

CORPORATE GOVERNANCE

PRACTICES OF THE BOARD OF DIRECTORS AND THE MANAGEMENT BOARD

The Board of Directors is responsible for the overall management of Sjælsø and determines the Group's goals and strategies and approves overall budgets and action plans. In addition, the Board of Directors supervises the Group in a general sense and ensures that it is managed in an adequate manner and in accordance with applicable law and the Company's articles of association.

Furthermore, the Board of Directors determines the group's business policy, including the investment, insurance and remuneration policies. The general guidelines for the work of the Board of Directors appear from the rules of procedure for the Board of Directors and the Management Board. The rules of procedure contain, inter alia, procedures for the Management Board's reporting and the work form and tasks of the Board of Directors.

At least six ordinary board meetings are held each year. In addition, the Board of Directors meets when required. The Board of Directors receives regular reports about the affairs of the group from the Management Board.

Members of the Management Board are appointed by the Board of Directors which lays down their terms and conditions of employment and the framework for their duties. The Management Board is responsible for the day-to-day operations of the Group and the development of activities and operations, performance and internal matters. The specific rules guiding the Management Board's skills and business conduct appear from the Company's rules of procedure for the Board of Directors and Management Board.

AUDIT COMMITTEE

In compliance with the EU's 8th Directive, Sjælsø has set up an Audit Committee. Holger Dock (chairman of the Audit Committee), John R. Frederiksen and Henrik Kristian Moltke have been appointed members of the Audit Committee. All members are members of the Board of Directors elected by the shareholders and are considered to be independent.

The Audit Committee reviews and discusses, inter alia, accounting, auditing and control matters with the Company's auditors elected by the shareholders, as well as with the Management Board.

DECLARATION ON CORPORATE GOVERNANCE

Sjælsø is committed to high standards of corporate governance. Management considers developments in the area on a current basis, including developments in legislation, recommendations and good practice. In 2008, NASDAQ OMX Copenhagen revised its corporate governance recommendations. Sjælsø complies with the corporate governance recommendations, however, with few exceptions,

see 3.4 and 6.3 below. Management believes that the exceptions do not impact the market's or stakeholders' possibilities of assessing the Group.

Management has considered the NASDAQ OMX Copenhagen recommendations on Corporate Governance, and the views of the Board of Directors and Management Board are stated below.

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

1.1. Exercise of ownership and communication

All stock exchange announcements from Sjælsø are made available in Danish and English on Sjælsø's website, which also contains the annual reports, etc. annual reports, interim reports and quarterly newsletters are submitted to all registered shareholders.

1.2. Capital and share structures

Sjælsø assesses on a current basis whether the group's capital and share structures are optimum and in the shareholders' interest. Sjælsø has a single class of shares, and no shares carry any special rights. The articles of association contain no restrictions on ownership or voting rights.

1.3. Preparations of the general meeting, including notice of meeting and proxy

All shareholders are entitled to participate and vote at the general meeting. Ordinary and any extraordinary general meetings are convened in due time for all shareholders time to consider business to be transacted at the general meeting. The proxy form applied makes it possible for shareholders to communicate their position on each individual item on the agenda.

1.4. The duties of the Board of Directors and the rights of the shareholders in the event of takeover offers

The Board of Directors does not take any initiatives in respect of takeover attempts without the approval of the shareholders. The Board of Directors and Management Board see it as their duty to publish any relevant takeover offers.

2. The role of stakeholders and their importance to the Company

2.1. The group's policy in relation to the stakeholders

Sjælsø is committed to having an open dialogue with all stakeholders, including shareholders, business connections, employees, the stock market, public authorities, and society in general. The group is committed to a high degree of openness about the group's performance and activities, as well as its visions and views forming part of the annual report.

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2.2. The role of the stakeholders and their interests

The Board of Directors has ensured that the stakeholders' role and interests are respected in accordance with Sjælsø's views thereon. Hence, Sjælsø regularly conducts meetings with analysts, investors, the press and other stakeholders. In connection with the presentation of the annual and interim reports, Sjælsø usually makes an presentation which is available to all stakeholders through the Sjælsø's website.

