

**Danish statutory report on corporate governance for the financial year 2011 cf. Section 107b of the Danish Financial Statements Act**

This report is a supplement to the Directors Report in the Genmab A/S Annual Report covering the period 1 January – 31 December 2011.

This report is based on the Committee on Corporate Governance's recommendations of August 16<sup>th</sup> 2011 and should be interpreted in accordance with applicable stock exchange regulation.

Recommendation	The company complies	The company does not comply	The company complies/does not comply with the recommendation due to the following reason: According to the Danish Financial Statement Act sec.107b (1)(3), the company must state the reason for not complying with certain parts of the recommendations. Here it is possible for the company to state why a certain recommendation has not been complied with, and what has been done instead.
<b>1. The role of the shareholders and their interaction with the management of the company</b>			
<i>1.1. Dialogue between the company and its shareholders</i>			
1.1.1. The Committee <b>recommends</b> that the central governing body, for example through investor relations activities, ensure an ongoing dialogue between the company and its shareholders in order that the central governing body knows the shareholders' attitude, interests and views in relation to the company and that investor relations material be made available to all investors on the company's website	<b>Yes</b>		<p>Genmab A/S (the "Company") communicates regularly to the shareholders via NASDAQ OMX Copenhagen A/S ("NASDAQ OMX Copenhagen"), in the form of company releases and investor news. Further, the Company communicates through newsletters and updated information on the Company's website.</p> <p>The Company participates in investor meetings and company presentations, allowing the individual shareholders to meet and communicate.</p> <p>The Company provides a detailed list of all company releases in the Annual Report and on the website.</p>

<b>1.2. Capital and share structure</b>			
1.2.1. The Committee <b>recommends</b> that the central governing body every year evaluate whether the company's capital and share structures continue to be in the interests of the shareholders and the company and account for this evaluation in the management commentary in the annual report and/or on the company's website.	<b>Yes</b>		In accordance with the Rules of Procedures for the Company's board of directors (the "Board", also referred to herein as the "supreme governing body" or "central governing body"), the Board, among other things, assesses on a continuous basis whether the Company's overall financial position and capital resources are at all times appropriate in relation to the operation of the Company and ensure that adequate risk management have been established. The Annual Report contains information on this assessment in the section Risk Management in the management commentary (also referred to herein as the "directors' report").
<b>1.3. General Meeting</b>			
1.3.1. The Committee <b>recommends</b> that the supreme governing body and the executive board promote active ownership, including shareholders' attendance at general meetings.	<b>Yes</b>		The Company calls for the General Meeting with sufficient notice and with detailed agendas. Also, notice is sent by ordinary mail or electronic mail to all shareholders entered in the Company's Register of Shareholders having so requested.  In addition, the Company aims to hold the Annual General Meeting at an accessible location and at a convenient time to ensure easy access thereto.
1.3.2. The Committee <b>recommends</b> that the central governing body resolve or submit to the general meeting the question whether the general meeting shall be conducted by physical attendance or as a partly or entirely electronic general meeting.	<b>Yes</b>		The Board has resolved that the Annual General Meeting shall be conducted by physical attendance and not as either a partly or entirely electronic meeting.
1.3.3 The Committee <b>recommends</b> that proxies given to the supreme governing body allow shareholders to consider each individual item on the agenda.	<b>Yes</b>		Proxies may be given to the Board in general or with respect to each individual item on the agenda for the General Meeting.

1.3.4 The Committee <b>recommends</b> that all members of the supreme governing body and the executive board be present at the general meeting.	<b>Yes</b>		All members of the Board and the registered managers (“Executive Management”, who is also referred to herein as the executive board) were present at the General Meeting on April 6, 2011.
<b>1.4. Takeover bids</b>			
1.4.1 The Committee <b>recommends</b> that the central governing body, from the moment it obtains knowledge that a takeover bid will be submitted, do 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.	<b>Yes</b>		The Company’s Nominating and Corporate Governance Committee has drawn up a takeover memorandum and guidelines which are reviewed annually by the Board.  The Company agrees in principle with the recommendation. Actions will be determined on a case-by-case basis with due consideration to shareholders and other stakeholders.
1.4.2. The Committee <b>recommends</b> that the central governing body give the shareholders the opportunity to decide whether or not they wish to dispose of their shares in the company under the terms offered.	<b>Yes</b>		The Company’s Nominating and Corporate Governance Committee has drawn up a takeover memorandum and guidelines which are reviewed annually by the Board.  The Company agrees in principle with the recommendation. Actions will be determined on a case-by-case basis with due consideration to shareholders and other stakeholders.
<b>2. The role of stakeholders and their importance to the company and the company’s corporate social responsibility</b>			
<b>2.1. The company’s policy in relation to its stakeholders</b>			
2.1.1. The Committee <b>recommends</b> that the central governing body identify the company’s key stakeholders and their main interests in relation to the company.	<b>Yes</b>		The identification of the Company’s key stakeholders and their main interests in relation to the Company is prescribed as a specific duty of the Board in the Rules of Procedures for the Board.

