



Corporate Governance

in

Greentech Energy Systems A/S

**Description of Corporate Governance recommendations based on the
"comply or explain" principle**

Statutory report for 2012



Corporate Governance in Greentech Energy Systems A/S

The management of Greentech Energy Systems A/S actively employs the corporate governance recommendations in the Company's day-to-day operations, and has in the past years implemented a vast majority of the corporate governance recommendations in connection with the Board of Directors' duties.

Greentech Energy Systems A/S believes that corporate governance is a key component to achieving the Group's strategy and targets, and good communications with the Group's stakeholders are a prerequisite for the valuation of the Greentech share actually reflecting the value of the Company.

The Committee on Corporate Governance published the recommendations on corporate governance currently effective and employed by Greentech in August 2011. In the following, the Company reviews these recommendations based on the "comply or explain" principle by listing the recommendations (and any related comments) on the left, indicating Greentech Energy Systems' compliance/non-compliance in the middle and related comments to the right.

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1. The role of the shareholders and their interaction with the management of the company

The company's shareholders, employees and other stakeholders have a joint interest in the company always being capable of adjusting to changing demands, which allows the company to continue to be competitive and to create value. Positive interaction between management and shareholders is therefore essential. Shareholder influence is exercised at the general meeting. As owners of the company, the shareholders should actively exercise their rights and use their influence resulting in the management protecting the interests of the shareholders as best as possible and ensuring an appropriate and balanced development of the company both in the short and the long term.

Good corporate governance depends on appropriate frameworks which make it easy for the shareholders to enter into a dialogue with the management of the company. This can be encouraged by ensuring that the shareholders are always well-informed of the company's situation and outlook and that the general meeting serves as a forum for communication and discussion and is the place where shareholders express their views and make decisions.

Corporate governance recommendations	Greentech Energy Systems A/S complies	Greentech Energy Systems A/S does not comply	Greentech Energy Systems A/S complies/does not comply due to the following reason
1.1. Dialogue between the company and its shareholders			
1.1.1. The Committee recommends 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.	✓		Greentech Energy Systems A/S gives high priority to the contact to shareholders and potential investors. The Company has an informative website containing updated information about the Company and offering the possibility to sign up for a service to receive company news via e-mail. All relevant requests presented by shareholders are answered currently taking into consideration the Stock Exchange's rules about publication of information. All investor relations material is moreover published on the Company's website immediately after the Company's participation in large investor meetings.



1.2. Capital and share structures

<p>1.2.1. The Committee recommends 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.</p> <p><i>Comment: For the purpose of this recommendation, capital and share structures mean the size of the share capital, the denomination, number of share classes and the voting rights attached to the share classes, including restrictions on voting rights, the right to dividend, the distribution between equity financing and loan capital financing, treasury shares, share buy-backs etc. The central focus of the evaluation is to make sure that the company is adequately capitalised and ensure adequate liquidity of the share and a reasonable distribution of risk and influence.</i></p>	<p>√</p>		<p>As an integral part of its work, the Board of Directors regularly assesses the most expedient capital and share structure.</p> <p>The Company's Board of Directors wants to ensure continuously improved liquidity of the Company's share, which the Board anticipates to be enabled by a continuously improved information level, on-going implementation of the planned strategy as well as an increase in the number of national and international institutional investors.</p>
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1.3. General meeting

<p>1.3.1. The Committee recommends that the supreme governing body and the executive board promote active ownership, including shareholders' attendance at general meetings.</p>	<p>√</p>		<p>General meetings are convened according to the articles of association. The agenda is drawn up in such a way that the shareholders are provided with a satisfactory picture of the matters included in the points of the agenda. The individual items on the agenda are supplemented by a report at the general meeting.</p> <p>The Annual General Meeting of Greentech is a genuine forum for communication and discussion and the venue for shareholders to express their views and take decisions.</p>
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<p>1.3.2. The Committee recommends 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.</p> <p><i>Comment: Electronic general meetings enable shareholders to participate in a general meeting even though they are prevented from attending in person. A partly general meeting is a meeting that is open to either physical or electronic attendance by shareholders.</i></p>	<p>√</p>		<p>The Board of Directors monitors on an on-going basis the technological developments and the possibility to conduct full or partly electronic general meetings. Currently the Board of Directors does not find this relevant.</p>
<p>1.3.3. The Committee recommends that proxies given to the supreme governing body allow shareholders to consider each individual item on the agenda.</p>	<p>√</p>		<p>Proxies given to the Board of Directors are given only for one general meeting at a time. The Company's Board of Directors is notified in writing about any proxies.</p> <p>Unless otherwise requested by the shareholder, the shareholder's position on each individual item on the agenda is indicated in the proxy.</p>
<p>1.3.4. The Committee recommends that all members of the supreme governing body and the executive board be present at the general meeting.</p>	<p>√</p>		<p>The management of the Company will actively endeavour to ensure that all members of the Board of Directors and the Management Board are present at ordinary general meetings other than in exceptional circumstances.</p>
<p>1.4. Takeover bids</p>			
<p>1.4.1. The Committee recommends 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.</p> <p><i>Comment: It is not important how the central governing body obtains knowledge that a takeover bid will be submitted. Knowledge may be obtained before the offer or publishes the</i></p>	<p>√</p>		<p>The Board of Directors often discusses how the optimum shareholder structure should be and in principle, the Board of Directors believes that substantial changes in this respect should be presented at the general meeting to the extent possible, including any takeover bids.</p>



<i>decision to submit a takeover bid. The central governing body will not be in conflict with the recommendation if it seeks alternative (competing) takeover bids.</i>			
1.4.2. The Committee recommends 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.	√		Within the duties of the Board of Directors, the Board shall comment the offer to inform to the extent possible all shareholders of the offer, but will not limit in anyway whatsoever the shareholders decision in matters of takeover bids.



