



Statutory Report on Corporate Governance for the Financial Year 2010 (Regarding the Danish Financial Statement Act sec. 107b.)

This statement forms part of the management's report in the Annual Report 2010 for GN Store Nord A/S covering the period 1 January – 31 December 2010.

Management

GN has a two-tier management system in which the Board of Directors and the Executive Management are responsible for managing the company's affairs. The Board of Directors is currently comprised of nine people, six of whom have been elected by the shareholders meeting and three of whom have been elected by the employees. The Board of Directors has established two committees: the Audit Committee, currently consisting of three members of the Board of Directors assisting the Board of Directors in monitoring aspects relating to accounting, auditing, and internal control and the Remuneration Committee, currently consisting of three members of the Board of Directors assisting the Board of Directors in monitoring aspects relating to remuneration of the Executive Management and senior employees and in ensuring that the company's general remuneration policies are in line with the interests of the company's shareholders. The Executive Management consists of three people who are responsible for the day-to-day management of the company, observing the guidelines and recommendations issued by the Board of Directors.

Internal Control over Financial Reporting

The primary responsibility for GN's risk management and internal control systems, including compliance with applicable legislation and other financial reporting regulations, rests with the Board of Directors and the Executive Management. GN's risk management and internal control systems related to financial reporting, including IT and tax, are designed to ensure that both the internal and the external financial reporting gives a true and fair view of the Group's financial position and results without any material misstatements.

Control Environment

Internal control in GN is based on organizational structure, decision-making procedures, powers and responsibilities which are documented and communicated in governing documents, such as internal policies, codes, and the like. Internal control is also based on procedures described in manuals and memos. The Executive Management has



established central compliance and controlling functions for the purpose of monitoring compliance with relevant legislation and other financial reporting requirements and controlling financial reporting from subsidiaries and associated companies. In 2008, GN established an Audit Committee. The Audit Committee's duties involve evaluation and discussion of significant issues within the areas of accounting and financial reporting. The Audit Committee has quarterly meetings with the external auditors and various specialists in senior management and support functions. The Board of Directors is kept informed on an ongoing basis about the proceedings of the Audit Committee meetings. GN has also issued ethical guidelines for all employees and established a whistleblower procedure.

Risk Assessment

At least once a year, the Audit Committee and the Executive Management make a group-wide assessment of risks related to the financial reporting process. The purpose of this risk assessment is to identify processes related to the financial reporting process, in which the likelihood of a material misstatement is most significant. The risk assessment is carried out as a top-down approach, identifying significant and high risk processes from a group perspective. On the basis of such risk assessment, GN focuses on implementing measures to manage and reduce risk in these processes. The most significant risks related to the financial reporting are described in the Management's Report and note 1 to the financial statements.

Control Activities

Firstly, the control structures consist of an organization with clearly defined roles that support an effective, and from an internal control perspective, appropriate division of responsibility, and secondly, specific control activities that are intended to identify or prevent the risk of errors in the financial reporting. The focus of control activities are based on a risk assessment. The objective of GN's control activities is to ensure compliance with the objectives, policies, manuals, procedures, and other guidelines communicated by Management and the timely prevention, detection and correction of any errors, discrepancies or omissions. Control activities comprise manual and physical controls, general IT controls and automatic application controls in IT systems. Management has established a formal group reporting process, which comprises reporting of budget figures and monthly reporting, including reporting on budget variances and ongoing adjustment of full-year estimates. In addition to the income statement, the balance sheet and the cash flow statement, the reporting comprises notes and other disclosures. Quarterly reviews are performed to identify the potential need for impairment of goodwill, development projects and tax assets. The results of the reviews are reported to and discussed with the Audit Committee. Controller visits are conducted, among other things, to evaluate internal control systems of subsidiaries and to ensure that subsidiaries comply with approved principles and policies. The planned frequency of



controller visits is presented to and approved by the Audit Committee and the Audit Committee has approved the standard scope and reporting models for controller visits. The results of the controller visits are reported to the Executive Management, the independent auditors and the local management.

Information and Communication

GN has established a project team across the organization with the purpose of ensuring a uniform and structured approach to internal control in the group's subsidiaries. The project group among other things ensures that internal policies, codes and the like which forms the foundation for internal control in GN always are available for all subsidiaries on the company's intranet. The project team ensures an ongoing dialog with the subsidiaries regarding the requirements to and prioritization of internal controls. The project team reports on planned activities and progress in the process to Management and to the Audit Committee. The principles for the company's presentation of its financial statements are described in a financial reporting manual that applies to all subsidiaries. The manual is available on the intranet. Financial reporting is done in a corporate reporting system that provides full transparency for the parent company into each individual reporting unit. The financial reporting is supported by monthly management reporting from the units.