2.1.2. The Committee <b>recommends</b> that the central governing body adopt a policy on the company's relationship with its stakeholders, including the investors, and ensure that the interests of the stakeholders are respected in accordance with the company's policy on such issues.	<b>Yes</b>		According to the Rules of Procedures for the Board, the Board has established guidelines in accordance with legal requirements governing the release of information by public companies.  The Company has an Investor Relation Policy on its website and the Board has adopted a Policy on the Company's Relationship with its Stakeholders.
<b>2.2. Corporate social responsibility</b>			
2.2.1. The Committee <b>recommends</b> that the central governing body adopt a policy on corporate social responsibility.	<b>Yes</b>		The Board has adopted a Corporate Social Responsibility strategy.
<b>3. Openness and transparency</b>			
<b>3.1. Disclosure of information to the market</b>			
3.1.1. The Committee <b>recommends</b> that the central governing body adopt a communication strategy.	<b>Yes</b>		According to the Rules of Procedures for the Board, the Board has established guidelines in accordance with legal requirements governing the release of information by public companies.  The Company has an Investor Relation Policy and a Policy on the Company's Relationship with its Stakeholders, which are regularly reviewed and updated.
3.1.2. The Committee <b>recommends</b> that information from the company to the market be published in both Danish and English.	<b>Yes</b>		The Company publishes information in Danish and in English, including the interim and Annual Reports.
3.1.3. The Committee <b>recommends</b> that the company publish quarterly reports.	<b>Yes</b>		The Company publishes quarterly reports.

## 4. The tasks and responsibilities of the supreme and the central governing bodies

### 4.1. Overall tasks and responsibilities

4.1.1. The Committee <b>recommends</b> that the central governing body determine the company's overall strategy at least once every year with a view to sustaining value creation in the company.	<b>Yes</b>		The Board determines the Company's overall strategy at least once every year.
4.1.2. The Committee <b>recommends</b> that the supreme governing body at least once every year discuss and ensure that the necessary qualifications and financial resources are in place in order for the company to achieve its strategic goals.	<b>Yes</b>		<p>The Board continuously discusses and ensures, in accordance with the Rules of Procedure for the Board, that the capital resources are adequate in relation to the operation of the Company.</p> <p>Further, the Company's Nominating and Corporate Governance Committee evaluates at least annually the skills, knowledge and experience of the individual members of the Board and the Executive Management. The details of this evaluation are reported to the Board.</p>
4.1.3. The Committee <b>recommends</b> that the supreme governing body at least once every year define its most important tasks related to the financial and managerial control of the company, including how to supervise the work of the executive board.	<b>Yes</b>		<p>The Board defines its most important tasks in accordance with the Rules of Procedure for the Board at least once every year. The key objectives of the Company and progress thereon are accounted for in the Interim Reports.</p> <p>Further, charters have been adopted for the board committees which address the specific tasks and responsibilities of each such committee.</p>

<p>4.1.4. The Committee <b>recommends</b> that the supreme governing body annually discuss the company's activities to ensure diversity at management levels, including equal opportunities for both sexes, and that the supreme governing body set measurable objectives and in the management commentary in the annual report and/or on the company's website give an account of both the objectives and the progress made in achieving the objective.</p>	<p><b>Yes</b></p>		<p>The Board continuously discusses the Company's activities to ensure diversity and gives an account in the directors' report in the Annual Report on how diversity is achieved.</p> <p>Employment in the Company is based on merit and is offered independent of race, color, ethnic, national or social origin, gender, religion, age, handicap, political opinion or sexual orientation.</p> <p>The Company is convinced that a workforce with a high degree of diversity is a key prerequisite for innovation and a significant value for a successful international company. The Company interprets diversity broadly to include, among others, social, educational and cultural background as well as national origin and gender.</p> <p>The Annual Report contains information on the age, nationality, educational background and gender of each board member, the Executive Management, and the employees in the directors' report.</p>
<p><i>4.2. Procedures</i></p>			
<p>4.2.1. The Committee <b>recommends</b> that the supreme governing body review its rules of procedure annually to ensure that they are adequate and always match the activities and needs of the company.</p>	<p><b>Yes</b></p>		<p>The Board reviews the Rules of Procedure annually to ensure that they are adequate and always match the activities and needs of the Company.</p>
<p>4.2.2. The Committee <b>recommends</b> that the supreme governing body annually review and approve procedures for the executive board, including establish requirements for the executive board's timely, accurate and adequate reporting to the supreme governing body and for any other communication between the two governing bodies.</p>	<p><b>Yes</b></p>		<p>The Guidelines for Allocation of Powers between the Board and the Executive Management are reviewed annually by the Board to ensure, among others, that requirements for the Executive Management's timely, accurate and adequate reporting to, and communication with, the Board have been established.</p>

