

Report:

**Corporate governance
at ALM. BRAND A/S**

October 2006

This report has been prepared on the basis of the material from the Committee's revised Recommendations for good Corporate Governance published in the autumn 2005 and worked out on the basis of the Nørby Committee's report on Corporate Governance in Denmark. The Copenhagen Stock Exchange incorporated the recommendations into the disclosure requirements on 6 October 2005 according to the "comply or explain" principle.

The Board of Directors must consider all recommendations, and if one or more recommendations are not complied with, explain the reason for the non-compliance.

The Board of Directors of Alm. Brand believes that good Corporate Governance should be based on an overall consideration, thus favouring the relations and interaction with all stakeholders.

Based on the revised Corporate Governance Recommendations (autumn 2005), we have prepared the below status list for Alm. Brand A/S

The Committee's Revised Corporate Governance Recommendations Autumn 2005	ALM. BRAND A/S's view Autumn 2006
I. The role of the shareholders and their interaction with the management board II The role of stakeholders and their importance to the company III Openness and transparency IV The tasks and responsibilities of the board of directors V. The composition of the board of directors VI. Remuneration of the board of directors and the management board VII. Risk management VIII. Audit	
I. The role of the shareholders and their interaction with the management board	
<p><i>It is in the common interest of the company's owners, shareholders and society in general that companies are capable of adjusting to changing demands from time to time and thus remain competitive and able to create value. Good Corporate Governance involves among other things the board of directors and management board understanding that interaction between management and shareholders is of vital importance to the company. As owners of a company, shareholders, through actively exercising their rights and using their influence, can contribute to the management safeguarding the interests of the shareholders as best possible, thus ensuring efficient application of the company's resources in the short and long term.</i></p> <p><i>Good Corporate Governance therefore presupposes appropriate frameworks encouraging shareholders to enter into a dialogue with the company's management and each other. Among other things, this can be achieved by strengthening the role of the general meeting as a forum for communication and decision-making.</i></p>	Alm. Brand agrees

The Committee's Revised Corporate Governance Recommendations Autumn 2005	ALM. BRAND A/S's view Autumn 2006
1. Exercise of ownership and communication	
<p>It is recommended that the companies contribute to making communication between the company and the shareholders and between the company's shareholders as easy and costless as possible for the shareholders, among other things by using information technology.</p> <p><i>Comment:</i> This can motivate shareholders to exercise their rights and use their influence.</p>	<p>Alm. Brand complies with this recommendation</p> <p>Alm. Brand communicates with its shareholders via several sources of communication. All new (registered) shareholders receive a welcome letter, in which the various sources of information are mentioned:</p> <ul style="list-style-type: none"> • The internet, where the information and quality are expanded on a current basis. It is possible to register for automatic receipt of stock exchange announcements, news about the group, etc • Alm. Brand Bladet, containing i.a. a description of the latest published annual and interim reports • The general meeting • Possibility of personal contact with the IR department
2. Capital and share structures	

<p>The Committee's Revised Corporate Governance Recommendations</p> <p>Autumn 2005</p>	<p>ALM. BRAND A/S's view</p> <p>Autumn 2006</p>
<p>It is recommended that the board of directors at appropriate intervals assesses whether the company's capital and share structures remain in the interest of the shareholders and the company and gives an account of this in the company's annual report.</p>	<p>Alm. Brand complies with this recommendation</p>
<p>3. Preparation for the general meeting, including notice convening the meeting and nomination of proxies</p>	
<p>It is recommended <i>that</i> the general meeting is called at sufficient notice for the shareholders to prepare for and decide on the matters to be considered at the general meeting, <i>that</i> the notice convening the meeting and the agenda are designed to give the shareholders an adequate picture of the items on the agenda, and <i>that</i> proxies given to the company's board of directors to the extent possible show the position of the shareholder regarding each item on the agenda.</p> <p><i>Comment:</i> Pursuant to the Danish Public Companies Act, proxies to the board of directors shall be limited to one particular general meeting.</p>	<p>Alm. Brand complies with this recommendation</p> <p>All registered shareholders are convened personally and the notice convening the meeting is published in national newspapers. The minimum notice is 2 weeks.</p> <p>Proxies are given for voting at a specific general meeting, although the proxy covers all items on the agenda.</p> <p>At general meetings where more than one extraordinary item is on the agenda, the company will facilitate differentiated proxies.</p>
<p>4. The duties of the board of directors and the rights of the shareholders in the event of takeover bids</p>	