Monitoring

The process for assessing risks and the execution of control activities are monitored on an ongoing basis. Monitoring involves both formal and informal procedures applied by management and owners of processes, risks, and controls, including reviews of results in comparison with budgets and plans, analytical procedures, and key performance indicators. On an ongoing basis, Management monitors compliance with relevant legislation and other financial reporting requirements and reports to the Board of Directors and the Audit Committee. Management has established procedures to ensure that the organization is informed in due time about new or changed accounting regulation relevant for GN. At least once a year, the Board of Directors reviews the adequacy of the internal control systems. At the board meeting where the annual report is reviewed, the board members discuss the internal control systems with the auditors elected by the shareholders in general meeting. Based on the auditors' reporting in the long-form audit report, the Board of Directors and the independent auditors discuss the audit results, the material accounting policies applied, critical accounting estimates and the appropriateness of the accounting policies applied.



Principles for Good Corporate Governance

Corporate governance, defined as “the system used to lead and control a business”, is largely built into the requirements on boards laid down in the Danish Companies Act. The Board of Directors and the Executive Management of GN continuously strive to enhance corporate governance in GN

Reporting concerning the recommendations from the Committee on Corporate Governance

The website of the Committee on Corporate Governance – www.corporategovernance.dk – lists the Committee’s recommendations on good practice in corporate governance in nine main points. As a company listed on the stock exchange in Denmark, GN is required under report on its compliance with these recommendations , either in its annual report or at the company’s website, according to the “follow or explain” principle. GN’s position on the individual recommendations is described in the following pages.

Once a year the Board of Directors considers the Danish Committee on Corporate Governance’s recommendations for good corporate governance.

The “supreme and central governing bodies” at GN are its Board of Directors.



Recommendation	The company complies	The company does not comply	<p>The company complies/does not comply with the recommendation due to the following reason:</p> <p>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.</p> <p>The company is not obliged to explain if a recommendation has been complied with. However, it may be advantageous to do so as it shows what the company is doing to comply with a certain recommendation. This may also be stated here.</p>
<p>1. The role of the shareholders and their interaction with the management of the company</p>			
<p><i>1.1. Dialogue between the company and its shareholders</i></p>			
<p>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</p>	<p>✓</p>		<p>GN strives to inform all parties simultaneously in an adequate and timely manner and to ensure that the share price at all times reflects the results and strategic opportunities of GN.</p> <p>GN's IR team continually meets with current and potential investors and with participants in investor conferences. Its website www.gn.com gives all stakeholders access to information about the company, including presentations from road shows and events that can be viewed online. Annual and interim reports are broadcast as teleconferences online at www.gn.com. Stakeholders can also subscribe to the electronic newsletter <i>GN News</i>, which is published quarterly.</p> <p>The IR department at GN works closely with the Board of Directors and supplies the Board with information about the shareholders and their opinions, interests and views.</p>
<p><i>1.2. Capital and share structure</i></p>			



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<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>✓</p>		<p>There is no unilateral solution with respect to what the optimum capital structure is for a specific company; GN's board of directors continually assesses the company's capital needs. GN's long-term goal is to maintain a capital structure consisting of a combination of debt and equity, subject to a net interest-bearing debt of up to a maximum of two times EBITDA.</p> <p>GN Store Nord has one share class, and there are no restrictions on ownership or voting rights.</p>
<p><i>1.3. General Meeting</i></p>			
<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>GN is webcasting the general meeting. Furthermore, it is our impression, that our generally high level of information promotes active ownership.</p> <p>At the general meeting the shareholders have the opportunity to express their views and participate in the decision-making process.</p> <p>The notice for the general meeting is forwarded by e-mail to registered shareholders who have registered their e-mail address at our InvestorPortal and to registered shareholders who have</p>



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			<p>requested information in writing. At GN's website, all shareholders are encouraged to register their holdings and sign up for notices of annual general meetings.</p>
<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>√</p>		<p>GN has during the last couple of years made it possible to watch the meeting live at the website with simultaneous interpreting into English.</p> <p>GN's Board of Directors has decided that GN's annual general meetings will be with held as physical meetings, as there is at this time no demand for or financial advantage in hosting a partly or completely electronic meeting.</p> <p>GN continues to follow developments in this field with a view to determining whether a partly or completely electronic annual general meeting could be advantageous in the long term.</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>The proxy form is designed with checkboxes that allow shareholders to indicate their decisions on the individual items on the agenda before sending the proxy to the Board of Directors. See also Article 10 of GN's articles of association.</p>
<p>1.3.4 The Committee recommends that all</p>	<p>√</p>		<p>Both the Board of Directors and the Executive Management will as a</p>

