shareholders or to third parties as a result of acts or omissions by a shareholder carried out with intent or gross negligence.

For instance, shareholders can be instrumental in wrongful decisions if, through their influence, ownership interest, voting rights or similar, the shareholder has participated in deciding on proposals at the general meeting which they know will cause the company to suffer a loss or give certain shareholders an unjustified benefit. It should, nevertheless, be stressed, that imposing liability on shareholders is a rare phenomenon under Danish law.

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2.3 What shareholder meetings are commonly held and what rights do shareholders have as regards them?

Annual and extraordinary general meetings are convened and organised by the board of directors.

Any shareholder may attend a general meeting either electronically in the case of an electronic meeting, or physically in the case of a physical meeting. Furthermore, any shareholder may vote by letter, email or other written instrument or attend and vote by proxy.

The general meeting is omnipotent and may decide on any matter which is not explicitly made a prerogative of the board of directors. Matters reserved for the general meeting are amendments of the Articles, election and removal of members of the board and the company's auditor, remuneration of the members of the board and approval of the annual report.

Any shareholder is entitled to address the general meeting (*cf.* question 2.1 above), to request and is entitled to receive specific information on issues related to the annual accounts, the financial position of the company and items on the agenda, provided always that conveyance of such information is not exposing the company to a risk for substantial damage. If information is not available at the general meeting, it must be made available to the shareholders (e.g. on the company's website) no later than two weeks thereafter.

Shareholders holding 5% of the share capital or such smaller fraction of the capital provided for in the Articles can request for an extraordinary general meeting to be held to resolve specific issues. A meeting must be convened within two weeks after receipt of the request.

Resolutions at general meetings are passed by a simple majority of votes unless the proposal in question relates to an important matter which requires qualified or super majority (or unanimity) pursuant to the Companies Act, e.g. an amendment to the Articles which as a general rule can only be passed by at least two-thirds of the votes cast and of the votes represented at the general meeting. The Articles may provide increased or additional requirements.

2.4 Can shareholders be liable for acts or omissions of the corporate entity/entities?

A public limited company is characterised by the fundamental principle that the shareholders are not personally liable for the acts and/or omissions of the company, and the liability of shareholders is limited to their investment.

While the applicability of the "piercing the corporate veil" doctrine remains to be discussed in legal theory, the only express authority for holding a shareholder liable is a provision in the Companies Act according to which a shareholder is liable for any loss inflicted intentionally or with gross negligence on the company, the other shareholders or any third party, e.g. through the shareholder's participation by way of voting for an unlawful proposal at the general meeting.

It should be noted that EU antitrust case law establishes that a parent company may be held liable for its subsidiary's participation in cartel arrangements.

2.5 Can shareholders be disenfranchised?

The rights attached to the shares held by an individual shareholder cannot be reduced without the consent of the shareholder. However, in a company having several share classes, the rights of an entire class of shares can be reduced by amending the Articles subject to certain voting majority requirements being observed.

Voting rights cannot be exercised on treasury shares or shares in a parent company held by its subsidiary.

A shareholder is barred from voting at general meetings in matters on legal proceedings against him or concerning the liability of others if he has a material interest that may conflict with the interests of the company. By way of example a director who is also a shareholder is prohibited from voting on a proposal for discharge of the board of directors.

If a shareholder holds more than 90% of the shares and votes of a company, such a shareholder may demand that the other shareholders shall have their shares redeemed by that shareholder (squeeze-out). The remaining shareholders shall, in such cases, transfer their shares to the majority shareholder within a period of four weeks. If the redemption price cannot be agreed upon, the redemption price must be determined by an independent expert appointed by the court of the jurisdiction of the company's registered office. If the redemption is executed in connection with a voluntary or public takeover, certain minority protection rules must be observed.

If a shareholder holds more than 90% of the share capital of the company and a corresponding share of the votes, each minority shareholder of the company may demand redemption by the majority shareholder.