<b>4.3. The chairman and deputy chairman of the supreme governing body</b>			
4.3.1. The Committee <b>recommends</b> that a deputy chairman of the supreme governing body be appointed, who must be able to act in the chairman's absence and also act as an effective sounding board for the chairman.	<b>Yes</b>		The Board has appointed a Deputy Chairman of the Board who shall exercise the authority of the Chairman when the Chairman is absent and act as an effective sparring partner for the Chairman.
4.3.2. The Committee <b>recommends</b> the preparation of a scope of work and task list specifying the tasks, duties and responsibilities of the chairman and deputy chairman.	<b>Yes</b>		The Rules of Procedure for the Board includes descriptions of the tasks, duties and responsibilities of the Chairman and the Deputy Chairman.
4.3.3. The Committee <b>recommends</b> that the chairman of the supreme governing body organise, convene and chair meetings to ensure efficiency in the body's work and to create the best possible working conditions for the members, individually and collectively.	<b>Yes</b>		The Rules of Procedure for the Board includes a description of the Chairman's tasks, duties and responsibilities in connection with board meetings.
4.3.4. The Committee <b>recommends</b> that, if the board of directors in exceptional cases asks its chairman to perform special tasks for the company, including briefly participate in the day-to-day management, a board resolution to that effect should be passed and precautions taken to ensure that the board of directors will maintain responsibility for the overall management and control function. A reasonable distribution of duties must be ensured between the chairman, the deputy chairman, the other members of the board of directors and the executive board. Information about agreements on the chairman's participation in the day-to-day management and the expected duration hereof must be disclosed in a company announcement.	<b>Yes</b>		The Board has not so far asked the Chairman to perform special tasks for the Company.  Should the Board ask the Chairman to perform such special tasks for the Company, the Company will comply with the recommendation.

## 5. Composition and organisation of the supreme governing body

### 5.1. Composition

<p>5.1.1. The Committee <b>recommends</b> that the supreme governing body annually specify the skills it must have to best perform its tasks and that the specification be posted on the website. Proposals for the nomination/replacement of members of the supreme governing body to be submitted to the general meeting should be prepared in the light hereof.</p>	<p><b>Yes</b></p>		<p>The Nominating and Corporate Governance Committee evaluates the skills the Board must have to best perform its tasks, as well as the skills, knowledge and experience of the individual members of the Board, as well as the balance thereof, on an ongoing basis. The details of this evaluation are reported to the Board at least annually. Proposals for the nomination/replacement of members of the Board are prepared in the light hereof and in accordance with the description of competences etc. in the Nominating and Corporate Governance Committee Charter.</p> <p>The special skills of the individual board members are accounted for on the Company's website and in the Annual Report.</p>
<p>5.1.2. The Committee <b>recommends</b> that the supreme governing body ensure a formal, thorough and transparent process for selection and nomination of candidates to the supreme governing body. When assessing its composition and nominating new candidates, the supreme governing body must take into consideration the need for integration of new talent and the need for diversity in relation to international experience, gender and age, etc.</p>	<p><b>Yes</b></p>		<p>The Nominating and Corporate Governance Committee aims to continuously hold a broad composition of the Board containing members with relevant knowledge and experience in biotechnology, commercialization, financial, legal and managerial aspects relevant to the Company's business. The Board's professional experience and the use of external advisors are generally believed to be adequate to ensure that the recruitment criteria are appropriate and that the best suited candidates are identified.</p> <p>The Board is aware of the importance of having the necessary skills in place among its members and discusses these aspects in connection with its annual evaluation of the performance of the Board and its individual members.</p>

5.1.3. The Committee <b>recommends</b> that a description of the nominated candidates' qualifications, including information about other executive functions, e.g. memberships of executive boards, boards of directors and supervisory boards, including board committees, held by the candidates in both Danish and foreign companies as well as information on demanding organisational tasks should accompany the notice convening the general meeting when election of members to the supreme governing body is on the agenda.	<b>Yes</b>		In accordance with the Rules of Procedure for the Board the notice of the General Meeting to elect new members is accompanied by a description of the background of the nominated candidates.
5.1.4. The Committee <b>recommends</b> that every year, the annual report contain an account of the composition of the supreme governing body, including its diversity, and of any special skills possessed by the individual members.	<b>Yes</b>		A description of the composition of the Board and board functions and special competences of each board member is included in the Annual Report.
<b>5.2. Training of members of the supreme governing body</b>			
5.2.1. The Committee <b>recommends</b> that new members joining the supreme governing body be given an introduction to the company.	<b>Yes</b>		The Nominating and Corporate Governance Committee maintains an orientation program for new board members and, as needed, a continuing education program for all board members in accordance with the Charter for the committee.
5.2.2. The Committee <b>recommends</b> that the supreme governing body annually assess whether the skills and expertise of its members need to be updated.	<b>Yes</b>		The Nominating and Corporate Governance Committee evaluates the skills, knowledge and experience of the individual members of the Board and the need for updating these skills at least annually and report such evaluation to the Board. The result of this evaluation is disclosed in the Annual Report.