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members of the supreme governing body and the executive board be present at the general meeting.			rule participate in the annual general meeting.
<i>1.4. Takeover bids</i>			
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.	√		GN has no measures in place against a takeover in the form of voting rights limitations or other ownership limitations. The Board of Directors will assess any takeover offers but will refrain from, without shareholder approval, preventing or opposing a takeover bid or attempting to prevent the shareholders from voting on an attempted takeover, as long as the takeover bid is deemed to be in the interest of the shareholders.
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	√		GN's Board of Directors works to act in the shareholders' best interests, also by giving them the opportunity to decide whether they want to sell their shares under the terms offered by a takeover offer.



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offered.			
<p>2. The role of stakeholders and their importance to the company and the company's corporate social responsibility</p>			
<p><i>2.1. The company's policy in relation to its stakeholders</i></p>			
<p>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.</p>	<p>✓</p>		<p>The key stakeholders and their main interests are identified and discussed by GN's Board of Directors on an ad hoc basis. The Board and GN's management ensure that GN maintains an active dialog with the company's stakeholders in order to secure added value for all stakeholders in both the short and long term.</p> <p>Stakeholders are everyone directly affected by the company's decisions and activities. GN believes that maintaining a good relationship with stakeholders is the key to ensuring that GN's market capitalization reflects both short-term results and long-term strategic opportunities.</p>
<p>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</p>	<p>✓</p>		<p>GN has a communication policy, an investor relations policy and Ethics Guide that describe its relationship with the company's stakeholders. See www.gn.com for more details.</p>



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ensure that the interests of the stakeholders are respected in accordance with the company's policy on such issues.			
<i>2.2. Corporate social responsibility</i>			
2.2.1. The Committee recommends that the central governing body adopt a policy on corporate social responsibility.	√		<p>GN has a corporate social responsibility policy and an Ethics Guide. See www.gn.com for more details. Also GN publishes a Communication on Progress (COP) Report for the UN Global Compact which is available at www.gn.com along with GN's policies on the subject.</p> <p>The Communication on Progress represents the information required pursuant to section 99 a of the Danish Financial Statements Act.</p>
3. Openness and transparency			
<i>3.1. Disclosure of information to the market</i>			
3.1.1. The Committee recommends that the central governing body adopt a communication strategy.	√		The Board of Directors has adopted a communication strategy. See www.gn.com for more details.

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3.1.2. The Committee recommends that information from the company to the market be published in both Danish and English.	√		All GN company announcements to the market are made in both Danish and English, and www.gn.com is available in both languages as well.
3.1.3. The Committee recommends that the company publish quarterly reports.	√		GN publishes financial reports quarterly. Interim and annual reports are presented at webcasts/teleconferences for analysts, investors and the press. The presentations are held in English and transmitted live at www.gn.com to ensure that everyone has equal access.
4. The tasks and responsibilities of the supreme and the central governing bodies			
<i>4.1. Overall tasks and responsibilities</i>			
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 accordance with its rules of procedure, the Board of Directors goes through a strategy process at least once a year that includes a strategy meeting ending in an adjustment in or a re-launch of the current strategy of the business.
4.1.2. The Committee recommends that the supreme governing body at least once every year discuss and ensure that the	√		In accordance with its rules of procedure, the Board of Directors continually discusses with the Executive Management the need for qualifications and financial resources with a view to meeting the

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<p>necessary qualifications and financial resources are in place in order for the company to achieve its strategic goals.</p>			<p>company's strategic goals.</p>
<p>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 company, including how to supervise the work of the executive board.</p>	<p>✓</p>		<p>At least once a year, the Board of Directors discusses and determines its most important tasks with respect to the financial and managerial control of the company, just as it regularly evaluates the work of the Executive Management. In its rules of procedure and in the company's guidelines for the Executive Management, the Board has laid down more detailed procedures addressing matters such as planning, following up and risk management.</p>
<p><i>4.2. Procedures</i></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>There is a set of rules of procedure to be followed by the Board of Directors at GN. These rules lay down guidelines for the appointment, disclosure requirements, tasks and responsibilities of the Board of Directors, and they are assessed on an annual basis and updated when this is deemed relevant.</p>
<p>4.2.2. The Committee recommends that the supreme governing body annually review</p>	<p>✓</p>		<p>The guidelines for the Executive Management are updated, examined and approved annually at a Board meeting. Reporting by</p>