3. Openness and transparency

3.1. Information and publication of information

Any information of significance to shareholders and the stock market is published immediately in accordance with the rules thereon. Immediately after such publication, information is submitted to all shareholders and other stakeholders, who have signed up for an electronic news service. All announcements are published simultaneously in Danish and in English. In addition, the website provides access to comprehensive information about the group's affairs, its management and business performance, etc. Sjælsø has always been committed to providing broad and detailed information about the group. Since its listing in 1998, Sjælsø has had internal rules on its disclosure requirements towards the Copenhagen Stock Exchange (now NASDAQ OMX Copenhagen), as well as internal rules on board members', executive officers' and employees' trading in securities and treatment of internal information. These rules have been revised on a current basis.

3.2. Investor relations

The Board of Directors has ensured a current dialogue between Sjælsø and Sjælsø's shareholders, investors, equity analysts, etc. inter alia, by holding investor meetings and providing access to detailed information through Sjælsø's website.

3.3. Annual report and supplementary information

The annual report is prepared in accordance with relevant Danish and international accounting policies. The group presents a number of supplementary information in its annual report, including a review of market conditions and the group's knowledge resources.

3.4. Quarterly reports

The Board of Directors has decided to issue quarterly updates instead of quarterly reports, as such reports are not considered to add further and better information about group earnings and value creation.

4. The tasks and responsibilities of the Board of Directors

4.1. The overall tasks and responsibilities of the Board of Directors

The Board of Directors draws up an annual plan for the performance of its tasks. For this purpose, the group's overall

goals and strategies, as well as guidelines for the distribution of responsibilities and risk management, are determined and followed up on. The rules of procedure determine the responsibility, authority, duties and restrictions in respect of the Board of Directors' performance of its tasks.

4.2. The tasks of the chairman

The Board of Directors has always had a chairman and a vicechairman. The chairman and the vicechairman focus on their specific tasks which are also described in the rules of procedure for the Board of Directors. The chairman is continually committed to ensuring that the skills of the individual members of the Board of Directors are used optimally.

4.3. Rules of procedure

Rules of procedure have always existed for the Board of Directors, describing efficiently and operationally the tasks of the Board of Directors. The rules of procedure are revised on a current basis.

4.4. Information from the Management Board to the Board of Directors

The Board of Directors meets at least six times a year to discuss the group's general performance, as well as current matters with the Management Board. Items such as the group's financial performance and liquidity are regular items on the agenda, while certain other items are discussed only once a year, pursuant to the annual plan for the Board of Directors.

5. The composition of the Board of Directors

5.1. Recruitment and election of members to the Board of Directors

The Board of Directors has the relevant and required knowledge and professional experience relative to the group's needs. The need to change the skills represented on the Board of Directors is assessed on a current basis, and the recommendations are complied with when electing new members to the Board of Directors. The managerial tasks, as well as any demanding organisational tasks, of the members of the Board of Directors and Management Board in Danish and foreign groups appear from the annual report.

5.2. Introduction and training of new board members

Newly elected members to the Board of Directors are thoroughly introduced to the work of the Board of Directors prior to their entry on the board. All members of the Board of Directors participate actively in the board work and their skills and expertise are assessed continuously.

5.3. The number of board members

The present Board of Directors consists of five members.

5.4. The independence of the Board of Directors

At least half of the members of Sjælsø's Board of Directors

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are independent, as the chairman and three board members meet the requirements of independence. Steen Raagaard Andersen, attorney, is not considered independent due to his role as adviser to Sjælsø.

5.5. Board members elected by the employees

Pursuant to Danish law, the employees have the right to elect members to the Board of Directors. The employees of Sjælsø have not exercised this right.

5.6. Meeting frequency

At least six board meetings are held each year.

5.7. Time allocated to the board work and the number of directorships

All members of the Board of Directors recognise the demands in terms of time placed on them by the board work. All members of the Board of Directors allocate sufficient time to their tasks on the Board of Directors and all members of the Board of Directors are well-prepared for each meeting.

5.8. Retirement age

The Board of Directors has decided that the members are eligible for re-election up to and including the year in which they reach the age of 70.

5.9. Election period

Each member of the Board of Directors is up for election at the annual general meeting, and the Board of Directors seeks continuously to balance replacement with continuity.

5.10. Use of board committees

The Board of Directors has set up an Audit Committee.