Moreover, the Articles may contain provisions on redemption. A holder of bearer shares may not be entitled to vote if the identity of such a shareholder is not disclosed or registered; *cf.* question 2.7 below. Further, in the event of grievous or repeated non-compliance with the disclosure requirements under the Securities Trading Act (*cf.* question 2.7 below), a shareholder's voting rights may be suspended by the Danish FSA.

2.6 Can shareholders seek enforcement action against members of the management body?

Shareholders or the company may bring an enforcement action against members of the management board and the board of directors if these corporate bodies have breached their duties under the Companies Act or the Articles and/or if individual members, in the performance of their duties, have intentionally or negligently caused damage to the company and/or shareholders. A decision to commence legal actions against members of the management board and/or members of the board of directors is a matter to be resolved by the shareholders at a general meeting.

2.7 Are there any limitations on, and disclosures required, in relation to interests in securities held by shareholders in the corporate entity/entities?

Certain governmental approval requirements in the Financial Business Act apply to acquisitions of qualified holdings in Danish financial business undertakings. In regard to other companies, an investor's ability to invest in shares is not subject to any limitations under the Companies Act. However, the Articles may include provisions which generally limit ownership to the effect that no shareholder is allowed to hold more than a specific predetermined percentage of the share capital and/or voting rights or provisions to the effect that no matter how large a percentage of shares any shareholder possesses, the attached votes may only count for a certain predetermined percentage.

Disclosure requirements under the Securities Trading Act apply to shareholders in a company which has its securities admitted to trading and official listing on Nasdaq Copenhagen A/S as they are under an obligation to notify the company and the Danish FSA of the shareholdings in the company when the holding of shares (i) reach

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or exceed 5% of the share capital's voting rights, or (ii) account for no less than 5% of the share capital. In addition, notification shall be made when the shareholding reaches or passes the thresholds of 10%, 15%, 20%, 25%, 50% and 90%, as well as one-third and two-thirds of the total outstanding share capital/voting rights on the day of trading. The notification obligations have been extended further as of 26 November 2015, in that in computing the holding, financial instruments related to already-issued shares should now be included.

A new registration regime has recently been introduced in the Companies Act introducing a public register of major shareholders. For listed companies, this means that major shareholders must notify their holdings to the company and the company must record this in the public register. The reporting thresholds are, by and large, similar to those of the major shareholder disclosure requirement under the Securities Trading Act. The statutory obligation for a company to keep a (non-public) register of shareholders is not affected by these new rules.

In line with the purpose of fighting tax evasion by enhancing transparency with respect to ownership information, as of 1 July 2015, it is no longer possible for Danish companies to issue bearer shares.

3 Management Body and Management

3.1 Who manages the corporate entity/entities and how?

According to the Companies Act, Danish public limited companies may opt for a two-tier corporate governance structure by which a board of directors is responsible for the overall and strategic management while appointing a management board to be responsible for the day-to-day management of the company. Alternatively, but rarely used in Denmark, a management board may be appointed by a supervisory board which shall monitor the management board. The board of directors or the supervisory board must have at least three members.

While executives may also be appointed/elected to the board of directors, the Companies Act provides that the majority of the board shall not be members of the management board. Further, no member of the management board may be chairman or deputy-chairman of the board of directors.

The Companies Act offers more flexibility with regard to the governance structure for private limited companies and entrepreneurial companies.

3.2 How are members of the management body appointed and removed?

Shareholders are entitled to elect the members of the board of directors at the general meeting, unless public authorities or others have been granted a right under the Articles to appoint directors. In public limited companies, the majority of board members (or the supervisory board) must be elected by the general meeting. Any shareholder may, even as late as at the general meeting, propose one or more candidates. However, amongst Danish listed companies the general practice is that candidates are proposed by the board of directors following a search and screening process and for larger companies it is conducted by a nomination committee.

A board member may resign or be removed at any time. While the normal tenure is one year, the maximum term of office is four years. Re-election is possible, unless restricted by the Articles.