<p>The Committee's Revised Corporate Governance Recommendations</p> <p>Autumn 2005</p>	<p>ALM. BRAND A/S's view</p> <p>Autumn 2006</p>
<p>In the case of a public takeover bid for the company, it is recommended that the board of directors does not on its own and without the approval of the general meeting counter a takeover attempt by making decisions that in reality prevent the shareholders from deciding on the takeover bid.</p> <p><i>Comment:</i> It is important that the shareholders are given the opportunity to decide whether or not they wish to dispose of their shares in the company under the terms offered. The dispositions advised against include e.g. implementing a capital increase or allowing the company to buy its own shares based on a previously given authority.</p>	<p>Alm. Brand complies with this recommendation</p> <p>It is assessed that a takeover attempt is unlikely under the present ownership structure.</p>
<p>II The role of stakeholders and their importance to the company</p>	
<p><i>It is essential for a company's prosperity and future possibilities to have good relations with its stakeholders. A stakeholder is anyone directly affected by a company's dispositions and business. It is therefore desirable that the management of a company operates and develops the company with due consideration for its stakeholders, stimulating dialogue with these stakeholders. Successful interaction between a company and its stakeholders presupposes openness and mutual respect.</i></p>	<p>Alm. Brand agrees and this is also reflected in Alm. Brand's values. Also, Alm. Brand's strategy includes objectives for both customer and employee satisfaction.</p>
<p>1. The company's policy in relation to the stakeholders</p>	
<p>It is recommended that the board of directors adopts a policy for the company's relations with its stakeholders.</p> <p><i>Comment:</i> Such a policy could e.g. cover the company's business concept, fundamental values and objectives, as well as guidelines for the company's information on e.g. environmental and social matters.</p>	<p>Alm. Brand complies with this recommendation</p>

<p>The Committee's Revised Corporate Governance Recommendations</p> <p>Autumn 2005</p>	<p>ALM. BRAND A/S's view</p> <p>Autumn 2006</p>	
<p>2. The role of the stakeholders and their interests</p>		
<p>It is recommended that the board of directors ensures that the interests and role of the stakeholders are respected in accordance with the company's policies.</p> <p><i>Comment:</i> As a part of implementing this, the board of directors should ensure that the management board maintains an active dialogue with the company's stakeholders to develop and strengthen the company.</p>	<p>Alm. Brand complies with this recommendation</p> <p>The management board is in an ongoing dialogue with shareholders, customers and employees. The board of directors is kept informed on a current basis.</p>	
<p>III Openness and transparency</p>		
<p><i>Shareholders, including potential shareholders, and other stakeholders require information about the company to a varying extent. Their understanding of and relation to the company depends on the amount of information and the quality of the information published or provided by the company. Openness and transparency are essential preconditions for the company's shareholders and other stakeholders being able to evaluate and relate to the company and its future perspectives, thus contributing to constructive interaction with the company.</i></p>	<p>Alm. Brand agrees</p>	
<p>1. Information and publication of information</p>		

The Committee's Revised Corporate Governance Recommendations Autumn 2005	ALM. BRAND A/S's view Autumn 2006
<p>It is recommended that the board of directors adopts an information and communication policy.</p> <p>Also, it is recommended that the company draws up procedures ensuring that all essential information of importance to the shareholders' and financial markets' evaluation of the company and its activities, as well as its business goals, strategies and results, are published promptly in a reliable and adequate way, unless publication can be omitted under stock exchange rules and regulations.</p> <p>It is recommended that the information is published in Danish as well as in English and any other relevant languages, which also applies to the company's website, which should display identical information in such languages.</p>	<p>Alm. Brand complies with this recommendation</p> <p>Alm. Brand complies with this recommendation</p> <p>The IR department, which reports directly to the management board, is responsible for informing the stock exchange on a current basis.</p> <p>Alm. Brand complies with this recommendation</p> <p>Information is published in Danish and in English. Alm. Brand's website contains information in Danish and, if relevant to non-Danish readers, also in English.</p> <p>For the time being, we find it irrelevant to maintain completely identical Danish and English websites.</p>
2. Investor relations	
<p>It is recommended that the board of directors creates the basis for a current dialogue between the company and its present and potential shareholders.</p> <p><i>Comment:</i> Such dialogue could take place by:</p> <ul style="list-style-type: none"> ● holding investor meetings ● evaluating on a current basis whether information technology can be applied to improve investor relations, including setting up a Corporate Governance site on the company's website ● making all investor presentations available on the internet as they are being held. 	<p>Alm. Brand complies with this recommendation</p> <p>A number of investor and analyst meetings are held in Denmark and abroad. These meetings are typically held after the annual and interim reports have been released or as required.</p> <p>We intend to continue holding such meetings.</p> <p>Alm Brand's website has a special site for Corporate Governance related issues. We intend to expand this point on our website on a current basis.</p> <p>General presentations of Alm. Brand are available on our website. Also, presentations commented by the management board are available.</p>