<b>5.3. Number of members of the supreme governing body</b>			
5.3.1. The Committee <b>recommends</b> that the supreme governing body have only so many members as to allow a constructive debate and an effective decision-making process enabling all members to play an active role.	<b>Yes</b>		<p>The Company's Articles of Association prescribes a Board of three to nine members elected by the General Meeting. The Board currently comprises six members elected by the General Meeting and three employee-elected members.</p> <p>The size of the Board is reviewed annually by the Nominating and Corporate Governance Committee. The details of this evaluation are reported to the Board.</p>
5.3.2. The Committee <b>recommends</b> that in connection with the preparation for each year's general meeting, the supreme governing body consider whether the number of members is appropriate in relation to the requirements of the company.	<b>Yes</b>		<p>According to the Charter for the Nominating and Corporate Governance Committee, the committee has the authority to propose to the full Board policies on the size and composition of the Board. Each year in connection with the preparation for the Annual General Meeting the committee considers whether the number of board members is appropriate.</p>
<b>5.4. The independence of the supreme governing body</b>			
<p>5.4.1. In order for the members of the supreme governing body to act independently of special interests, the Committee <b>recommends</b> that at least half of the members elected by the general meeting be independent persons.</p> <p>The independent supreme governing body member may not:</p> <ul style="list-style-type: none"> <li>• be, or have been within the last five years, a member of the executive board/managerial staff of the company or an associated company,</li> <li>• have received significant additional remuneration from the company/group or an associated company apart from a fee for its services in the capacity as a member of the supreme governing body,</li> <li>• represent the interests of a controlling</li> </ul>	<b>Yes</b>		<p>Currently, all six members of the Board elected by the General Meeting are considered independent persons in accordance with the definition.</p> <p>In June 2010, the Company announced that three Genmab employees were elected to the Board. These members are not considered to be independent persons.</p> <p>Notwithstanding that the recommendations on independence only apply to board members elected by the General Meeting, the majority of the full Board are considered independent persons.</p>

<p>shareholder,</p> <ul style="list-style-type: none"> <li>• within the last year, have had a material business relationship (e.g. personally or indirectly as a partner or an employee, shareholder, customer, supplier or member of a governing body of companies with similar relations) with the company or an associated company,</li> <li>• be, or have been within the last three years, an employee or partner of the external audit firm,</li> <li>• hold cross-memberships of governing bodies,</li> <li>• have been a member of the supreme governing body for more than 12 years, or</li> <li>• have close family ties with persons that are not regarded as independent persons.</li> </ul>			
<p>5.4.2. The Committee <b>recommends</b> that at least once every year, the supreme governing body list the names of the members who are regarded as independent persons and also disclose whether new candidates for the supreme governing body are considered independent persons.</p>	<b>Yes</b>		<p>The names of the board members who are regarded as independent persons are listed in the Annual Report. Also, the notice of the General Meeting contains information on whether new candidates for the Board are considered independent persons.</p>

<b>5.5. Members of the supreme governing body elected by the employees</b>			
5.5.1. The Committee <b>recommends</b> that the individual company explain, in the company's annual report or on its website, the system of employee-elected board members and the company's use hereof in companies where the employees have chosen to apply the provisions of the Companies Act on employee representation.	<b>Yes</b>		The employees of the Company and its subsidiaries have the right, in accordance with a voluntary arrangement, to elect a number of board members equal to half of the board members elected by the General Meeting as well as alternate members. An ordinary election by the employees of board members and alternate members shall occur every third year. Re-election can occur. The election is being held as a direct election in accordance with an election regulation approved by the Board. The board members elected by the employees have the same rights and obligations as the board members elected by the General Meeting. The scheme for employee elected board members is described in the Company's Articles of Association which are available on the Company's website ( <a href="#">link to corporate documents</a> ).
<b>5.6. Meeting frequency</b>			
5.6.1. The Committee <b>recommends</b> that the supreme governing body meet at regular intervals according to a predetermined meeting and work schedule or when meetings are deemed necessary or appropriate as required by the company and that the number of meetings held be disclosed in the annual report.	<b>Yes</b>		The Board meets in accordance with a meeting schedule, which is determined in advance of each calendar year, and further meetings may be scheduled as deemed necessary or appropriate. The number of meetings held is disclosed in the Annual Report in the section Corporate Governance.
<b>5.7. Expected time commitment and the number of other executive functions</b>			
5.7.1. The Committee <b>recommends</b> that each member of the supreme governing body assess the expected time commitment for each function in order that the member does not take on more functions than he/she can manage in a satisfactory way for the company.	<b>Yes</b>		The individual board members and the Nominating and Corporate Governance Committee assess and determine this on a case-by-case.