2. The role of stakeholders and their importance to the company and the company's corporate social responsibility

In order for a company to be able to adjust readily to changing demands and thus stay competitive and deliver value-adding performance, it is essential for the company to have, in addition to the dialogue with its shareholders, a good relationship with its stakeholders.

The management of the company should operate and develop the company with due consideration of its stakeholders and to a reasonable extent engage in active dialogue with its stakeholders to develop and strengthen the company. Such dialogue may take place at investor meetings etc.

Corporate governance recommendations	Greentech Energy Systems A/S complies	Greentech Energy Systems A/S does not comply	Greentech Energy Systems A/S complies/does not comply due to the following reason
2.1. The company's policy in relation to its stakeholders			
2.1.1. The Committee recommends that the central governing body identify the company's key stakeholders and their main interests in relation to the company.	√		Reference is made to the Company's stakeholder policy which is published on the Company's website.
2.1.2. The Committee recommends 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.	√		Greentech has defined a stakeholder policy which is available on the Company's website.
2.2 Corporate social responsibility			
2.2.1. The Committee recommends that the central governing body adopt a policy on corporate social responsibility.		×	<p>Greentech is very much aware of its role as a player in society in a local, national and an international context. This means that the Company will make targeted efforts to ensure that its core business area and activities are developed in a financially, environmentally and socially responsible manner by both complying with statutory requirements and taking voluntary CSR initiatives in the countries and communities in which Greentech operates.</p> <p>Greentech does not yet systematically work with voluntarily integrating corporate social responsibility as part of its strategy and activities and, therefore, has not yet formulated specific policies in this area.</p>



3. Openness and transparency

Shareholders, including potential shareholders, and other stakeholders have different needs for information about the company. Their understanding of and relations to the company depend on the amount and the quality of information published by the company.

Openness and transparency are essential conditions for ensuring that the company's shareholders and other stakeholders are able to regularly evaluate and relate to the company and its future.

Openness and mutual respect are prerequisites for a fruitful interaction between the company and its stakeholders.

A thorough and updated communication strategy will help the company provide timely, trustworthy, accurate and up-to-date internal and external information of high quality and comply with the disclosure requirements in force from time to time.

Corporate governance recommendations	Greentech Energy Systems A/S complies	Greentech Energy Systems A/S does not comply	Greentech Energy Systems A/S complies/does not comply due to the following reason
3.1. Disclosure of information to the market			
3.1.1. The Committee recommends that the central governing body adopt a communication strategy. <i>Comment: A company's communication strategy determines the type of information to be released and how, when and to whom publication shall be made.</i>	√		Greentech Energy Systems A/S focuses on giving its shareholders insight into the Company's development and prioritises maintaining a high information level, among other things by current formulation and follow-up of goals. A communication policy has been adopted that ensures current updating of the market in respect of developments and their effects. The communications policy is available on the Company's website.
3.1.2. The Committee recommends that information from the company to the market be published in both Danish and English.	√		The market is informed through announcements in both Danish and English and via presentations for existing and potential investors which are also published on the website. Reference is also made to the Group's IR policy which is published on the Company's website.
3.1.3. The Committee recommends that the company publish quarterly reports.	√		Greentech Energy Systems A/S publishes quarterly reports and has, since 2010, also published monthly announcements disclosing the production realised and other material events.



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

The supreme governing body is responsible for safeguarding the interests of the shareholders with care and due consideration of the other stakeholders.

The most important tasks of the supreme governing body include appointing a qualified executive board, establishing its tasks, conditions of employment and distribution of work and preparing guidelines for accountability, planning, follow-up and risk management. The supreme governing body is responsible for supervising the executive board and preparing guidelines for how to exercise this supervision.

The supreme governing body is responsible for ensuring the professional development and retention or dismissal of the members of the executive board as well as ensuring that the remuneration of the members of the executive board reflects the long-term value creation in the company as well as the independent performance of the members of the executive board.

Both the supreme governing body and the central governing body shall ensure that the necessary financial resources are in place at any given time.

The central governing body is in charge of the overall and strategic management of the company. The central governing body must define the company's strategic goals and make sure that the necessary conditions for achieving such goals are present in the form of financial as well as competence resources and is responsible for the proper organisation of the company's activities.

It is essential that the central governing body ensures ongoing development of and follow-up on the company's strategic goals and determines whether the conditions for achieving these goals are present.