The Committee's Revised Corporate Governance Recommendations Autumn 2005	ALM. BRAND A/S's view Autumn 2006
3. Annual Report	
<p>It is recommended that the board of directors considers to what extent the annual report should be supplemented by accounting standards other than the required internationally accepted accounting principles, such as e.g. US-GAAP, if trade conditions or other circumstances should make this relevant in relation to the recipients' information requirements, including the consideration for comparability.</p> <p>It is recommended that the board of directors in connection with the preparation of the annual report considers, whether the company should publish detailed non-financial information, also where it is not required by applicable legislation or standards.</p> <p><i>Comment:</i> The annual report should in all circumstances meet the highest standard applicable to the category of companies to which the company belongs and should reflect changes in generally accepted accounting principles.</p> <p>Examples of detailed non-financial information could be information about the company's:</p> <ul style="list-style-type: none"> ● development and maintenance of internal knowledge resources 	<p>Alm. Brand complies with this recommendation</p> <p>The annual report is prepared according to applicable law. So far, we have not found it relevant to prepare financial statements according to other international standards.</p> <p>Alm. Brand complies with this recommendation</p> <p>We intend to assess the need for this on a current basis. If it is found relevant to include these in the annual report in the future, they will be incorporated on a current basis.</p>

The Committee's Revised Corporate Governance Recommendations Autumn 2005	ALM. BRAND A/S's view Autumn 2006
<ul style="list-style-type: none"> • ethical and social responsibilities • health and safety at work 	
4. Quarterly reports	
It is recommended that companies publish quarterly reports.	Alm. Brand complies with this recommendation Alm. Brand publishes quarterly reports
IV The tasks and responsibilities of the board of directors	
<i>The board of directors is responsible for safeguarding the interests of the shareholders with care and due consideration for other stakeholders. As regards the managerial distribution of tasks between the board of directors and the management board, the board of directors is assigned with and responsible for the overall management of the company as well as establishing guidelines for and supervising the work of the management board. Development and establishment of appropriate strategies for the company are essential management tasks. It is essential that the board of directors ensures development and follow-up on the required strategies on a current basis and in collaboration with the management board.</i>	Alm. Brand agrees
1. The overall tasks and responsibilities of the board of directors	

The Committee's Revised Corporate Governance Recommendations Autumn 2005	ALM. BRAND A/S's view Autumn 2006	
<p>It is recommended that the board of directors at least once a year discusses and establishes its most important tasks in relation to the overall strategic management, the financial and managerial supervision of the company and regularly evaluates the work of the management board.</p> <p><i>Comment:</i> The most important tasks of the board of directors normally include:</p> <ul style="list-style-type: none"> ● establishing the overall goals and strategies and following up on these. ● ensuring clear guidelines for responsibility, distribution of responsibility, planning and follow-up, as well as risk management ● appointing a qualified management board, establishing the conditions for employment of the members of the management board, including preparing guidelines for its appointment and composition, as well as ensuring that the remuneration of the members of the management board reflects their performance ● ensuring that relations with the company's stakeholders are good and constructive. 	<p>Alm. Brand complies with this recommendation</p>	
2. The tasks of the chairman		