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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.			the Executive Management to the Board is described in greater detail in the Executive Management guidelines, which specify the type of information that should be reported to the Board and how often. The Executive Management meets regularly with the chairman and deputy chairman of the Board to optimize their collaboration and exchange detailed information about the company.
<i>4.3. The chairman and deputy chairman of the supreme governing body</i>			
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.	✓		In accordance with the rules of procedure for the Board of Directors, the Board has appointed a deputy chairman, who together with the chairman forms the chairmanship. The deputy chairman of the Board is thus involved in the tasks and duties of the Board to an extent that allows him to act as chairman of the Board in the chairman's absence and function as an effective sounding board for the chairman.
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.	✓		A description of the tasks, duties and responsibilities of the Chairman and Deputy Chairman exists in the rules of procedure for the Board of Directors, which can be found on gn.com.

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4.3.3. The Committee recommends that the chairman of the supreme governing body organize, 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.	✓		In accordance with the rules of procedure for the Board of Directors, the chairman organizes, convenes and chairs Board meetings with a view to ensuring efficiency and quality in its work.
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 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.	✓		The chairman cannot perform special tasks for the company without the Board of Directors having made a detailed decision about the extent of such tasks, the fee he is to be paid to perform them, etc. Also, a company announcement will always be issued if any agreements are made about the chairman's participation in the day-to-day management of the company.



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<p>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>5. Composition and organization of the supreme governing body</p>			
<p><i>5.1. Composition</i></p>			
<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 is 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>✓</p>		<p>GN Board members are expected to possess broad global business understanding, telecom and medtech expertise, innovation and product development capabilities, thorough understanding of financial matters and in-depth knowledge of GN's business.</p> <p>In the Board's assessment, its current members make up a strong and diverse Board with respect to competencies and experience. There is a detailed CV for every member of the Board available at www.gn.com.</p>

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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 international experience, gender and age, etc.	✓		In line with its rules of procedure, the Board of Directors discusses and defines every year which competencies should, generally speaking, be represented on the Board. It also discusses whether members should be replaced or whether new members should be added. GN's Board of Directors endeavors to recruit members with mutually complementary qualifications. When the Board proposes new members, a CV is always provided, along with a thorough description of the candidate's qualifications. The chairman will also, at the annual meeting, go through the recruitment criteria on which the Board based its recommendation for the shareholders. The Board strives to maintain a membership that is strong and diverse with respect to qualifications, experience, gender and age.
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	✓		When the Board of Directors proposes new Board members, it always encloses a copy of the candidate's CV and a thorough description of his or her qualifications in the notice of annual general meeting.

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Danish and foreign companies as well as information on demanding organizational tasks should accompany the notice convening the general meeting when election of members to the supreme governing body is on the agenda.			
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.	✓		The composition of the Board of Directors is accounted for in the management's report of the annual report, including information on the diversity and special competencies of its members and information on each member's involvement in other business enterprises, other board memberships, etc.
<i>5.2. Training of members of the supreme governing body</i>			
5.2.1. The Committee recommends that new members joining the supreme governing body be given an introduction to the company.	✓		Upon election to the Board of Directors, each new Board member is given a thorough introduction to the company and its two businesses. All members also receive a Board manual containing all relevant information on the work performed by the GN Board.
5.2.2. The Committee recommends that	✓		During the course of the year, all Board members participate in



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the supreme governing body annually assess whether the skills and expertise of its members need to be updated.			educational sessions to gain a better understanding of the business and to ensure that the skills and expertise of each member are always up to date. The competencies and expert knowledge of each member are evaluated in the annual Board self-assessment process.
<i>5.3. Number of members of the supreme governing body</i>			
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.	√		GN's Board of Directors consists of six directors elected by the shareholders at the annual general meeting and three employee representatives elected by the company's Danish employees. The Board of Directors believes this to be the appropriate number of Board members, in relation both to the size of the company and to the skills and activities of the Board. To ensure in-depth discussions in both the company's businesses, all shareholder-elected members of the Board are also members of the boards of directors of GN ReSound and GN Netcom.
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.	√		The Board of Directors evaluates annually, in connection with its preparations for the annual general meeting whether the current number of Board members is appropriate considering both the size of the company and the skills and activities of the Board.