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4.1. Overall tasks and responsibilities

4.1.1. The Committee recommends 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.	√		In continuation of the latest developments in Greentech Energy Systems A/S, the Board of Directors has resolved to introduce periodically held strategy seminars to discuss the Company's future strategy and risks, make plans and determine the distribution of responsibilities.
4.1.2. The Committee recommends 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.	√		Within the periodically held strategy seminars, the Board of Directors discusses and ensures that the necessary qualifications and financial resources are in place in order for the Company to achieve the strategic goals.
4.1.3. The Committee recommends that the supreme governing body at least once every year define its most important tasks related to the financial and managerial control of the compa-	√		The duties of the Board of Directors are laid down in the Board of Directors' rules of procedure and business procedures. This also comprises the Management's reporting to the Board of Directors for the Board of Directors to verify that its decisions are implemented and complied with.



<p>ny, including how to supervise the work of the executive board.</p>			
<p>4.1.4 The Committee recommends 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><i>Comment: It would be appropriate to prepare action plans describing how the company addresses diversity at management levels, for example the company's efforts to increase female representation at management levels in general. Specific diversity objectives should be set, for example requirements for the proportion of women at specific management levels.</i></p>	<p>√</p>		<p>Since Greentech is currently present in five countries, employment in Greentech is based on competences, abilities and results and is independent of race, colour, ethnic background, nationality, social background, gender, religion, age, political views or sexuality.</p> <p>Greentech encourages diversity, as Greentech believes this increases innovation and strengthens the culture of the Company.</p> <p>The Board of Directors will on a yearly basis discuss the diversity of the Company and in the Annual Report 2012 a specification of the diversity in relation to age, gender and experience is included.</p> <p>The Board of Directors has so far not set up measurable objectives or activities to ensure equal opportunities for both sexes as it believes that employment in Greentech, also at management levels, is based on merits and not gender.</p>
<p>4.2. Procedures</p>			
<p>4.2.1. The Committee recommends 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>√</p>		<p>The rules of procedure for the Board of Directors are reviewed once every year.</p>
<p>4.2.2. The Committee recommends 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</p>	<p>√</p>		<p>The rules of procedure for the Management, including management instructions are reviewed once every year.</p>



body and for any other communication between the two governing bodies.			
4.3. The chairman and deputy chairman of the supreme governing body			
<p><i>The most important tasks of the chairman of the supreme governing body normally include scheduling of meetings for the year, preparation of agenda for the meetings and chairing of the meetings. The chairman shall also ensure that the members currently update and improve their knowledge of the company and that the special knowledge and skills of each individual member are used in the best possible manner and to the benefit of the company. Moreover, the chairman is responsible for promoting good and constructive relations between the members of the supreme governing body and with the executive board as well as efficient communication including with shareholders.</i></p>			
4.3.1. The Committee recommends 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.	√		The Board of Directors has elected a chairman and a deputy chairman. The role of the deputy chairman is in accordance with the recommendations and the rules of procedure for the Board of Directors.
4.3.2. The Committee recommends the preparation of a scope of work and task list specifying the tasks, duties and responsibilities of the chairman and deputy chairman.	√		In the rules of procedure for the Board of Directors the tasks and responsibilities of the chairman and deputy chairman are enclosed.
4.3.3. The Committee recommends 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.	√		All board meetings are convened, organised and chaired by the chairman.
4.3.4. The Committee recommends 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 manage-	√		The chairman will only perform special tasks for the Company according to special consent given by the Board of Directors. In 2012, no special tasks have been performed by the chairman of the Board of Directors.



<p>ment 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.</p> <p><i>Comment: This recommendation is only of relevance to boards of directors as the chairman of a supervisory board is not allowed to perform tasks for the company that do not form part of the chairman's office.</i></p> <p><i>An agreement regulating the chairman's discharge of special tasks must contain provisions on the special precautions taken to protect the distribution of roles and responsibilities between the members of the board of directors and between the board of directors and the executive board.</i></p>			
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5. Composition and organisation of the supreme governing body

In companies where the board of directors constitutes the supreme governing body, the board of directors should be composed in such a way as to allow it to perform its managerial tasks, including overall and strategic tasks.

It is essential that the supreme governing body of a company be composed in such a way as to ensure effective performance of its control tasks and, at the same time, ensure a constructive and qualified dialogue with the executive board. It is also essential that the members of the supreme governing body always act independently of special interests.

The supreme governing body should regularly assess whether its composition and the skills of its members, individually and collectively, reflect the demands posed by the company's situation and circumstances. Diversity may improve the quality of the work performed by the supreme governing body. To increase value creation, the supreme governing body should carry out an evaluation of its members every year and ensure integration of new talent while maintaining continuity.

Corporate governance recommendations	Greentech Energy Systems A/S complies	Greentech Energy Systems A/S does not comply	Greentech Energy Systems A/S complies/does not comply due to the following reason
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5.1. Composition

<p>5.1.1. The Committee recommends 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.</p> <p>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>√</p>		<p>Greentech Energy Systems A/S focuses on having a Board of Directors that is able to inspire and support the Company's Management through a relevant and differentiated composition of skills. The relevant skills are described on the Company's website. Hence, the current Board of Directors represents skills within:</p> <ul style="list-style-type: none"> • Renewable energy production • Power distribution • Financing • Communication with the equity market • Cleantech Asset Management • Local conditions at the focus market • Environment • Hydro.
<p>5.1.2. The Committee recommends 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 interna-</p>	<p>√</p>		<p>When assessing the composition of and nomination of new candidates for the Board of Directors, the need for integration of new talent and diversity is taken into consideration. The skills and experience of the candidates are however decisive factors in relation to the nomination.</p> <p>The Company's Board of Directors is composed by members with international experience, relevant skills, coming from four European countries and with a broad age composition.</p>