<p>5.7.2. The Committee <b>recommends</b> that the annual report contain the following information about the members of the supreme governing body:</p> <ul style="list-style-type: none"> <li>• the member's occupation,</li> <li>• the member's other executive functions, e.g. memberships of executive boards, boards of directors and supervisory boards, including board committees, in Danish and foreign companies as well as demanding organisational tasks, and</li> <li>• the number of shares, options, warrants, etc. that the member holds in the company and its consolidated companies and any changes in such holdings during the financial year.</li> </ul>	<b>Yes</b>		<p>The Annual Report contains information on board member's board positions in other Danish companies as well as the board members' occupation in the section Board of Directors. The Annual Report also includes information on board positions in foreign companies and demanding organisational tasks in the section Board of Directors. Information on holdings of shares, warrants etc. and any changes in such holdings during the year is provided in note 20 in the Annual Report.</p>
<b>5.8. Retirement age</b>			
<p>5.8.1. The Committee <b>recommends</b> that the company's articles of association fix a retirement age for members of the supreme governing body and that the annual report contain information on such retirement age as well as the age of each member of the board of directors.</p>	<b>Yes</b>		<p>According to the Company's Articles of Association, no individual can be member of the Board after the first Annual General Meeting in the calendar year in which such person reaches the age of 75 years unless the General Meeting, as previously, adopts an exception to this rule.</p> <p>The Annual Report contains information on the age of each board member in the section Board of Directors.</p>
<b>5.9. Election period</b>			
<p>5.9.1. The Committee <b>recommends</b> that members of the supreme governing body elected by the general meeting be up for re-election every year at the annual general meeting.</p>		<b>No</b>	<p>According to the Company's Articles of Association, General Meeting elected board members are up for re-election every second year. The Company further aims at having the number of board members up for re-election evenly distributed.</p> <p>The election periods have been designed to provide sufficient continuity and stability on the Board.</p>

5.9.2. The Committee <b>recommends</b> that the annual report state when the individual member of the supreme governing body joined the body, whether the member was re-elected and when the current election period expires.	<b>Yes</b>		Currently, the Company's Annual Report states in the section Board of Directors when the individual members joined the Board, how long they have served, and when their election periods expire.
<b>5.10. Board committees</b>			
5.10.1. The Committee <b>recommends</b> that the company publish the following information in the management commentary in its annual report or on the company's website: <ul style="list-style-type: none"> <li>• the terms of reference for the board committees,</li> <li>• important activities of the committees during the year and the number of meetings held by each committee, and</li> <li>• 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.</li> </ul>	<b>Yes</b>		The Board has established three committees; the Compensation Committee, the Audit Committee, and the Nominating and Corporate Governance Committee. The section Corporate Governance of the Annual Report contains detailed information of the board committees.  Charters for the Company's board committees are available at the Company's website: <a href="#">Compensation Committee Charter (English version only)</a> <a href="#">Audit Committee Charter (English version only)</a> <a href="#">Nominating and Corporate Governance Committee Charter (English version only)</a>
5.10.2. The Committee <b>recommends</b> that a majority of the members of a board committee be independent members.	<b>Yes</b>		Currently, all members of the board committees are independent. None of the employee elected board members are elected to the committees.
5.10.3. The Committee <b>recommends</b> that the supreme governing body establish an actual <u>audit committee</u> .	<b>Yes</b>		The Company's Board has established an Audit Committee.

<p>5.10.4. The Committee <b>recommends</b> that the following be taken into account in composing the audit committee:</p> <ul style="list-style-type: none"> <li>the chairman of the supreme governing body should not be chairman of the audit committee, and</li> <li>between them, the members should possess such an amount of expertise and experience as to provide an updated insight into and experience in the financial, accounting and audit conditions of companies whose shares are admitted to trading on a regulated market.</li> </ul>	<p><b>Yes</b></p>		<p>According to the Audit Committee Charter, the Chairman of the Board shall not be Chairman of the Audit Committee.</p> <p>The members of the Audit Committee are:</p> <ul style="list-style-type: none"> <li>Burton G. Malkiel (Chairman of the Audit Committee with extensive expertise in economics and finance, particular relating to securities valuation and corporate finance)</li> <li>Hans Henrik Munch-Jensen (independent member with considerable finance, investor relations and strategic communication knowledge and business management experience)</li> <li>Karsten Havkrog Pedersen (independent member with expertise in the practice of Danish corporate law and in-depth knowledge of corporate governance best practices)</li> <li>Toon Wilderbeek (independent member with considerable business management experience in the pharmaceutical industry, including expertise in research and development and manufacturing of drugs)</li> </ul>
<p>5.10.5. The Committee <b>recommends</b> that, prior to the approval of the annual report and other financial reports, the audit committee monitor and report to the supreme governing body about:</p> <ul style="list-style-type: none"> <li>significant accounting policies</li> <li>significant accounting estimates,</li> <li>related party transactions, and</li> <li>uncertainties and risks, including in relation to the outlook.</li> </ul>	<p><b>Yes</b></p>		<p>In accordance with the Audit Committee Charter, the Audit Committee reports to the Board about significant accounting policies and estimates as well as related party transactions, uncertainties and risks, including in relation to the outlook.</p>
<p>5.10.6. The Committee <b>recommends</b> that the audit committee:</p> <ul style="list-style-type: none"> <li>annually consider whether there is a need for an internal audit function, and if so,</li> <li>formulate recommendations on selecting, appointing and removing the head of the internal audit function and on the budget of the internal audit function, and</li> <li>monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function.</li> <li></li> </ul>	<p><b>Yes</b></p>		<p>In accordance with the Audit Committee Charter, the Audit Committee annually considers whether there is a need for an internal audit function in the Company, and if so, formulate recommendations on selecting, appointing and removing the head of the internal audit function and on the budget of the internal audit function, and monitor the management's follow-up on the conclusions and recommendations of the internal audit function.</p>