Employees may be entitled to employee representation on the board of directors; *cf.* question 4.1 below.

The management board must consist of at least one person and is appointed and removed by the board of directors (or the supervisory board).

Members of the management board (and the board of directors) must be registered as such with the Danish Business Authority.

3.3 What are the main legislative, regulatory and other sources impacting on contracts and remuneration of members of the management body?

The Companies Act provides that members of the board of directors and management board may receive remuneration, both in the form of base pay and a performance-related bonus. The amount of remuneration may not exceed what is considered ordinary given the nature and extent of the position, as well as what is considered financially reasonable and sound relative to the financial situation of the company.

The rights and obligations of the members of the management board are governed by the individual terms of employment (i.e. the service contracts). Such service contracts are generally subject to the freedom of contract and regulate the employee's functions and duties, remuneration and bonus, termination, vacation rights and pension plan, etc.

Before a listed company can enter into a specific agreement for incentive-based remuneration for a member of the board of directors and/or the management board, the shareholders must adopt general guidelines for such incentive-based remuneration at a general meeting. The Committee on Corporate Governance has prepared a guideline containing practices with respect to remuneration policies and incentive-based remuneration recommending that the board of directors does not receive warrants and stock options. The guidelines also recommend that incentive programmes to the management that are equity based are revolving (consecutive allocation) and with vesting periods of at least three years, and that severance payments do not exceed two years' salary.

The Danish FSA has issued an executive order on remuneration in the financial sector. In addition to certain disclosure obligations, the executive order covers rules on how the salary of directors and managers shall be allocated between fixed and variable elements and equity-based instruments.

3.4 What are the limitations on, and what disclosure is required in relation to, interests in securities held by members of the management body in the corporate entity/entities?

In connection with the entering into force of MAR, the Danish regulators opted for an increase in the reporting threshold from EUR 5,000 to EUR 20,000 for members of boards of directors and of the management board and certain other high-ranking employees trading in the securities of a listed company. The reporting regime in MAR which has replaced similar rules in the Securities Trading Act provides that the reporting threshold is determined on a 12-month basis. The rules impose upon the reporting persons and their related parties (e.g. spouses, minors and legal entities controlled by the reporting person and/or his family) an obligation to notify the Danish FSA and the company of trading in securities of the company. High-ranking employees not formally being part of the registered management board are only subject to the rules if they have access to inside or privileged information which directly or indirectly relates to the issuer, and always provided that the employee has the authority independently to make executive decisions of a superior nature regarding the company's future development.

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Notifications to the Danish FSA and the company must be made promptly and no later than three days after a transaction.

With the entry into force of MAR, the former rules in Danish legislation on the obligation of issuers to adopt internal rules for trading in securities issued by the company, etc. have been abolished.

3.5 What is the process for meetings of members of the management body?

The Companies Act requires that the board of directors has a set of rules of procedure governing its function and duties. The chairman of the board of directors shall ensure that the board of directors are convened whenever necessary and, in addition, ensure that all members receive due notice of any meeting.

Any member of the board of directors or of the management board may request that a board meeting is held. Members of the management board (or the company's auditor) who are not members of the board of directors have the right to be present and to speak at meetings, unless the board in the specific situation decides otherwise.

The board of directors forms a quorum when more than half of the members are present, unless the Articles require a larger representation. The opinion of the majority normally constitutes the decision of the board. In the event of a tie, the chairman of the board of directors shall have the casting vote if so provided in the Articles.

Meetings of the board of directors are held in person, unless the board decides that members may participate by electronic means and such participation is compatible with the members carrying out their duties. Certain defined duties may be dealt with by written procedure if the decision to do so has been made in advance. However, any member of the board of directors or of the management board may demand an oral discussion.

Depending on size, market cap, area of industry, listed companies have a variety of committees, typically composed of fractions of the board of directors. While audit committees are required by accounting laws, other committees such as nomination, remuneration and risk committees are established on a voluntary basis and by reference to corporate governance recommendations.