<p>tional experience, gender and age, etc.</p>			
<p>5.1.3. The Committee recommends 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.</p> <p><i>Comment: The description may contain information about the recruitment criteria established by the supreme governing body, including the requirements for professional qualifications, knowledge of the industry, international experience, educational background etc., which represent essential qualities with regard to the supreme governing body.</i></p>	<p>√</p>		<p>In the notification of the 2012 annual general meeting containing proposal of re-election of the present Board of Directors, reference was made to Greentechs website for information on the individual candidates.</p> <p>At future elections of board members, starting with the convening the annual general meeting for 2013, Greentech Energy Systems A/S will incorporate a description of the candidates, including their qualifications and other executive functions, in the notification of the general meeting.</p>
<p>5.1.4. The Committee recommends 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.</p>	<p>√</p>		<p>The composition of Greentech Energy Systems A/S' Board of Directors and the qualifications of each board member are described in the annual report and on the Company's website.</p>
<p>5.2. Training of members of the supreme governing body</p>			
<p>5.2.1. The Committee recommends that new members joining the supreme governing body be given an introduction to the company.</p>	<p>√</p>		<p>Immediately upon taking office new members of the Board will receive a thorough presentation of the Company and the Board of Directors will regularly consider potential supplementary updating, if so required.</p>



<p>5.2.2. The Committee recommends that the supreme governing body annually assess whether the skills and expertise of its members need to be updated.</p> <p><i>Comment: The chairman, together with the individual member, decide whether it is necessary to offer the member in question relevant supplementary training.</i></p>	<p>√</p>		<p>The chairman of the Board and the individual board members each year assess, through an informal assessment, the need for introducing the board member in professional issues in the fields of e.g.:</p> <ul style="list-style-type: none"> • Project development • Project management • Project financing • The energy market.
<p>5.3. Number of members of the supreme governing body</p>			
<p>5.3.1. The Committee recommends 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.</p>	<p>√</p>		<p>The current Board of Directors of Greentech Energy Systems A/S consists of five members who are all elected by the general meeting. The size has been determined on the basis of a wish to represent the relevant skills and to ensure an effective decision-making process.</p>
<p>5.3.2. The Committee recommends 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.</p>	<p>√</p>		<p>Prior to the general meeting, the Board of Directors assesses the need for adjusting the number of board members, in accordance with its rules of procedure.</p>
<p>5.4. The independence of the supreme governing body</p>			
<p>5.4.1. In order for the members of the supreme governing body to act independently of special interests, the Committee recommends 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"> • be, or have been within the last five years, a member of the exec- 	<p>√</p>		<p>Except for Luca Rovati, who represents the largest shareholder of Greentech Energy Systems, all board members are considered independent with no special interests in the Company, except as shareholders.</p> <p>Under the Board of Directors' rules of procedure, no board member may take part in dealing with issues concerning an agreement between the Company and the board member in question. The same applies to issues regarding agreements between the Company and a third party if the board member has a material interest in such agreement.</p>



<p>utive board/ managerial staff of the company or an associated company,</p> <ul style="list-style-type: none"> • 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, • represent the interests of a controlling shareholder, • 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, • be, or have been within the last three years, an employee or partner of the external audit firm, • hold cross-memberships of governing bodies, • have been a member of the supreme governing body for more than 12 years, or • have close family ties with persons that are not regarded as independent persons. <p><i>Comment: Independence means that the person in question does not have close ties to or represents the executive board, the chairman of the supreme governing body, controlling shareholders or the company.</i></p> <p>When applying the independence criteria, the governing body should focus</p>			
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<p>on substance rather than form.</p> <p>It is important that the governing body makes sure that membership is refreshed and that the individual member is aware of the value of being critical of previously adopted resolutions.</p> <p>The fact that a member of the supreme governing body was elected by the votes of the majority shareholder does not in itself influence the assessment of that member's independence. Other factors determine the question of independence, including whether the person in question is a member of the governing body of or has close ties to the company's major shareholder.</p> <p>Cross-memberships of governing bodies are seen where a member of the supreme governing body of company A is a member of the executive board of company B, at the same time as a member of the supreme governing body of company B is a member of the executive board of company A. A similar situation may arise where a member of the supreme governing body has significant links with members of the executive board of the company through involvement in other companies or entities.</p>			
<p>5.4.2. The Committee recommends 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</p>	<p>√</p>		<p>On the Company's website, Greentech Energy Systems A/S gives information on the independence of the members of the Board of Directors, and new candidates are also assessed in regards to independence.</p>