<p>5.10.7. The Committee <b>recommends</b> that the supreme governing body establish a <u>nomination committee</u> with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>• describe the qualifications required in the two governing bodies and for a given position, state the expected time commitment for a position and evaluate the balance of skills, knowledge and experience available in the two governing bodies.</li> <li>• annually evaluate the structure, size, composition and performance of the governing bodies and make recommendations to the supreme governing body with regard to any changes,</li> <li>• annually evaluate the skills, knowledge and experience of the individual members of the governing bodies and report such details to the supreme governing body,</li> <li>• consider proposals submitted by relevant persons, including shareholders and members of the governing bodies, for candidates for executive positions, and</li> <li>• identify and recommend to the supreme governing body candidates for the governing bodies.</li> </ul>	<p><b>Yes</b></p>	<p>The Nominating and Corporate Governance Committee Charter prescribes that this committee shall evaluate, at least annually, (i) the size, performance, authority, operations, charter and composition of the Executive Management and the Board, including each standing board committee and (ii) the performance of each Executive Management, Board and committee member and (iii) recommend to the Board any changes considered appropriate in the composition, size, authority, operations, charter or composition of the Executive Management, the Board and the committees. The Charter prescribes the establishment of a process for the periodic review and assessment of the performance of the Board and Board Committees, seeking input from the Executive Board, the full Board and others, including whether, individually and collectively, the members of the Executive Board provide the skills, knowledge and expertise appropriate for the Company.</p>
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<p>5.10.8. The Committee <b>recommends</b> that the supreme governing body establish a <u>remuneration committee</u> with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> <li>• make proposals, for the approval of the supreme governing body prior to approval at the general meeting, on the remuneration policy, including the overall principles of incentive pay schemes, for members of the supreme governing body and the executive board,</li> <li>• make proposals to the supreme governing body on remuneration for members of the supreme governing body and the executive board and ensure that the remuneration is consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned. The committee should have information about the total amount of remuneration that members of the supreme governing body and the executive board receive from other companies in the group, and</li> <li>• oversee that the information in the annual report on the remuneration of the supreme governing body and the executive board is correct, true and sufficient.</li> </ul>	<p><b>Yes</b></p>		<p>In accordance with the Compensation Committee Charter the Compensation Committee shall:</p> <ul style="list-style-type: none"> <li>• Make proposals, for the approval of the Board prior to approval at the general meeting, on the compensation policy, including the overall principles of incentive pay schemes, for members of the Board and the Executive Management. The Committee should have information about the total amount of compensation that members of the Board and the Executive Management receive from other companies in the group.</li> <li>• Review and make recommendations to the entire Board regarding the compensation structure for Executive Management and members of the Board. Such recommendations shall be consistent with the Company's compensation policy and the evaluation of the performance of the persons concerned.</li> <li>• Oversee that the information in the Annual Report on the compensation of the Board and the Executive Management is correct, true and sufficient.</li> </ul>
<p>5.10.9. The Committee <b>recommends</b> that the remuneration committee do not consult with the same external advisers as the executive board of the company.</p>	<p><b>Yes</b></p>		<p>According to the Compensation Committee Charter, the Committee shall not consult with the same external advisers as the registered managers.</p>

5.11. Evaluation of the performance of the supreme governing body and the executive board			
5.11.1. The Committee <b>recommends</b> that the supreme governing body undertake an annual evaluation of the performance and achievements of the supreme governing body and of the individual members of the body.	Yes		No less than once a year the Board evaluates its performance and achievements as well as the individual Board members' respective work and results.
5.11.2. The Committee <b>recommends</b> that the chairman be in charge of the evaluation of the supreme governing body, that the outcome be discussed in the supreme governing body and that the details of the procedure of self-evaluation and the outcome be disclosed in the annual report.	Yes		In accordance with the Rules of Procedure of the Board, the Chairman is in charge of the self-evaluation of the Board, and sees to that the outcome be discussed in the Board. The main conclusions arising from this evaluation are reported in the Annual Report in the section Corporate Governance.
5.11.3. The Committee <b>recommends</b> that the supreme governing body at least once every year evaluate the work and performance of the executive board in accordance with pre-defined criteria.	Yes		One of the responsibilities of the Compensation Committee is to oversee an evaluation of the performance of the Company's Executive Management, to review goals and objectives of the Executive Management and to evaluate Executive Management's performance in light of these corporate objectives. Executive sessions are conducted during the year.
5.11.4. The Committee <b>recommends</b> that the executive board and the supreme governing body establish a procedure according to which their cooperation is evaluated annually through a formalised dialogue between the chairman of the supreme governing body and the chief executive officer and that the outcome of the evaluation be presented to the supreme governing body.	Yes		The Executive Management and the Board have ongoing close collaboration and there are regular discussions/meetings between the CEO and Chairman of the Board.  The Chairman of the Board sees to that the collaboration between the Board and the Executive Management is evaluated annually at a meeting between the Company's CEO and the Chairman of the Board and that the outcome of such meeting is presented to the Board.

