

New recommendations on Corporate Governance in Denmark effective

On 2 December 2020, the Committee on Corporate Governance in Denmark sent out the final new recommendations for good Corporate Governance

The purpose of the changes is to ensure that the recommendations are principle-based, simple, up-to-date and in line with international trends.

In the new recommendations, special emphasis has been placed on the importance of long-term value creation, increased dialogue with a broad group of stakeholders, the companies' sustainability, considerations and transparency in relation to executive remuneration and the stance on the companies' overall purpose.

The new recommendations replaces the Committee's Recommendations for Corporate Governance of 23 November 2017 and are applicable for financial years beginning on 1 January 2021 or later, i.e. for the 2021 annual reports for calendar year reporters.

Changes to the previous recommendations

New general principles to be considered when complying with the new recommendations

A new introduction is added with general principles to each of the five sections with recommendations. The principles describe the basic ideas that the companies can consider when deciding to comply with the individual recommendation.

The previous remuneration recommendations are replaced

The previous recommendations on remuneration policy and remuneration report are replaced by the legal requirements following the implementation of the Shareholder Rights Directive (SRD II) into the Danish Companies Act, already effective for 2020.

Emphasised focus on board evaluations

The importance of the current recommendation on board and executive management evaluations has been emphasised.

New recommendations compared to the draft

The Committee now also recommends that the Board of Directors:

- ensures that the extended CSR policy is complied with; and
- ensures and promotes a good culture and good values in the Company
- assesses the time needed for the board work to avoid overboarding as part of the annual board evaluation.

Selected new elements include a focus on sustainability, diversity and tax policies



Extended policy relating to corporate social responsibility (CSR), including sustainability and social responsibility, which should be disclosed in the management review of the annual report and/or on the Company's website. The committee also recommends that the Board of Directors ensures that the policy is complied with.



New recommendation that the Board of Directors approves a tax policy and makes it available on the Company's website.



New recommendation that the Board of Directors considers the Company's purpose, ensures and promotes a good culture and good values in the Company, which should be disclosed in the management review of the annual report and/or on the Company's website.



Policy on diversity in the Company to be disclosed in the management review of the annual report and/or on the Company's website..



Extended focus on importance of evaluation of the Board of Directors (including assessment of the time needed for the board work) and the Executive Management, and the value of involvement of external support.