<p>supreme governing body are considered independent persons.</p> <p><i>Comment: The supreme governing body determines which members are considered dependent/independent persons.</i></p>			
5.5. Members of the supreme governing body elected by the employees			
<p>5.5.1. The Committee recommends 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.</p>	<p>√</p>		<p>The Company describes in the annual report that no board members are elected by the employees as the parent company Greentech Energy Systems A/S has not yet met the requirement of the Danish Companies Act of having more than 35 employees.</p>
5.6. Meeting frequency			
<p>5.6.1. The Committee recommends 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.</p>	<p>√</p>		<p>The Board of Directors meets according to a schedule of five annual meetings. In addition, the Board of Directors convenes when the need arises, and a total of 13 meetings were held in 2012, including telephone conferences.</p>
5.7. Expected time commitment and the number of other executive functions			
<p>5.7.1. The Committee recommends 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.</p> <p><i>Comment: The assessment should take into account the number of and scope of committee appointments. A member of the supreme gov-</i></p>	<p>√</p>		<p>The Board of Directors focuses on each member being able to deliver the commitment and the work that is required to have a professional and dynamic Board of Directors. Few of the board members have more directorships than outlined in the corporate governance recommendations. The Board of Directors, however, does not believe that this constitutes a limit to their commitment to Greentech Energy Systems A/S, as the Board of Directors believes that the scope of work associated with the board member's directorships should decide whether they can perform their board duties in Greentech Energy Systems A/S and not the number of directorships held.</p>



<p><i>erning body, who is also a member of the executive board of a company, should generally not take on more than a few non-executive directorships or one chairmanship and one non-executive directorship in companies not forming part of the group.</i></p>			
<p>5.7.2. The Committee recommends that the annual report contain the following information about the members of the supreme governing body:</p> <ul style="list-style-type: none"> • the member's occupation, • 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 • 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. 	<p>√</p>		<p>Greentech Energy Systems A/S' Board of Directors, including the position, other managerial functions in Danish or foreign companies and shareholdings of the individual board members, is described in detail in the annual report.</p>
<p>5.8. Retirement age</p>			
<p>5.8.1. The Committee recommends 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>		<p>×</p>	<p>In the articles of association of the Company, no retirement age has been fixed for members of the Board of Directors, whose age is disclosed in the annual report. The Company's Board of Directors finds that age is not of importance in terms of performing board duties. Instead, the Board of Directors focuses on each board member being able to show the commitment and perform the duties required.</p>
<p>5.9. Election period</p>			



<p>5.9.1. The Committee recommends 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>	<p>√</p>		<p>Board members are up for re-election every year at the annual general meeting.</p>
<p>5.9.2. The Committee recommends 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.</p>	<p>√</p>		<p>The year in which the individual board members took up their board positions is disclosed in the annual report.</p>
<p>5.10. Board committees</p>			
<p><i>Board committees may increase efficiency and improve the quality of the work performed by the supreme governing body by assisting in the preparation and processing of the material on which supreme governing body decisions is based, including material on audit, composition of the management and remuneration of the management.</i></p> <p><i>A board committee should be set up with the sole purpose of facilitating the transaction of business by the supreme governing body and must not cause significant information required by all members of the supreme governing body only to be communicated to the board committee.</i></p> <p><i>The supreme governing body remains fully responsible for all decisions based upon board committee recommendations.</i></p> <p><i>The establishment of a committee should not result in a pause or halt in the transaction of business by the supreme governing body.</i></p> <p><i>The supreme governing body evaluates on an ongoing basis whether there is a need for establishing additional board committees, including a risk committee, etc.</i></p>			
<p>5.10.1. The Committee recommends that the company publish the following information in the management commentary in its annual report or on the company's website:</p> <ul style="list-style-type: none"> • the terms of reference for the board committees, • important activities of the committees during the year and the number of meetings held by each committee, and • the names of the members of each committee, including the chairmen of the committees, as well as information on which 		<p>×</p>	<p>Due to the Company's size and the number of members in the Board of Directors, Greentech has so far not found it necessary to set up committees under the Board of Directors.</p> <p>In 2013, Greentech will consider establishing committees under the Board of Directors.</p>



<p>members are independent members and which members have special qualifications.</p>			
<p>5.10.2. The Committee recommends that a majority of the members of a board committee be independent members.</p> <p><i>Comment: The functions of the board committee may be performed by the governing body itself, provided that it meets any composition requirements, including regarding independence, professional qualifications etc.</i></p>		<p>×</p>	<p>Due to the Company's size and the number of members in the Board of Directors, Greentech has so far not found it necessary to set up committees under the Board of Directors.</p> <p>In 2013, Greentech will consider establishing committees under the Board of Directors.</p>
<p>5.10.3. The Committee recommends that the supreme governing body establish an actual <u>audit committee</u>.</p> <p><i>Comment: In major companies and companies with complex accounting and audit conditions, it will generally not be sufficient that the supreme governing body performs the functions of the audit committee.</i></p>	<p>√</p>		<p>An audit committee has been established, consisting of all members of the Board of Directors. This is considered appropriate due to the, so far, modest size of the Board of Directors, the Company and the complexity of the accounting and audit conditions.</p>
<p>5.10.4. The Committee recommends that the following be taken into account in composing the audit committee:</p> <ul style="list-style-type: none"> • the chairman of the supreme governing body should not be chairman of the audit committee, and • 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. 	<p>√</p>		<p>As the audit committee of Greentech consists of all members of the Board of Directors, the Company cannot comply with the recommendation that the chairman of the Board of Directors should not be chairman of the audit committee.</p> <p>The members of the Board of Directors possess the required expertise and experience regarding the financial, accounting and audit conditions.</p>