6. Remuneration of members of the governing bodies			
6.1. <i>Content and form of the remuneration policy</i>			
6.1.1. The Committee <b>recommends</b> that the supreme governing body adopt a remuneration policy applicable to the supreme governing body and the executive board.	Yes		<p>General Guidelines for Incentive Programs (the “Incentive Guidelines”) has been adopted by the Annual General Meeting pursuant to the Danish Companies Act. The Incentive Guidelines contain an exhaustive description of the remuneration components.</p> <p>The latest version can be downloaded from the Company’s website: <a href="#">Incentive Guidelines</a></p>
6.1.2. The Committee <b>recommends</b> that the remuneration policy and any changes to the policy be approved by the general meeting of the company.	Yes		The remuneration policy is disclosed in the Incentive Guidelines which have been adopted by the general meeting. In accordance with the guidelines the Board may change or terminate one or more incentive programmes introduced under these guidelines. Any more far-reaching changes to these guidelines are subject to approval by the general meeting.
6.1.3. Committee <b>recommends</b> that the remuneration policy include a thorough description of the components of the remuneration for members of the supreme governing body and the executive board.	Yes		The Incentive Guidelines contains a thorough description of the components of the remuneration for members of the Board and the Executive Management.
6.1.4. The Committee <b>recommends</b> that the remuneration policy include: <ul style="list-style-type: none"> <li>• the reasons for choosing the individual components of the remuneration, and</li> <li>• a description of the criteria on which the balance between the individual components of the remuneration is based.</li> <li>•</li> </ul>	Yes		The Incentive Guidelines includes 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>6.1.5. The Committee <b>recommends</b> that, if the remuneration policy includes variable components,</p> <ul style="list-style-type: none"> <li>• limits be set on the variable components of the total remuneration package,</li> <li>• 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 term,</li> <li>• there be clarity about performance criteria and measurability for award of variable components, and</li> <li>• there be criteria ensuring that vesting periods for variable components of remuneration agreements are longer than one calendar year.</li> </ul>	<p><b>Yes</b></p>		<p>The Company's remuneration policy is compliant with this recommendation. An upper limit on the warrant grants to the Executive Management was added to the Incentive Guidelines at the 2011 Annual General Meeting.</p>
<p>6.1.6. The Committee <b>recommends</b> that remuneration of members of the supreme governing body do not include share or warrant programmes.</p>		<p><b>No</b></p>	<p>The Company's remuneration to the Board includes grants of warrants as warrant programmes constitute a common part of the remuneration paid to members of the board of directors in competing international biotech companies. To remain competitive in the international market and to be able to attract and retain qualified members of the Board on a continuous basis it is considered in the best interest of the Company to follow this practice.</p>
<p>6.1.7. The Committee <b>recommends</b> that if members of the executive board receive share-based remuneration, such programmes be established as roll-over programmes, i.e. the options are granted periodically and should not be exercisable earlier than three years from the date of grant. An explanation of the relation price between the redemption price and the market price at the time of grant should be provided.</p>		<p><b>No</b></p>	<p>The Company's warrants vest over a period of four years. The warrant holder may, as a general rule, only exercise 25% of the warrants granted per full year of employment or affiliation with the Company after the grant date.</p> <p>Warrants are granted at market price on the day of grant.</p>

6.1.8. The Committee <b>recommends</b> that, in exceptional cases, companies should be able to reclaim in full or in part variable components of remuneration that were paid on the basis of data, which proved to be manifestly misstated.		<b>No</b>	It is the Company's assessment that a claim to repayment, in whole or in part, of variable components of remuneration, which have been paid on the basis of information later proven incorrect, should be based on the general Danish legal principles.
6.1.9. The Committee <b>recommends</b> that termination payments should not amount to more than two years' annual remuneration.	<b>Yes</b>		The Company complies with this recommendation.
<b>6.2. Disclosure of the remuneration policy</b>			
6.2.1. The Committee <b>recommends</b> that the remuneration policy be clear and easily understandable and that it be disclosed in the annual report and posted on the company's website.	<b>Yes</b>		The Incentive Guidelines can be downloaded from the Company's website and the main content of the Incentive Guidelines is mentioned in the directors' report and in the in note 20 in the Annual Report.
6.2.2. The Committee <b>recommends</b> that the company's remuneration policy and compliance with this policy be explained and justified in the chairman's statement at the company's general meeting.	<b>Yes</b>		The Company's remuneration policy and compliance with this policy are explained and justified in the Chairman's statement at the Annual General Meeting.
6.2.3. The Committee <b>recommends</b> that the total remuneration granted to each member of the supreme governing body and the executive board by the company and other consolidated companies be disclosed in the (consolidated) financial statements and that the linkage with the remuneration policy be explained.	<b>Yes</b>		The Company's Annual Report includes information on the remuneration of each member of the Executive Management and the Board.