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<i>5.4. The independence of the supreme governing body</i>			
<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 executive board/managerial staff of the company or an associated company, • 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 	✓		<p>No shareholder-elected member of the Board of Directors is or has ever been an employee of GN, nor has any board member any financial interest in the company other than as a shareholder. All shareholder-elected members of the Board are considered to be independent persons.</p>

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. The company is not obliged to explain if a recommendation has been complied with. However, it may be advantageous to do so as it shows what the company is doing to comply with a certain recommendation. This may also be stated here.
controlling shareholder, <ul style="list-style-type: none"> • 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. 			
5.4.2. The Committee recommends that at least once every year, the supreme	✓		There is a CV for each member of the Board of Directors posted at www.gn.com. Each of these CVs is reviewed annually in connection

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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>with the release of the annual report, and each contains information on whether or not the Board member in question is an independent person.</p> <p>All members of the Board of Directors are considered independent in the sense of the definition contained in the Recommendations on Corporate Governance.</p>
<p><i>5.5. Members of the supreme governing body elected by the employees</i></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.	√		GN's Danish employees elect a number of members for the Board of Directors in accordance with statutory requirements. An explanation of the employee election rules and how they are applied by the company can be found at www.gn.com .
<p><i>5.6. Meeting frequency</i></p>			
5.6.1. The Committee recommends that the supreme governing body meet at regular	√		In accordance with its rules of procedure, the Board of Directors meets at least eight times a year at scheduled ordinary meetings to

Recommendation	The company complies	The company does not comply	<p>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.</p> <p>The company is not obliged to explain if a recommendation has been complied with. However, it may be advantageous to do so as it shows what the company is doing to comply with a certain recommendation. This may also be stated here.</p>
<p>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>which a number of extraordinary meetings can be added. The number of meetings held during 2010 is disclosed in the Annual Report.</p> <p>Every year, the Board prepares a schedule for the coming year's Board meetings.</p>
<p><i>5.7. Expected time commitment and the number of other executive functions</i></p>			
<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>√</p>		<p>In accordance with its rules of procedure, the Board of Directors, in its assessment of its current members and potential candidates, takes into consideration whether these persons – taking into account their main occupation and other directorships – have the necessary time to handle their duties as members of the Board. However, the Board believes that it is up to each individual Board member to decide how many directorships he or she can hold and that the time commitment required for different directorships varies.</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, 	<p>√</p>		<p>All this information is stated in the Annual Report 2010.</p>

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<ul style="list-style-type: none"> 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 organizational 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. 			
<i>5.8. Retirement age</i>			
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.	✓		According to GN's articles of association (Article 15.1), no member of the Board of Directors may remain a member past the annual general meeting of the calendar year in which that member turns 70. This information is disclosed in the Management's Report in the Annual Report 2010. In addition, the age of each board member is disclosed in the

Recommendation	The company complies	The company does not comply	<p>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.</p> <p>The company is not obliged to explain if a recommendation has been complied with. However, it may be advantageous to do so as it shows what the company is doing to comply with a certain recommendation. This may also be stated here.</p>
Annual Report 2010.			
5.9. Election period			
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.	√		The company is managed by a Board of Directors consisting of five to nine members. The members elected by the shareholders at the annual meeting are elected until the next ordinary meeting of shareholders. Re-election is possible. Please also see Article 15.1 of GN's articles of association.
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.	√		It appears from the list of members of the Board of Directors when each of the members joined the Board. Re-election and expiry of the current election term is explained indirectly and apparent from the rule on annual elections to the Board of Directors. Please also see section 15.1 of GN's articles of association.
5.10. Board committees			
5.10.1. The Committee recommends that the company publish the following information in the management commentary	√		GN publishes the business charters for the Audit Committee and the Remuneration Committee at www.gn.com . Their main activities in 2010 are listed in the Management's Report in the Annual Report

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in its annual report or on the company's website: <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 members are independent members and which members have special qualifications. 			2010. Also included here is the information about members of the committees and their independence along with particular qualifications.
5.10.2. The Committee recommends that a majority of the members of a board committee be independent members.	✓		All members of the Audit and Remuneration Committees are independent in the sense of the definition contained in the recommendations on corporate governance; cf. the CVs of the individual board members at www.gn.com .
5.10.3. The Committee recommends that the supreme governing body establish an actual <u>audit committee</u> .	✓		GN has an Audit Committee appointed by its Board of Directors.