<p>5.10.5. The Committee recommends 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"> • significant accounting policies • significant accounting estimates, • related party transactions, and • uncertainties and risks, including in relation to the outlook. 	<p>√</p>		<p>The Board of Directors, acting jointly as the audit committee, monitors the significant issues as included in the recommendations.</p>
<p>5.10.6. The Committee recommends that the audit committee:</p> <ul style="list-style-type: none"> • annually consider whether there is a need for an internal audit function, 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 executive board's follow-up on the conclusions and recommendations of the internal audit function. 	<p>√</p>		<p>Due to the complexity of the accounting and audit conditions of the Company, the Board of Directors has so far concluded that the establishment of an internal audit is not required.</p>
<p>5.10.7. The Committee recommends 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"> • 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. • annually evaluate the structure, 		<p>×</p>	<p>Due to the Company's size and the number of members in the Board of Directors, Greentech has so far not found it necessary to set up committees under the Board of Directors.</p> <p>In 2013, Greentech will consider establishing committees under the Board of Directors.</p>



<p>size, composition and performance of the governing bodies and make recommendations to the supreme governing body with regard to any changes,</p> <ul style="list-style-type: none"> • annually evaluate the skills, knowledge and experience of the individual members of the governing bodies and report such details to the supreme governing body, • consider proposals submitted by relevant persons, including shareholders and members of the governing bodies, for candidates for executive positions, and • identify and recommend to the supreme governing body candidates for the governing bodies. 			
<p>5.10.8. The Committee recommends 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"> • 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, • 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. 		<p>×</p>	<p>Due to the Company's size and the numbers of members in the Board of Directors, Greentech has so far not found it necessary to set up committees under the Board of Directors.</p> <p>In 2013, Greentech will consider establishing committees under the Board of Directors.</p>



<p>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</p> <ul style="list-style-type: none"> 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. 			
<p>5.10.9. The Committee recommends that the remuneration committee do not consult with the same external advisers as the executive board of the company.</p>		<p>×</p>	<p>Due to the Company's size and the numbers of members in the Board of Directors, Greentech has so far not found it necessary to set up committees under the Board of Directors.</p> <p>In 2013, Greentech will consider establishing committees under the Board of Directors.</p>
<p>5.11. Evaluation of the performance of the supreme governing body and the executive board</p>			
<p>5.11.1. The Committee recommends 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.</p> <p><i>Comment: The evaluation should involve an assessment of the composition of the supreme governing body. The evaluation of the chairman should be undertaken by a member other than the chairman.</i></p>		<p>×</p>	<p>The Board of Directors of Greentech Energy Systems A/S has so far not worked with a formalised self-evaluation but maintains a regular dialogue with a view to optimising the board work.</p> <p>Self-evaluation procedures are expected to be implemented during 2013.</p>
<p>5.11.2. The Committee recommends 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.</p>		<p>×</p>	<p>The Board of Directors of Greentech Energy Systems A/S has so far not worked with a formalised self-evaluation but maintains a regular dialogue with a view to optimising the board work.</p> <p>Self-evaluation procedures are expected to be implemented during 2013.</p>
<p>5.11.3. The Committee recommends that the supreme governing body at least once every year evaluate the</p>		<p>×</p>	<p>The Board of Directors of Greentech Energy Systems A/S has so far not worked with a formalised evaluation of the Management Board, but maintains a regular dialogue with a view to optimising the work of the Management Board.</p>



<p>work and performance of the executive board in accordance with pre-defined criteria.</p> <p><i>Comment: Executive board members, who are members of the board of directors, should not participate in the board of directors' evaluation of the executive board as they are disqualified in this respect.</i></p>			<p>Evaluation procedures are expected to be implemented during 2013.</p>
<p>5.11.4. The Committee recommends 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.</p>		<p>×</p>	<p>The Board of Directors and Management Board of Greentech Energy Systems A/S have so far not worked with a formalised evaluation of the cooperation of the Boards, but maintains a regular dialogue with a view to optimising the corporation between the Boards.</p> <p>Evaluation procedures are expected to be implemented during 2013.</p>



6. Remuneration of members of the governing bodies

Openness and transparency about all important issues regarding the principles for and amounts of the total remuneration offered to members of the governing bodies are essential. The principles of the remuneration policy should support a long-term value-creation for the company.

Competitive remuneration is a prerequisite for attracting and retaining competent members of the governing bodies. The total remuneration package, i.e. the fixed and variable components and other remuneration components, should be reasonable and reflect the governing body members' independent performance, responsibilities and value creation in the company. The variable component of the remuneration should be based on actual achievements over a period of time with a view to long-term value creation.