5.11. Evaluation of the work of the Board of Directors and the Management Board

The Board of Directors has initiated procedures for a structured annual evaluation of the work of the Board of Directors and the Management Board, as well as the interaction between the two bodies.

6. Remuneration of the members of the Board of Directors and Management Board

6.1. Remuneration

The Board of Directors ensures a fair balance at all times between the management members' efforts and their value creation for the group and the remuneration they receive, also based on industry practice.

6.2. Remuneration policy

The Board of Directors has laid down principles for the remuneration of the Management Board and other employees reflecting and supporting the shareholders' and the group's short-term and long-term interests. These principles are re-

vised continuously to reflect developments in the area. The Board of Directors believes that in addition to the basic salaries, the members of Management should participate in the group's general performance-related bonus and warrant programmes, which are described in detail in the annual report. The Board of Directors only receives remuneration for its work on the Board and fees for any committee work. Hence, the Board of Directors does not participate in the group's bonus and warrant programmes. The Board of Directors has not set up a remuneration committee.

6.3. Openness about remuneration

The Board of Directors has decided to continue to disclose the remuneration of the Board of Directors and the Management Board on a group basis only, as the Board of Directors has assessed that any further division would not provide significantly better information.

6.4. Principles for establishing incentive schemes

The Board of Directors does not participate in the group's bonus and warrant programmes. The incentive schemes only apply to the group's Management Board and employees. The Board of Directors believes that the bonus and warrant programmes are important in order to attract and retain highly qualified staff and provide a good balance between short-term and long-term earnings and the creation of value for Sjælsø's shareholders. See the annual report for a more detailed review of the warrant programme.

6.5. Information about the introduction of incentive schemes

The Board of Directors agrees on the recommendation on the degree of information about new incentive schemes.

6.6. Severance schemes

There are no special severance schemes for the Board of Directors or the Management Board and the group has no pension liabilities vis-a-vis the Board of Directors or the Management Board. However, in case of disability or death, Sjælsø will pay compensation corresponding to 30 months' salary to the members of the Management Board or their next of kin. Pursuant to the service agreements of the members of the Management Board, the company may terminate the employment relationships of the members of the Management Board by giving 12 months' notice.

7. Risk management

7.1. Identification of risks

The Board of Directors focuses continuously on the group's risk management, including the identification, assessment and handling of risks. In connection with changes in the group's business foundation and extent, the need to adjust the group's risk management tools is continuously assessed.

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7.2. Plan for risk management

In connection with its listing, the company introduced a number of risk management tools. The Board of Directors and the Management Board assesses regularly whether the group applies and complies with the risk management tools and objectives in place, and the Board of Directors regularly assesses the need for adjustments of these tools and objectives.

7.3. Openness about risk management

Sjælsø's annual report contains detailed information about the group's risk management methods.

8. Audit

8.1. The Board of Directors' nomination of an auditor candidate

After having consulted the Audit Committee and the Management Board, the Board of Directors nominates an audit candidate at the general meeting. The relations to the group's auditors, including the auditors' independence and skills, etc., are discussed prior to the nomination. The auditors are elected by the shareholders in general meeting for terms of one year.

8.2. Agreement with the auditor

For one year at a time and after consultation with the Board of Directors, the Audit Committee and the Management Board discuss with the auditors elected by the general meeting how to adjust the audit work to the group's circumstances, based on the internal controls and the group's complexity.

8.3. Non-audit services

The Board of Directors is informed on a current basis of the extent of the non-audit services provided by the group's auditors through the Audit Committee, as well as through the Management Board and auditors' records. This briefing of the Board of Directors forms part of its assessment of the auditors' independence.

8.4. Internal control systems

As part of the ongoing dialogue between the Board of Directors, the Management Board and the auditors, the quality of the group organisation, including the managerial supervision, internal controls and procedures for budget follow-up are discussed and revised.

8.5. Accounting policies and accounting estimates

As part of their review of the annual report, the Board of Directors and the auditors discuss the most significant accounting policies and the most significant accounting estimates.

8.6. Result of the audit

The auditors inform the Board of Directors of the audit performed through the auditors' records and participate in board meetings to the degree deemed relevant and they always participate in the board meetings in connection with Sjælsø's annual and interim reports.