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. The company is not obliged to explain if a recommendation has been complied with. However, it may be advantageous to do so as it shows what the company is doing to comply with a certain recommendation. This may also be stated here.
5.10.4. The Committee recommends that the following be taken into account in composing the audit committee: <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. 	✓		The chairman of the Audit Committee is neither chairman nor deputy chairman of GN's Board of Directors. It is the clear opinion of the Board of Directors that all members of the company's Audit Committee possess the qualifications and experience necessary for them to independently assess whether the financial reporting, internal auditing, risk management and statutory auditing of the GN Store Nord Group is planned and carried out in an appropriate way considering the size and complexity of the company; cf. the CV's of the individual board members at www.gn.com .
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: <ul style="list-style-type: none"> significant accounting policies 	✓		The Audit Committee reports to the Board of Directors in connection with the annual report. In addition, the Committee reports any changes in the accounting policies or accounting estimates or any related-party transactions that took place during the financial year. It also keeps the Board informed on uncertainties and risks.

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<ul style="list-style-type: none"> • significant accounting estimates, • related party transactions, and • uncertainties and risks, including in relation to the outlook. 			
5.10.6. The Committee recommends that the audit committee: <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. • 	✓		In accordance with its charter, the Audit Committee annually considers whether there is a need for an internal audit function. On the basis of the recommendations of the Committee, the Board then decides whether the internal control systems are adequate and whether there is a need for an internal control function. So far, the Board's assessment – based on the size and complexity of the company and the organization of its finance department – has been that there is no need to establish an internal audit function.
5.10.7. The Committee recommends that the supreme governing body establish a		✓	The Board chairmanship handles all the preparatory tasks the recommendations place with a nomination committee. In light of



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<p><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, size, composition and performance of the governing bodies and make recommendations to the supreme governing body with regard to any changes, • 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 			<p>GN's size and corporate structure, appointing a nomination committee is not considered appropriate.</p> <p>Please also see the rules of procedure for the Board of Directors at www.gn.com.</p>

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. The company is not obliged to explain if a recommendation has been complied with. However, it may be advantageous to do so as it shows what the company is doing to comply with a certain recommendation. This may also be stated here.
governing bodies, for candidates for executive positions, and <ul style="list-style-type: none"> • identify and recommend to the supreme governing body candidates for the governing bodies. 			
5.10.8. The Committee recommends that the supreme governing body establish a <u>remuneration committee</u> with at least the following preparatory tasks: <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 			GN has a Remuneration Committee appointed by the Board of Directors. Among other things, the Committee assists the Board in matters and decisions concerning remuneration of the Executive Management and senior employees and in ensuring that the general guidelines on incentive pay are in line with the interests of the shareholders. The Remuneration Committee also monitors the information provided in the annual report on remuneration of Board members and members of the Executive Management to ensure that it is correct, true and sufficient. Please also see the Management’s Report in the Annual Report 2010 along with the Remuneration Committee’s charter and the general guidelines for incentive pay at www.gn.com .

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. The company is not obliged to explain if a recommendation has been complied with. However, it may be advantageous to do so as it shows what the company is doing to comply with a certain recommendation. This may also be stated here.
<p>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</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>The Remuneration Committee does not use the same external advisers as the Executive Management of the company.</p>
<p><i>5.11. Evaluation of the performance of the supreme governing body and the executive board</i></p>			

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. The company is not obliged to explain if a recommendation has been complied with. However, it may be advantageous to do so as it shows what the company is doing to comply with a certain recommendation. This may also be stated here.
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.	✓		The Board of Directors annually evaluates its results, performance and achievements and those of its chairman and individual board members systematically and on the basis of well-defined criteria.
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.	✓		The chairman of the Board of Directors presents the evaluation results to the other Board members, and they all discuss them. The approach employed and the evaluation results are described in the annual report.
5.11.3. The Committee recommends 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.	✓		The Board of Directors continually evaluates the work and results of the Executive Management, also especially once a year in the process of determining remuneration package contents and the extent of to which targets have been met, along with setting new targets.

Recommendation	The company complies	The company does not comply	<p>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.</p> <p>The company is not obliged to explain if a recommendation has been complied with. However, it may be advantageous to do so as it shows what the company is doing to comply with a certain recommendation. This may also be stated here.</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 formalized 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.	√		The collaboration between the Board of Directors and the Executive Management is also evaluated on an ongoing basis in a dialog between the CEOs and the Board chairman and in the evaluation survey. The evaluation results are presented to the Board of Directors.
6. Remuneration of members of the governing bodies			
<i>6.1. Content and form of the remuneration policy</i>			
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.	√		GN has made general guidelines for incentive pay for its members of the Board of Directors and Executive Management. Please see general guidelines for incentive pay at www.gn.com .
6.1.2. The Committee recommends that	√		GN's general guidelines for incentive pay are approved at GN's