The Committee's Revised Corporate Governance Recommendations Autumn 2005	ALM. BRAND A/S's view Autumn 2006	
<p>It is recommended that a job and task specification is worked out describing the tasks, duties and responsibilities of the chairman and, if required, the deputy chairman.</p> <p>It is recommended that the chairman ensures that the special knowledge and competences of each member of the board of directors are applied in the best possible way in the work of the board of directors and to the benefit of the company.</p> <p>It is recommended that a deputy chairman is appointed, who should be able to perform the functions of the chairman in case of his/her absence and also be an efficient sounding board to the chairman.</p> <p><i>Comment:</i> The chairman of the board has a special responsibility for ensuring that the board of directors operates in a satisfactory manner and that the tasks of the board of directors are handled in the best possible way.</p> <p>This can be achieved by the chairman of the board aiming to have the negotiations of the board conducted and all important decisions taken when all members are present, and planning the frequency of meetings in such a way that the board of directors can act as an active sounding board to the management board at any time and react fast and efficiently.</p>	<p>Alm. Brand complies with this recommendation</p> <p>Alm. Brand complies with this recommendation</p> <p>The chairman conducts the meeting so as to allow each member of the board of directors to apply his/her competences.</p> <p>Alm. Brand complies with this recommendation</p> <p>The board of directors of Alm. Brand has appointed a deputy chairman..</p>	
3. Procedures		
<p>It is recommended that the rules of procedure always match the needs of the individual company and that the board of directors reviews the rules of procedure at least once a year for this purpose.</p> <p><i>Comment:</i> It is essential that the rules of procedure of the board of directors are an efficient and operational tool for performing the tasks of the board of directors.</p>	<p>Alm. Brand complies with this recommendation</p> <p>The rules of procedure of the board of directors of Alm. Brand are available and correspond to those of similar listed companies in terms of extent and structure. The rules of procedure are reviewed by the board of directors at least once a year after the holding of the AGM or as required by special circumstances.</p>	

<p>The Committee's Revised Corporate Governance Recommendations</p> <p>Autumn 2005</p>	<p>ALM. BRAND A/S's view</p> <p>Autumn 2006</p>
<p>4. Information from the management board to the board of directors</p>	
<p>It is recommended that the board of directors establishes procedures for the management board's reporting to the board of directors and for any other communications between the board of directors and the management board with a view to ensuring that the information about the company's business required by the board of directors is reported to it regularly.</p> <p><i>Comment:</i> In all circumstances, the management board must ensure that the board of directors is provided with all essential information, whether the board of directors has requested it or not.</p>	<p>Alm. Brand complies with this recommendation</p> <p>The board of directors is informed on a monthly basis via accounting and monthly reports. In addition, the management board informs the board of directors of other essential events at the monthly board meetings or as required in writing.</p> <p>The present level of information is assessed to be appropriate.</p>
<p>V. The composition of the board of directors</p>	
<p><i>It is essential that the board of directors is composed in such a way as to allow it to perform its managerial tasks, including the strategic tasks in the company in an efficient and forward-looking manner, and at the same time be a constructive and qualified sounding board to the management board. It is also essential that the members of the board of directors always act independently of special interests. The board of directors must regularly ensure that its composition and procedures reflect the requirements resulting from the company's current situation and circumstances.</i></p>	<p>Alm. Brand agrees</p>

The Committee's Revised Corporate Governance Recommendations Autumn 2005	ALM. BRAND A/S's view Autumn 2006
1. Recruitment and election of members to the board of directors	
<p>It is recommended that the board of directors ensures a formal, thorough and transparent process for selecting and nominating candidates with a view to ensuring a composition that provides the competences on the board which are required for the board of directors to perform its duties in the best possible way.</p> <p>To achieve this, It is recommended that</p> <ul style="list-style-type: none"> ● the board of directors includes a description of the candidates' background in the notice convening the general meeting, where election of board members are on the agenda and that the description includes information about the candidates' other managerial positions and directorships in Danish and non-Danish companies, as well as demanding organisational tasks; ● the recruitment criteria established by the board of directors are stated, including the requirements for professional qualifications, international experience, etc., which the board of directors believes are important with respect to the board of directors, and that the company's owners are given the possibility of discussing these recruitment criteria; ● every year, the board of directors publishes a profile of the board's composition and information about each board member's special competences important to the performance of his/her task. 	<p>Alm. Brand does not comply with this recommendation</p> <p>Five of the six Board members of Alm. Brand elected by the general meeting are nominated by the company's principal shareholder, Alm. Brand af 1792 fmba. Thus, it is the principal shareholder and not the board of directors that nominates candidates. The selection of the five board members is made from among the members of the Committee of Representatives of Alm. Brand af 1792 fmba according to an election procedure established in the Association's articles established for election of members to the Association's Supervisory Board (board of directors).</p> <p>The sixth member of the board of directors elected by the general meeting has no affiliation with Alm. Brand af 1792 fmba and is nominated entirely on the basis of qualifications.</p> <p>Alm. Brand does not comply with this recommendation</p> <p>For the above-mentioned reasons</p> <p>Alm. Brand does not comply with this recommendation</p> <p>For the above-mentioned reasons</p> <p>Alm. Brand does not comply with this recommendation</p> <p>For the above-mentioned reasons</p>