3.6 What are the principal general legal duties and liabilities of members of the management body?

The board of directors is entrusted with the ultimate responsibility of the company as they have both the supervisory function of the management board and the overall strategic responsibility of the company. Therefore, it is a primary function of the board of directors to determine the company's policies in relation to business strategy, organisation, accounting and finance, and the board of directors undertakes such policies to ensure the observance of: (i) book-keeping and financial reporting; (ii) risk management and internal control; (iii) reporting on the company's financial position; (iv) the management board's overall performance and duties; (v) sufficient liquidity in the company; and (vi) appointment and removal of the management board.

The management board is responsible for the day-to-day operations of the company and must observe the guidelines and recommendations issued by the board of directors. The day-to-day management does not include transactions which, considering the scope and nature of the company's activities, are of an unusual nature or magnitude. These decisions can only be made with the approval of the board of directors, unless awaiting the approval will be to the detriment of the company.

The board of directors and the management board may be held liable if the directors or managers in their performance of their duties have intentionally or negligently caused damage to the company, to the shareholders or any third party.

3.7 What are the main specific corporate governance responsibilities/functions of members of the management body and what are perceived to be the key, current challenges for the management body?

The main corporate governance responsibilities and functions of the members of the board of directors and the management board, as determined by the Danish corporate governance committee are:

(i) to strengthen the relationship with shareholders through continuous dialogue;

(ii) to ensure that the management board and board of directors have the required expertise, diversity, etc.;

(iii) remuneration policy and incentive schemes;

(iv) quality and transparency in financial reporting;

(v) monitoring internal control and risk management; and

(vi) open and transparent investor relations activities.

Some of the current key challenges in respect of corporate governance are: (a) the implementation of gender diversity policies; and (b) in the current low interest rate environment to consider whether excess cash should be allocated to investments or be distributed.

3.8 What public disclosures concerning management body practices are required?

Listed companies are subject to certain detailed disclosure requirements concerning management body practices on, e.g. gender diversity, remuneration policies and general guidelines on incentive remuneration to executives and directors, corporate social responsibility, etc.

3.9 Are indemnities, or insurance, permitted in relation to members of the management body and others?

It is not uncommon that the shareholders at the annual general meeting decide to discharge the board of directors and/or the management board for liability with respect to the past financial year.

Legal action may, nevertheless, be commenced by shareholders if the passed resolution on discharge was made based on information that was not essentially correct or complete. The discharge resolution does not shield against law suits from shareholders for claims for losses suffered exclusively by one or more of the shareholders (as opposed to the company itself). Similarly, a discharge resolution is also not a shield against legal actions taken by creditors and other third parties.

Members of the board of directors will sometimes, as a condition for accepting nomination and election, require the company or its controlling shareholder(s) to indemnify the member of his/her liability related to the performance of his/her duties as a board member.

Companies are also permitted to and usually do maintain insurance coverage (i.e. D&O insurance) for directors and managers. Special coverage is normally obtained for public offerings.

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4 Other Stakeholders

4.1 What, if any, is the role of employees in corporate governance?

Employees in listed companies are entitled to elect employee representatives on the board of directors if such companies had on average employed at least 35 individuals during the preceding three years. The employee representatives account for at least two and may equal up to half of the number of the members elected by the shareholders.

An employee representative has the same rights and obligations as other members of the board of directors, i.e. in relation to conflict of interests, confidentiality, remuneration, etc.

Special provisions entitle employees of a Danish parent company and its subsidiaries registered in Denmark, as well as the foreign branches of such subsidiaries situated in an EU/EEA country, to representation at group level.

4.2 What, if any, is the role of other stakeholders in corporate governance?

Please refer to the description of the recommendations set out in the Danish Recommendations on Corporate Governance and the new recommendations on Shareholder Activism applying to institutional investors (*cf.* question 1.2 above), as well as the rules on CSR (*cf.* question 4.3 below).