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. The company is not obliged to explain if a recommendation has been complied with. However, it may be advantageous to do so as it shows what the company is doing to comply with a certain recommendation. This may also be stated here.
the remuneration policy and any changes to the policy be approved by the general meeting of the company.			annual general meeting. Information about the Board of Directors' remuneration along with any claw back conditions for management will be incorporated into the general guidelines for incentive pay and put forward at the annual general meeting for shareholders.
6.1.3. 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.	✓		GN's general guidelines for incentive pay include an exhaustive description of remuneration components that are part of the remuneration of the Board of Directors and Executive Management. See the general guidelines for incentive pay at www.gn.com .
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, and • a description of the criteria on which the balance between the individual components of the remuneration is based. • 	✓		GN's general guidelines for incentive pay which will be submitted for approval at GN's annual general meeting include a description of the individual remuneration components, along with a description of the criteria founding the individual remuneration components. See the general guidelines for incentive pay at www.gn.com .

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. The company is not obliged to explain if a recommendation has been complied with. However, it may be advantageous to do so as it shows what the company is doing to comply with a certain recommendation. This may also be stated here.
6.1.5. The Committee recommends that, if the remuneration policy includes variable components, <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. 	✓		GN's general guidelines for incentive pay include an exhaustive description of the variable remuneration components which are included in the remuneration of the Executive Management and that these are in accordance with the recommendations. See the general guidelines for incentive remuneration at www.gn.com .
6.1.6. The Committee recommends that remuneration of members of the supreme governing body do not include share or	✓		Members of the Board of Directors each receive a fixed remuneration. They do not receive options or participate in any other kind of incentive program.



Recommendation	The company complies	The company does not comply	<p>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.</p> <p>The company is not obliged to explain if a recommendation has been complied with. However, it may be advantageous to do so as it shows what the company is doing to comply with a certain recommendation. This may also be stated here.</p>
warrant programs.			
<p>6.1.7. The Committee recommends that if members of the executive board receive share-based remuneration, such programs be established as roll-over programs, 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>Members of the Executive Management receive share-based remuneration. The remuneration programs are revolving, and the warrants granted cannot be exercised earlier than three years after they are awarded. The company's warrant program is described in more detail in the general guidelines for incentive pay at www.gn.com.</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>GN's management contracts includes terms about complete or partly repayment of variable components of remuneration that have been paid out based on information that later proves incorrect.</p> <p>Please see general guidelines for incentive pay at www.gn.com.</p>
<p>6.1.9. The Committee recommends that termination payments should not amount to</p>	√		<p>The company's severance agreements specify payment of a maximum corresponding to the previous two years' salary.</p>

Recommendation	The company complies	The company does not comply	<p>The company complies/does not comply with the recommendation due to the following reason:</p> <p>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.</p> <p>The company is not obliged to explain if a recommendation has been complied with. However, it may be advantageous to do so as it shows what the company is doing to comply with a certain recommendation. This may also be stated here.</p>
more than two years' annual remuneration.			
<i>6.2. Disclosure of the remuneration policy</i>			
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.	√		GN's general guidelines on incentive pay are referred to in the Annual Report, are published at www.gn.com and will be put forward as a proposal at the next Annual General Meeting for shareholders.
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.	√		GN's general guidelines for incentive pay are explained and justified at the company's annual general meeting.
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	√		GN's policy is to offer remuneration to the members of its Board of Directors and Executive Management that corresponds to what is offered by competitors in the industry and other Danish companies with international activities to attract and retain competent management resources.

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. The company is not obliged to explain if a recommendation has been complied with. However, it may be advantageous to do so as it shows what the company is doing to comply with a certain recommendation. This may also be stated here.
that the linkage with the remuneration policy be explained.			An overview of remuneration paid to members of the Board of Directors and Executive Management can be found in note 3 to the financial statements in the company's annual report.
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.	✓		GN does not pay pensions to members of the Board of Directors or Executive Management.
6.2.5. The Committee recommends that the most important aspects of retention and severance programs be disclosed in the company's annual report.	✓		Information on the most important aspects of retention and severance programs is published in note No 3 in the company's annual report.
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.	✓		The members of the Board of Directors each receive a fixed remuneration. They do not receive options or participate in any kind of incentive programs. The Board members' remuneration is approved by the shareholders at the annual general meeting.