The Committee's Revised Corporate Governance Recommendations Autumn 2005	ALM. BRAND A/S's view Autumn 2006
<p><i>Comment:</i> The board of directors must ensure that the candidates nominated by the board of directors offer relevant and required knowledge and professional experience relative to the company's requirements, including the required international background and experience, if relevant.</p>	
2. Introduction and training of new board members	
<p>It is recommended that new members joining the board of directors are given an introduction to the company and that the chairman, in collaboration with each member of the board, decides whether relevant supplementary training is required.</p> <p>It is recommended that every year the board of directors assesses whether an update of members' competences and expertise is required.</p> <p><i>Comment:</i> Such training and updating of competences and expertise should be adjusted to the individual board member and should ensure that each member of the board is capable of:</p> <ul style="list-style-type: none"> • taking part in a qualified dialogue with the management board on the company's strategic development and future perspectives; • acquiring and maintaining an overview of the company's core areas, activities and conditions prevailing in the industry; • actively participating in the work of the board of directors. <p>Board members are responsible for actively obtaining knowledge on a current basis and being up-to-date about the conditions prevailing for the company and the industry.</p>	<p>Alm. Brand complies with this recommendation</p> <p>An introduction programme has been worked out for new members of the board of directors. This programme is adjusted to the individual board member.</p> <p>Alm. Brand complies with this recommendation</p> <p>Discussions about the training programme for the board of directors or individual members are conducted at the board's annual strategy seminar.</p>
3. The number of board members	

The Committee's Revised Corporate Governance Recommendations Autumn 2005	ALM. BRAND A/S's view Autumn 2006
<p>It is recommended that the board of directors has only the number of members to allow a constructive debate and efficient decision-making process, where all members can participate actively, and that the size of the board matches the members' competences and experience with the company's requirements.</p> <p>It is recommended that the board of directors considers at regular intervals whether the number of board members is appropriate, relative to the company's requirements.</p>	<p>Alm. Brand complies with this recommendation</p> <p>The board of directors of Alm. Brand A/S consists of 6 members elected by the general meeting and 3 employee-elected members.</p> <p>Alm. Brand complies with this recommendation</p>
<p>4. The independence of the board of directors</p>	
<p>In order for the members of the board of directors to act independently of special interests, it is recommended that at least half of the members elected by the general meeting are independent.</p> <p>In this context, an independent member of the board of directors elected by the general meeting may not:</p> <ul style="list-style-type: none"> • be an employee with the company or have been employed with the company for the past 5 years; • be or have been a member of the management board of the company; • be a professional consultant to the company or employed with or have a financial interest in a company that is a professional consultant to the company; • in any other way have a special strategic interest in the company other than as a shareholder. <p>In addition, the principal shareholder or persons closely related to the company's principal shareholder are not seen as independent.</p> <p>Family ties with persons not regarded as independent also imply a situation of non-independence.</p> <p>It is recommended that the board of directors at least once a</p>	<p>Alm. Brand does not comply with this recommendation</p> <p>Alm. Brand af 1792 fmba owns approximately 60% of the shares in Alm. Brand A/S. Therefore, Alm. Brand af 1792 fmba has a decisive influence on the composition of the company's board of directors, of which 5 members are also members of the Association's Supervisory Board, whereas the 6th has no affiliation with the principal shareholder.</p> <p>Alm. Brand complies with this recommendation</p>

The Committee's Revised Corporate Governance Recommendations Autumn 2005	ALM. BRAND A/S's view Autumn 2006
<p>year discloses and motivates which board members are not regarded as independent and whether new candidates to the board of directors are regarded as independent.</p> <p>It is recommended that members of a company's management board are not members of the company's board of directors.</p> <p>It is recommended that the annual report contains the following information about the members of the board of directors:</p> <ul style="list-style-type: none"> • the occupation of the individual board member • other managerial positions and directorships held in Danish and non-Danish companies, as well as demanding organisational duties • the number of shares, options and warrants in the company and group companies held by the member and the changes in the member's holding of these securities during the financial year. 	<p>This information is provided in the annual report.</p> <p>Alm. Brand complies with this recommendation</p> <p>Alm. Brand <u>partly</u> complies with this recommendation</p> <p>The following has been stated in the annual report:</p> <ul style="list-style-type: none"> • occupation • other managerial positions and directorships in Danish and non-Danish companies • other demanding tasks. <p>We will continue to state the total shareholdings of all members of the board of directors and the management board.</p>
<p>5. Board members elected by the employees</p>	
<p>It is recommended that the individual company considers the need for explaining the system of employee-elected members of the board of directors in the annual report or on the company's website.</p> <p><i>Comment:</i> Employee-elected board members are subject to the same rights, duties and responsibilities as the board members elected by the general meeting.</p>	<p>Alm. Brand complies with this recommendation</p> <p>Currently, we see no need to provide explanations in this respect.</p>