Corporate governance recommendations	Greentech Energy Systems A/S complies	Greentech Energy Systems A/S does not comply	Greentech Energy Systems A/S complies/does not comply due to the following reason
6.1. Content and form of the remuneration policy			
6.1.1. The Committee recommends that the supreme governing body adopt a remuneration policy applicable to the supreme governing body and the executive board.	√		<p>Greentech Energy System A/S' remuneration policy is based on the ability to attract and retain the critical competences which are a prerequisite for the Company's success.</p> <p>The overall principles of incentive pay for the Board of Directors and Management Board has been approved by the Annual General Meeting and is available on the Company's website.</p> <p>In 2012 Greentech will formalize the remuneration policy in more details.</p>
6.1.2. The Committee recommends that the remuneration policy and any changes to the policy be approved by the general meeting of the company.	√		<p>The general guidelines for the remuneration policy, which also contains the individual components of the remuneration for the Board of Directors and the Management Board, was adopted by the Annual General Meeting in 2008 and are disclosed on the Company's website.</p>
6.1.3. The Committee recommends 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.	√		<p>Greentech Energy System A/S' remuneration policy is based on the ability to attract and retain the critical competences which are a prerequisite for the Company's success.</p> <p>The overall principles of incentive pay for the Board of Directors and Management Board have been approved by the Annual General Meeting and are available on the Company's website.</p>
6.1.4. The Committee recommends that the remuneration policy include: <ul style="list-style-type: none"> the reasons for choosing the individual components of the remuneration 	√		<p>Greentech Energy System A/S' remuneration policy is based on the ability to attract and retain the critical competences which are a prerequisite for the Company's success.</p> <p>The overall principles of incentives pay for the Board of Directors and Management</p>



<p>neration, and</p> <ul style="list-style-type: none"> a description of the criteria on which the balance between the individual components of the remuneration is based. <p><i>Comment: The Committee's guide to description of general guidelines for incentive pay (cf. section 139 of the Companies Act), which supplements the statutory requirements of the description of general guidelines for incentive pay may naturally be relevant to the company's considerations concerning this issue.</i></p>			<p>Board has been approved by the Annual General Meeting and is available on the Company's website.</p>
<p>6.1.5. The Committee recommends that, if the remuneration policy includes variable components,</p> <ul style="list-style-type: none"> limits be set on the variable components of the total remuneration package, a reasonable and balanced linkage be ensured between remuneration for governing body members, expected risks and the value creation for shareholders in the short and long term, there be clarity about performance criteria and measurability for award of variable components, and there be criteria ensuring that vesting periods for variable components of remuneration agreements are longer than one calendar year. 	<p>√</p>		<p>Greentech Energy System A/S' remuneration policy is based on the ability to attract and retain the critical competences which are a prerequisite for the Company's success.</p> <p>The overall principles of incentives pay for the Board of Directors and Management Board has been approved by the Annual General Meeting and is available on the Company's website.</p>
<p>6.1.6. The Committee recommends that remuneration of members of the supreme governing body do not include share or warrant programmes.</p>	<p>√</p>		<p>According to the general guidelines for the remuneration policy the Company's Board of Directors may not receive any incentive remuneration.</p>



<p>6.1.7. The Committee recommends 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 between the redemption price and the market price at the time of grant should be provided.</p>	<p>√</p>		<p>No share-based incentive programmes are currently implemented in the Company. When programmes are implemented they will be in compliance with the recommendations.</p>
<p>6.1.8. The Committee recommends 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.</p>		<p>×</p>	<p>Greentech considers that it is only reasonable to reclaim variable components of remuneration in cases where the Company has a claim to repayment in accordance with the general Danish legal basis or repayment requirements applicable to those who have made a payment in the mistaken belief that they were required to do so (“condictio in-debiti”).</p>
<p>6.1.9. The Committee recommends that termination payments should not amount to more than two years’ annual remuneration.</p>	<p>√</p>		<p>Termination payments do not amount to more than two years’ annual remuneration.</p>
<p>6.2. Disclosure of the remuneration policy</p>			
<p>6.2.1. The Committee recommends 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.</p>	<p>√</p>		<p>At the Annual General Meeting in 2008, the shareholders approved general guidelines for incentive remuneration of Greentech’s Board of Directors and Management. These guidelines are available at the Company’s website and the remuneration policy is commented in the annual report.</p> <p>In 2008 and 2009, incentive remuneration was provided to the Company’s Management in accordance with the above-mentioned guidelines.</p>
<p>6.2.2. The Committee recommends 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.</p>	<p>√</p>		<p>The overall principles for the Company’s remuneration policy have been approved by the Annual General Meeting. If required the chairman of the Board of Directors can explain and justify the policy at the Annual General Meeting.</p>



<p>6.2.3. The Committee recommends 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.</p>		<p>×</p>	<p>The combined remuneration for the Board of Directors and the Management Board is disclosed in the Annual Report. According to the assessment of Greentech it is not essential for the Company's stakeholders to publish the remuneration to the Management Board on an individual basis. The remuneration of the Management Board is assessed to be in compliance with the remuneration in comparable companies. Disclosure is made of the Management's severance programmes, including period of notice.</p>
<p>6.2.4. The Committee recommends 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.</p>	<p>✓</p>		<p>No material defined-benefit schemes are implemented.</p>
<p>6.2.5. The Committee recommends that the most important aspects of retention and severance programmes be disclosed in the company's annual report.</p> <p><i>Comment: Severance programmes cover a wide area, including period of notice and qualification, termination payment, change of control agreements, insurance and pension schemes, payment of pension contributions after retirement, etc.</i></p>	<p>✓</p>		<p>No material retention or severance programmes are implemented except for the period of notice, which is disclosed in the Annual Report.</p>
<p>6.2.6. The Committee recommends that the proposal for remuneration of the supreme governing body for the current financial year be approved by the shareholders at the general meeting.</p>	<p>✓</p>		<p>The remuneration of the Company's Board of Directors for the current financial year is determined by the Company's shareholders at the annual general meeting.</p>



7. Financial reporting

Each member of the supreme governing body and the executive board is responsible for preparing the annual report and other financial reports in accordance with current legislation, applicable standards and any further requirements concerning financial statements stipulated in the articles of association, etc.