6.2.4. The Committee <b>recommends</b> that the details of any defined-benefit schemes offered to members of the supreme governing body or the executive board and the actuarial value of such schemes as well as changes during the year be included as part of the information on the total remuneration.	<b>Yes</b>		The Company only operates with defined contribution pension schemes.
6.2.5. The Committee <b>recommends</b> that the most important aspects of retention and severance programmes be disclosed in the company's annual report.	<b>Yes</b>		The Annual Report includes the most important aspects of retention and severance programmes in note 20.
6.2.6. The Committee <b>recommends</b> that the proposal for remuneration of the supreme governing body for the current financial year be approved by the shareholders at the general meeting.	<b>Yes</b>		As of the 2011 Annual General Meeting, the remuneration of the Board is addressed and approved as a separate item on the agenda.
<b>7. Financial reporting</b>			
<i>7.1. Other relevant information</i>			
7.1.1. The Committee <b>recommends</b> that the annual report and other financial reports be supplemented by additional financial and non-financial information, if deemed necessary or relevant in relation to the information needs of the recipients.	<b>Yes</b>		The Company presents additional financial and non-financial information in its Annual Report, as deemed relevant or as required under Danish accounting legislation.
<i>7.2. Going concern assumption</i>			
7.2.1. The Committee <b>recommends</b> that, upon consideration and approval of the annual report, the supreme governing body decide whether the business is a going concern, including supporting assumptions or qualifications where necessary.	<b>Yes</b>		Upon consideration and approval of the Annual Report, the Board decides whether the business is a going concern, including supporting assumptions or qualifications where necessary.

<b>8. Risk management and internal control</b>			
<i>8.1. Identification of risks</i>			
8.1.1. The Committee <b>recommends</b> that the central governing body at least once every year identify the most important business risks associated with the realisation of the company's strategy and overall goals as well as the risks associated with financial reporting.	<b>Yes</b>		<p>The evaluation of the work and results of the Executive Management, including the assessment of business risks, forms a natural part of the regular Board meetings held by the Board and Executive Management.</p> <p>In addition the Company has implemented EUROSIX and has thus designed, implemented and documented an effective internal control environment.</p>
8.1.2. The Committee <b>recommends</b> that the executive board currently report to the supreme governing body on the development within the most important areas of risk and compliance with adopted policies, frameworks etc. in order to enable the supreme governing body to track the development and make the necessary decisions.	<b>Yes</b>		The Executive Management currently report to the Board on the development within the most important areas of risk and compliance with adopted policies, frameworks etc.
<i>8.2. Whistleblowing</i>			
8.2.1. The Committee <b>recommends</b> that the supreme governing body decide whether to establish a whistleblowing scheme for expedient and confidential notification of possible or suspected wrongdoing.	<b>Yes</b>		The Company has adopted and obtained approval from the Danish Data Protection Agency of a whistleblower scheme.
<i>8.3. Openness about risk management</i>			
8.3.1. The Committee <b>recommends</b> that the management commentary in the annual report include information about the company's management of business risks.	<b>Yes</b>		The Company complies with this recommendation. The Annual Report includes a risk management section.

<b>9. Audit</b>			
<i>9.1. Contact to auditor</i>			
9.1.1. The Committee <b>recommends</b> that the supreme governing body maintain a regular dialogue and exchange of information with the auditor.	<b>Yes</b>		According to the Audit Committee Charter, the Audit Committee meets with management and the independent auditors quarterly to review the Company's financial statements.
9.1.2. The Committee <b>recommends</b> that the auditor agreement and auditors' fee be agreed between the supreme governing body and the auditor on the basis of a recommendation from the audit committee.	<b>Yes</b>		The engagement letter and audit fee is approved by the Board on the basis of a recommendation from the Audit Committee.
9.1.3. The Committee <b>recommends</b> that the supreme governing body and the audit committee meet with the auditor at least once every year without the executive board present. This also applies to the internal auditor, if any.	<b>Yes</b>		According to the Rules of Procedure for the Board, the Board and the Audit Committee meet with the auditor at least once every year without Executive Management being present. This also applies to the internal auditor, if any.
<i>9.2. Internal audit</i>			
9.2.1. The Committee <b>recommends</b> that the supreme governing body, on the basis of a recommendation from the audit committee, once every year decide whether to establish an internal audit for support and control of the company's internal control and risk management systems and state the reasons for its decision in the annual report.	<b>Yes</b>		According to the Audit Committee Charter, the committee shall annually consider whether there is a need for an internal audit function in the Company, and if so, formulate recommendations on selecting, appointing and removing the head of the internal audit function and on the budget of the internal audit function, and monitor the management's follow-up on the conclusions and recommendations of the internal audit function. The reasons for the Board's decision in 2011 not to establish an internal audit are stated in the section Corporate Governance in the Annual Report.