4.3 What, if any, is the law, regulation and practice concerning corporate social responsibility?

In recent years, the Danish Government has afforded much focus on corporate social responsibility ("CSR") for Danish businesses aiming at fostering best practice by ensuring compliance with internationally-agreed principles and guidelines and by encouraging actions from the companies that go beyond compliance, integrating socially responsible behaviour and ethical values into the core values of the organisations.

Implementing the new Directive 2013/34/EU on annual financial statements, etc., the amended Financial Statements Act introduces more stringent requirements regarding the amount of information that larger companies must provide on CSR in accordance with the International Financial Reporting Standards issued by the International Accounting Standard Board. Listed companies with fewer than 500 employees may, however, choose not to observe the new stringent requirements until the financial year beginning on 1 January 2018, provided that such companies supplement their current CSR-reporting with a report on environmental policies.

According to the Financial Statements Act, listed companies shall in their annual reports provide a description of their business model and address CSR matters including considerations on human rights, social matters, employees, environment and climate, anti-corruption and bribery, etc. The statutory requirement means that the companies must account for their policies on CSR or explain the lack of a CSR-policy.

5 Transparency and Reporting

5.1 Who is responsible for disclosure and transparency?

In accordance with the general principle of collective responsibility, it is the board of directors as a whole, not any one individual member that is responsible for transparency and disclosure of information. Market practice in Denmark is, nevertheless, that the chairman of the board of directors in cooperation with the CEO is delegated the responsibility of handling market disclosures and official statements, press releases, etc.

5.2 What corporate governance related disclosures are required?

MAR sets out the main statutory disclosure requirements relating to continuous disclosure of price-sensitive information relating to the company and publication of financial reports, etc.

Annual reports and company releases may now be published in the English language only. Listed companies are no longer legally required to disclose an interim management statement or quarterly interim reports.

According to the Nasdaq Rule Book, the annual report (submitted for shareholder approval) of a listed company must be published no later than three months after the end of the financial year. The audited annual report as approved by the shareholders must be filed with the Danish Business Authority without undue delay after approval, and must be received no later than four months after the end of the financial year. Listed companies must disclose half-year financial reports within a recently revised deadline of three months.

The Financial Statements Act requires that information on how companies apply the principles of corporate governance be included either in the management's review in the annual report, which will be audited by the auditor(s), or posted on the company's website together with a reference thereto in the management's review.

5.3 What is the role of audit and auditors in such disclosures?

The annual report is prepared by the management board, adopted by the board of directors and audited by the company's auditor(s). The report, which is subject to final approval by the shareholders at the annual general meeting, must include statements from the auditor(s) regarding whether the auditor finds that the annual report gives a true and accurate view of the financial situation of the company.

According to Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC, listed companies (and other large entities) must: (i) ensure periodic rotation on auditors and audit firms; (ii) limit the volume of non-audit services assigned to the elected audit firm; (iii) increase responsibilities of the audit committee of the company; (iv) comply with certain search, election and nomination procedures by the audit committee when new audit firms are to be elected; and (v) opt for inclusion of external members of the audit committee who are not members of the board of directors.

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5.4 What corporate governance information should be published on websites?

Listed public limited companies shall as soon as possible after the publication of inside information make all such information available to all investors on the company's website.

As regards corporate governance, company announcements to Nasdaq Copenhagen A/S and approved guidelines for the company's incentive pay system must be published on the company's website together with basic information about the issuer (i.e. the company name, the address of the corporate headquarters, the company registration number, etc.).

Information disclosed on the company's website must be available for at least five years. Financial reports, however, must be available for a minimum of 10 years from the date of disclosure.

A listed company shall announce the voting results of a general meeting on its website no later than two weeks after the general meeting. Any questions raised by shareholders are deemed to have been answered by the company if the information is available on the company's website by way of a Q&A function.

The company's mandatory duty to prepare a statement on CSR (*cf.* question 4.3 above), must be included in the annual report or, alternatively, with a reference in the annual report, in another supplementary report or on the company's website.

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