The Committee's Revised Corporate Governance Recommendations Autumn 2005	ALM. BRAND A/S's view Autumn 2006	
6. Meeting frequency		
<p>It is recommended that the board of directors meets at regular intervals according to a predefined meeting and work schedule and when meetings are deemed to be necessary or appropriate as required by the company and that the annual meeting frequency is published in the annual report.</p>	<p>Alm. Brand complies with this recommendation</p> <p>There are 11 ordinary board meetings in Alm. Brand per year.</p>	
7. Time allocated to the board of directors' work and the number of directorships		
<p>It is recommended that a member of the board of directors, who is also on the management board of an active company holds a maximum of three ordinary directorships or one chairmanship and one ordinary directorship in companies that are not part of the group, unless exceptional circumstances apply.</p> <p><i>Comment:</i> It is important for the individual member of the board of directors to understand in advance the demands related to working as a board member in terms of time and to allocate sufficient time for his/her tasks on the board.</p>	<p>Alm. Brand does not comply with this recommendation</p> <p>Alm. Brand believes that it is not the number of directorships but the related workload that is relevant.</p> <p>It is not the intention to cap the number of directorships but to ensure at all times that all members can find sufficient time for the tasks assigned to them. This will depend on an individual assessment.</p>	
8. Retirement age		
<p>It is recommended that the company fixes a retirement age for members of the board of directors and that the annual report discloses information about the age of the individual board members.</p>	<p>Alm. Brand complies with this recommendation</p> <p>The rules of procedure of the board of directors establishes a retirement age for the individual members of 70 years.</p>	
9. Election period		

The Committee's Revised Corporate Governance Recommendations Autumn 2005	ALM. BRAND A/S's view Autumn 2006
<p>It is recommended that members of the board of directors are up for election every year at the annual general meeting and that the board of directors in that connection makes an effort to ensure the balance between replacement and continuity, particularly as regards the chairmanship and deputy chairmanship.</p> <p>It is recommended that the annual report states the time when the member joined the board of directors, whether he/she has been re-elected, as well as the expiry of the new term of office.</p> <p><i>Comment:</i> A board member, whose conditions of employment change during a term of office, should inform the board of directors of this and be prepared to offer to resign at the next general meeting.</p>	<p>Alm. Brand complies with this recommendation</p> <p>The members of the board of directors are elected for terms of 1 year.</p> <p>Alm. Brand complies with this recommendation</p>
10. Use of board committees	
<p>It is recommended that the board of directors considers and decides whether it wants to set up committees, including nomination, remuneration and audit committees.</p> <p>If the board of directors appoints a committee, it is recommended that the appointment is made only in respect of specific issues for the purpose of preparing decisions that should be made by all members of the board of directors.</p> <p>If board committees are set up, it is recommended that the board of directors works out terms of reference for the individual committee, establishing the committee's responsibilities and competences.</p> <p>It is recommended that important items in the terms of reference of the individual board committees are stated in the company's annual report and that the names of the members of the individual board committees and the number of meetings held during the year are stated in the annual report.</p> <p><i>Comment:</i> The concrete circumstances in the individual</p>	<p>Alm. Brand complies with this recommendation</p> <p>There are no board committees in Alm. Brand A/S</p> <p>Alm. Brand complies with this recommendation</p> <p>Alm. Brand complies with this recommendation</p> <p>Alm. Brand complies with this recommendation</p>

The Committee's Revised Corporate Governance Recommendations Autumn 2005	ALM. BRAND A/S's view Autumn 2006
<p>companies, such as the size and modus operandi of the board of directors, as well as the company's size and complexity, determine whether board committees should be set up.</p> <p>It is important for the board of directors to ensure that the setting up of a board committee does not result in essential information that should be communicated to all board members being communicated only to the board committee.</p> <p>Appendix A contains some guidelines to be used in the event of the setting up of a board committee.</p> <p>See also VIII, 7 regarding audit committees.</p>	
11. Evaluation of the work of the board of directors and the management board	