The members of the said governing bodies must ensure that the financial reporting is easy to understand and balanced and provides a true and fair view of the company's financial position, performance and cash flow. The management commentary must give a true and fair presentation of the state of affairs, including the outlook.

Corporate governance recommendations	Greentech Energy Systems A/S complies	Greentech Energy Systems A/S does not comply	Greentech Energy Systems A/S complies/does not comply due to the following reason
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7.1. Other relevant information

7.1.1. The Committee recommends 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.	√		The Company's annual report is prepared in due consideration of statutory requirements. Detailed descriptions are furthermore made of the Company's key business areas and the risks related to these areas.
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7.2. The going concern assumption

<p>7.2.1. The Committee recommends 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.</p> <p><i>Comment: The company's specific situation, financial position and outlook, including budgets, expected future cash flow, existing credit facilities and their contractual and expected maturities as well as performance of loan agreements and any covenants, etc., should be taken into account. If the required assumptions are not present, the financial statements cannot be prepared on a going concern basis. The statement by the supreme governing body should be included in the management records.</i></p>	√		The Company's Board of Directors thoroughly considers the assumptions for presenting the annual report, including the going concern assumptions. Where special uncertainty has arisen in this respect, detailed disclosure will be made in the annual report of any such uncertainty as well as the Board's assessment of the situation.
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8. Risk management and internal control

Effective risk management and an effective internal control system contribute to reducing strategic and business risks, to ensuring observance of current rules and regulations and to ensuring the quality of the basis for management decisions and financial reporting. The company's choice of strategy naturally involves risk. It is essential that the risks are identified and communicated, and that the risks are managed appropriately.

Effective risk management and internal control are a precondition for the supreme governing body and the executive board to efficiently perform the tasks bestowed upon them. Consequently, it is essential that the supreme governing body ensures effective risk management and effective internal control systems.

Corporate governance recommendations	Greentech Energy Systems A/S complies	Greentech Energy Systems A/S does not comply	Greentech Energy Systems A/S complies/does not comply due to the following reason
8.1. Identification of risks			
8.1.1. The Committee recommends 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.	√		Greentech Energy Systems A/S maintains detailed and efficient risk management which is linked to the Company's individual projects and related to a wide range of parameters, including political and regulatory developments. The risks are described in the Annual Report.
8.1.2. The Committee recommends 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. <i>Comment: Reporting to the supreme governing body may, among other things, comprise initiatives and action plans that can accept, eliminate, increase, reduce or divide such risks.</i>	√		The Management Board updates the Board of Directors on the status of key risk factors at board meetings. This applies to strategic, operational, business and organizational risk factors of a significant nature. The Board of Directors and the Management Board implement after assessment and discussions any necessary precautions to counter the risks.



8.2. Whistleblowing

<p>8.2.1. The Committee recommends that the supreme governing body decide whether to establish a whistleblowing scheme for expedient and confidential notification of possible or suspected wrongdoing.</p> <p><i>Comment: This recommendation is primarily expected to be relevant in internationally engaged groups. A whistleblowing scheme should have its roots in the audit committee.</i></p>	<p>√</p>		<p>The Company's Board of Directors continuously assesses any need for implementation of a whistleblowing scheme. Due to the present size and complexity of the Company, the implementation of such a whistleblowing scheme is not considered relevant by the Board of Directors.</p>
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8.3. Openness about risk management

<p>8.3.1. The Committee recommends that the management commentary in the annual report include information about the company's management of business risks.</p> <p><i>Comment: This information supplements the management commentary to be included in the annual report on the company's internal control and risk management systems in connection with the financial reporting process.</i></p>	<p>√</p>		<p>Greentech Energy Systems A/S' risk management is described in the disclosures of the annual report.</p>
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9. Audit

Ensuring an independent, competent and thorough audit is an essential element of the work of the supreme governing body.

Corporate governance recommendations	Greentech Energy Systems A/S complies	Greentech Energy Systems A/S does not comply	Greentech Energy Systems A/S complies/does not comply due to the following reason
9.1. Contact to auditor			
9.1.1. The Committee recommends that the supreme governing body maintain a regular dialogue and exchange of information with the auditor.	√		The Board of Directors maintains a regular dialogue and exchange of information with the auditors to the extent required.
9.1.2. The Committee recommends 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.	√		The auditor agreement has been concluded by the Board of Directors and the auditors.
9.1.3. The Committee recommends 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.	√		Prospectively, the Board of Directors will meet, at least once every year, with the Auditors without the Management Board being present, starting from the Board meeting reviewing the Annual Report 2012.
9.2. Internal audit			
9.2.1. The Committee recommends 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.	√		Due to the size and complexity of the Company, the Board of Directors has decided not to establish any internal audit.