Recommendation	The company complies	The company does not comply	<p>The company complies/does not comply with the recommendation due to the following reason:</p> <p>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.</p> <p>The company is not obliged to explain if a recommendation has been complied with. However, it may be advantageous to do so as it shows what the company is doing to comply with a certain recommendation. This may also be stated here.</p>
7. Financial reporting			
<i>7.1. Other relevant information</i>			
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.	√		<p>GN's Board of Directors continuously evaluates to what extent it is appropriate to present non-accounting information, e.g. detailed information about social responsibility.</p> <p>Please find more information in the Management's Report in the Annual Report.</p>
<i>7.2. Going concern assumption</i>			
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>On consideration and approval of the annual report, the Board of Directors specifically decides whether the financial reporting is based on a going-concern assumption, including any possible special circumstances this may be based on and, if relevant, any related uncertainties.</p>

Recommendation	The company complies	The company does not comply	<p>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.</p> <p>The company is not obliged to explain if a recommendation has been complied with. However, it may be advantageous to do so as it shows what the company is doing to comply with a certain recommendation. This may also be stated here.</p>
<p>8. Risk management and internal control</p>			
<p><i>8.1. Identification of risks</i></p>			
<p>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 realization of the company's strategy and overall goals as well as the risks associated with financial reporting.</p>	<p>✓</p>		<p>Risk management is a continual process performed all through the year, and results are compiled by the central risk management function, which then presents an overall risk analysis to the Board of Directors and Executive Management. When drawing up a new strategy for the company, the Board and Executive Management evaluate the most important business risks. Risks associated with financial reporting are evaluated annually in connection with approval of the annual report's financial statements, on the basis of extensive preparatory work done by the Audit Committee.</p>
<p>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</p>	<p>✓</p>		<p>GN has adopted and implemented a range of systematic procedures for the collection of risk management data to ensure that both strategic and operational risks are identified, reported and controlled optimally throughout the organization. The Audit Committee is fully involved in evaluating the financial risk management and reports to the Board of Directors on an ongoing basis.</p>

Recommendation	The company complies	The company does not comply	<p>The company complies/does not comply with the recommendation due to the following reason:</p> <p>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.</p> <p>The company is not obliged to explain if a recommendation has been complied with. However, it may be advantageous to do so as it shows what the company is doing to comply with a certain recommendation. This may also be stated here.</p>
decisions.			
<i>8.2. Whistleblowing</i>			
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.	√		GN rolled out a whistleblower procedure in late 2010. GN's whistleblower procedure describes the processes applicable to the receipt, management and handling of complaints regarding accounting or auditing matters or other alleged irregularities at GN of a general, operational, legal, ethical and/or financial nature and ensures that all GN employees and external stakeholders can submit complaints, possibly anonymously, to an independent third party.
<i>8.3. Openness about risk management</i>			
8.3.1. The Committee recommends that the management commentary in the annual report include information about the company's management of business risks.	√		GN provides information about its management of business risks in the management's report in the annual report for 2010.
9. Audit			

Recommendation	The company complies	The company does not comply	<p>The company complies/does not comply with the recommendation due to the following reason:</p> <p>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.</p> <p>The company is not obliged to explain if a recommendation has been complied with. However, it may be advantageous to do so as it shows what the company is doing to comply with a certain recommendation. This may also be stated here.</p>
<i>9.1. Contact to auditor</i>			
9.1.1. The Committee recommends that the supreme governing body maintain a regular dialog and exchange of information with the auditor.			The auditor participates in Audit Committee meetings and prepares an audit protocol twice a year. The auditor also takes part in the meeting at which the annual report is approved.
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.	√		<p>The Danish State-Authorized Public Accountants Act establishes limitations with respect to the services an external auditor is permitted to supply to listed companies. External auditors may only perform the advisory tasks that were approved before the work began. Advisory tasks are specified in the notes to the annual report and are divided into "other audit-related services", "tax assistance and advice" and "other assurance engagements".</p> <p>GN's Audit Committee negotiates the auditor agreement, including the auditors' fee, and submits the agreement to the Board of Directors for approval.</p>
9.1.3. The Committee recommends that the supreme governing body and the audit committee meet with the auditor at least	√		At the Board meeting at which the annual report is reviewed, the internal control systems are discussed with the shareholder-elected auditors without the presence of the Executive Management. The

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once every year without the executive board present. This also applies to the internal auditor, if any.			Board of Directors and external auditor discuss the results of the audit performed, the accounting policies applied in important areas and their appropriateness, and relevant accounting-related estimates or opinions, all on the basis of the auditor's report in the audit protocol.
<i>9.2. Internal audit</i>			
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.	✓		At least once a year, based on directions from the Audit Committee, the Board of Directors determines whether the internal control systems are sufficient. In the opinion of the Board of Directors the size and complexity of the company does not necessitate the establishment of an internal audit function. Please find more information in the Management's Report in the Annual Report.