The Committee's Revised Corporate Governance Recommendations Autumn 2005	ALM. BRAND A/S's view Autumn 2006
<p>It is recommended that the board of directors establishes an evaluation procedure to regularly and systematically evaluate the work, performance and composition of the board of directors and the individual members, including the chairman, for the purpose of improving the board work and that the criteria for this evaluation are clearly defined.</p> <p>It is recommended <i>that</i> the evaluation of the board of directors is made once a year, <i>that</i> the chairman of the board is in charge of this process, possibly with the use of external advice, <i>that</i> the outcome is discussed by all members of the board and <i>that</i> details of the procedure of this self-evaluation are disclosed in the annual report.</p> <p>It is recommended that the board of directors once a year evaluates the work and performance of the management board according to previously established explicit criteria.</p> <p>It is recommended that the management board and board of directors establish a procedure according to which the collaboration between the board of directors and the management board is evaluated once a year through a formalised dialogue between the chief executive officer and the chairman of the board of directors, and that the outcome of this evaluation is presented to all members of the board of directors.</p> <p>Comment: Evaluating the board of directors implies an assessment of the extent to which previously fixed strategic aims and plans have been implemented.</p>	<p>Alm. Brand complies with this recommendation</p> <p>To date, the board of directors has had a continuous dialogue about its performance implying frequent meetings and close collaboration. It has been decided to establish a formalised evaluation procedure.</p> <p>Alm. Brand complies with this recommendation</p> <p>Alm. Brand complies with this recommendation</p> <p>Alm. Brand complies with this recommendation</p>
<p>VI. Remuneration of the board of directors and the management board</p>	

The Committee's Revised Corporate Governance Recommendations Autumn 2005	ALM. BRAND A/S's view Autumn 2006
<p>It is recommended that as part of the adoption of the company's remuneration policy, the board of directors establishes principles and guidelines for the design of any incentive programmes for the company's management board and board of directors and that such principles and guidelines reflect company-specific circumstances and are fair, relative to the tasks and responsibility assigned.</p> <p>It is recommended that the remuneration of the board of directors does not consist of share option programmes, but e.g. bonus schemes and shares at market price and that resolutions about incentive schemes for the board of directors are passed by the general meeting.</p> <p>If the remuneration of the management board includes share options or warrants, it is recommended that the schemes are set up as roll-over schemes (i.e. that options are allocated and expire over a number of years) and that the redemption price is higher than the market price at the time of allocation.</p> <p>It is recommended that the schemes are designed to promote long-term behaviour, are transparent and easy to understand, also to outsiders, and that the valuation is made according to generally accepted methods.</p>	<p>Alm. Brand complies with this recommendation</p> <p>Alm. Brand complies with this recommendation</p> <p>The remuneration of the board of directors does not include incentive programmes.</p> <p>Alm. Brand complies with this recommendation</p> <p>A bonus scheme exists for the management board. The principles for calculating this scheme are described in the annual report.</p> <p>Alm. Brand complies with this recommendation</p> <p>The design of the bonus scheme provided to the management board promotes long-term behaviour and stable financial development.</p>
5. Information about the introduction of incentive schemes	

The Committee's Revised Corporate Governance Recommendations Autumn 2005	ALM. BRAND A/S's view Autumn 2006
<p>It is recommended that a notice convening a general meeting to consider warrants or other share-based incentive schemes includes an easy-to-understand statement to the shareholders explaining such decision and that the statement includes information about the most important terms and conditions for the scheme and lists the names of the members of the board of directors and management board participating in the scheme.</p> <p><i>Comment:</i> The statement could include:</p> <ul style="list-style-type: none"> ● details to show consistency with the overall remuneration policy for the board of directors and management board; ● information on how the company intends to provide the shares required for the company to meet its obligations in connection with the incentive scheme, including whether the company intends to acquire the required shares in the market, whether it has the shares in its portfolio or whether it intends to issue new shares; ● the total costs related to the scheme, including direct and indirect costs. 	<p>Alm. Brand complies with this recommendation</p> <p>As no warrants or other share-based incentive schemes are applied, the recommendation is irrelevant.</p>
6. Severance schemes	
<p>It is recommended that information about the key elements of severance schemes is disclosed in the company's annual report.</p>	<p>Alm. Brand complies with this recommendation</p>
VII Risk management	

The Committee's Revised Corporate Governance Recommendations Autumn 2005	ALM. BRAND A/S's view Autumn 2006
<p><i>Efficient risk management is a prerequisite for the board of directors to perform the tasks assigned to it in the best possible way. Therefore, it is essential that the board of directors arranges for appropriate risk management systems to be established and generally ensures that such systems meet the requirements of the company at any time.</i></p> <p><i>The purpose of risk management is to:</i></p> <ul style="list-style-type: none"> ● <i>develop and maintain an understanding in the organisation of the company's strategic and operational goals, including an identification of the critical success factors for achieving such goals;</i> ● <i>analyse the possibilities and challenges related to the achievement of such goals and the risk of these goals not being met;</i> ● <i>analyse the most important activities launched by the company to identify the related risks;</i> ● <i>determine the risk profile of the company.</i> 	<p>Alm. Brand agrees</p> <p>The board of directors addresses the general risks and the risk management measures every year.</p> <p>In addition, capital as well as market risks are addressed on a current basis, and as a financial group Alm. Brand is subject to detailed regulations, which are met.</p>
1. Identification of risks	
<p>It is recommended that the board of directors and management board at the preparation of the company's strategy and overall goals identify the most important business risks related to achieving these goals.</p>	<p>Alm. Brand complies with this recommendation</p>
2. Plan for risk management	

<p>The Committee's Revised Corporate Governance Recommendations</p> <p>Autumn 2005</p>	<p>ALM. BRAND A/S's view</p> <p>Autumn 2006</p>
<p>It is recommended that the management board on the basis of the risks identified works out a plan for the company's risk management and submits this plan to the board of directors for approval, and that the management board reports to the board of directors on a current basis to allow the latter to systematically follow the trends in significant risk areas.</p> <p><i>Comment:</i> Reporting to the board of directors could include procedures and action plans to eliminate, reduce, share or accept these risks.</p>	<p>Alm. Brand complies with this recommendation</p> <p>Systematic reporting of e.g. price and currency risks, disaster risks and other relevant risks takes place on a current basis. The company has drafted a risk management plan.</p>
<p>3. Openness about risk management</p>	
<p>It is recommended that the annual report contains information about the company's risk management activities.</p>	<p>Alm. Brand complies with this recommendation</p>
<p>VII Audit</p>	
<p><i>Ensuring competent and independent audit is an essential part of the work of the board of directors. It is recommended that the contractual basis and the framework for the auditor's work is agreed between the board of directors and the management board.</i></p>	<p>Alm. Brand agrees</p>
<p>1. Nomination by the board of directors of an auditor candidate</p>	
<p>It is recommended that the board of directors after consulting the management board makes a specific and critical assessment of the auditor's independence and competences, etc. to be used in connection with the nomination of an auditor at the general meeting.</p>	<p>Alm. Brand complies with this recommendation</p>
<p>2. Agreement with the auditor</p>	
<p>It is recommended that the audit agreement and the related auditor's fee are agreed between the company's board of directors and the auditor.</p>	<p>Alm. Brand complies with this recommendation</p>

<p>The Committee's Revised Corporate Governance Recommendations</p> <p>Autumn 2005</p>	<p>ALM. BRAND A/S's view</p> <p>Autumn 2006</p>
<p>3. Non-audit services</p>	
<p>It is recommended that the board of directors every year determines the overall, general scope of the auditor's provision of non-audit services with a view to ensuring the auditor's independence, etc.</p>	<p>Alm. Brand complies with this recommendation</p>
<p>4. Internal controls</p>	
<p>It is recommended that the board of directors at least once a year reviews and assesses the internal control systems of the company and the management's guidelines for and supervision of such systems and that the board of directors considers the extent to which an internal audit could assist the board of directors in this matter.</p>	<p>Alm. Brand complies with this recommendation</p>
<p>5. Accounting policies and accounting estimates</p>	
<p>When the board of directors reviews the annual report (or a draft of it) with the auditor, it is recommended in particular to discuss the accounting policies applied in the most important areas, as well as the most important accounting estimates, and to assess the expediency of the accounting policies applied.</p>	<p>Alm. Brand complies with this recommendation</p>
<p>6. Result of the audit</p>	
<p>It is recommended that the outcome of the audit is discussed at meetings with the board of directors for the purpose of reviewing the auditor's observations and conclusions, possibly on the basis of the long-form audit report.</p>	<p>Alm. Brand complies with this recommendation</p>
<p>7. Audit committee</p>	
<p>In companies with complex accounting and audit conditions, it is recommended that the board of directors considers whether to set up an audit committee to assist the board of directors in accounting and audit matters.</p>	<p>Alm. Brand complies with this recommendation</p>

The Committee's Revised Corporate Governance Recommendations Autumn 2005	ALM. BRAND A/S's view Autumn 2006
<i>Comment:</i> For information on the application of board committees in general, see V, 10.	