


Meeting Date:	Thu, 19 Mar 2015 14:00pm	Type:	AGM	Issue date:	Mon, 09 Mar 2015
Meeting Location:	Bella Center, entrance West, Center Boulevard 5, 2300 Copenhagen S, Denmark				
Current Indices:	FTSE EuroFirst				
Sector:	Pharmaceuticals				

	PROPOSALS	ADVICE
1	The Board of Directors' oral report on the Company's activities in the past financial year. Non-voting agenda item.	Non-Voting
2	Receive the Annual Report Disclosure is acceptable and the report was made available sufficiently before the meeting. The financial statements have been audited and certified. The auditors have not qualified their opinion. No serious governance concerns have been identified.	For
3.1	Approval of actual remuneration for the Board for 2014 Proposal to approve the actual remuneration for the Board for the year under review. The proposed amount (DKK 9 million) corresponds to the amount approved at the previous AGM. Acceptable proposal.	For
3.2	Approval of remuneration level for 2015. The Board is seeking approval for Board and committee membership fees for non-executive directors. The actual remuneration will be approved at the next year's AGM. An increase of 20% has been proposed. However, Board's fees have not increased for four years; the proposed increase corresponds to a 5% increase on average on an annual basis. In addition, the Company will set up a Remuneration Committee, a positive governance factor, which will require further committee fees. Acceptable proposal.	For
4	Approve the distribution of profit The Board proposes a dividend of DKK 5 per share. The dividend is covered by earnings. Acceptable proposal.	For
5.1	Election of Ando Goran as Chairman. Non-Executive Chairman. Not considered to be independent as he is a member of the board of directors of Novo A/S which holds 26.37% of the Company's issued share capital and 74% of the Company's voting rights. In addition he has served on the board for more than nine years. There is sufficient independent representation on the Board. However, there are concerns over his aggregate time commitments.	Abstain
5.2	Election of of Jeppe Christiansen as Vice Chairman. Non-Executive Vice Chairman. Not considered to be independent as he is a member of the board of directors of Novo A/S which holds 26.37% of the Company's issued share capital and 74% of the Company's voting rights. There is sufficient independent representation on the Board. However, there are concerns over his aggregate time commitments.	Abstain
5.3 a)	Re-elect Bruno Angelici Independent Non-Executive Director.	For
5.3 b)	Elect Sylvie Gregoire Independent Non-Executive Director candidate.	For
5.3 c)	Re-elect Liz Hewitt Independent Non-Executive Director.	For
5.3 d)	Re-elect Thomas Paul Koestler Independent Non-Executive Director. There are concerns over his potential aggregate time commitments.	Abstain

5.3 e)	Elect Eivind Kolding Non-Executive Director candidate. Not considered to be independent as he is the CEO of Novo A/S, the Company's main shareholder. There is sufficient independent representation on the Board.	For
5.3 f)	Elect Mary Szela Independent Non-Executive Director candidate. There are concerns over her aggregate time commitments.	Abstain
6	Appoint the auditors PricewaterhouseCoopers proposed. Non-audit fees were approximately 79.17% of audit fees during the year under review. Non-audit fees over a three year basis were approximately 72.6% of audit fees. There are concerns that this level of non-audit fees creates a potential for conflict of interest on the part of the independent auditor. In addition, the tenure of the auditor is more than 10 years (since 1982), which is considered excessive. Triodos opposes this resolution.	Oppose
7.1*	Reduce Share Capital It is proposed to reduce the share capital by DKK 10 million from DKK 422,512,800 to DKK 412,512,800, which corresponds to 2.3% of the share capital. The Bylaws will be amended accordingly. Acceptable proposal.	For
7.2	Authorise Share Repurchase Authority to allow the Board to repurchase shares within legal boundaries. The repurchase is limited to 10% of share capital and will be in force until the next AGM. Acceptable proposal.	For
7.3*	Amend Articles: distribution of extraordinary dividends. It is proposed to insert a new Article 18.3 in the Bylaws. The proposed new Article will authorize the Board to distribute extraordinary dividends. Shareholders will maintain the faculty to approve annual allocation of income, which is welcomed. Acceptable proposal.	For
7.4	Adoption of revised Remuneration Principles It is proposed to approve the revised remuneration principles, which include remuneration for Chairman and Member of the new Remuneration Committee. While there are no serious concerns with respect such changes, this proposal will also be the occasion to analyze the Company's remuneration structure as a whole. There is lack of disclosure with respect of targets and measurable criteria for variable remuneration, which prevents shareholders from making an informed assessment. Variable remuneration is capped at 200% of the fixed salary. However, 25%-30% of an executive's annual remuneration consists of pension contributions. Pensions of this weight function as an important remuneration component that is however not related to performance. Severance payments are capped at 24 months of salary and pension. There is a malus policy in place: long term incentives may be mitigated if targets are not achieved. Based on the lack of disclosure and excessive pension contributions and severance, Triodos opposes this resolution.	Oppose

* = **Special resolution**

Supporting Information for Resolutions

Proposal 3.2 - The proposed Board fees are as follows: base fee of DKK 600,000 (2014: DKK 500,000), the Chairman receives three times the base fee and the vice chairman receives two times the base fee. The Audit Committee chairman receives one base fee in addition to the base fee and committee members receive 0.50 times the base fee in addition to the base fee. These values are halved for Chairman and Members of the Nomination Committee and will be further halved for Chairman and Members of the Remuneration Committee. An additional fee will be based for non-residents in Denmark for attendance at board meetings: EUR 3,000 per meeting for European-based Directors and EUR 6,000 per meeting for non-European based Directors.

Proposal 6 -

The New EU audit regulatory framework

Starting 1 January 2015, audit within the EU is regulated by Directive 2014/56/EU (which amends Directive 2006/43/EC) and Regulation (EU) n. 537/2014. These provide for significant harmonization of the issue within the EU and for

substantial changes in auditor's term and rotation, non-audit fees and conflict of interest. EU Member States have two years to implement the provisions contained in the Directive.

Major changes in EU audit framework

Auditors' term and rotation

Auditors must undertake obligatory rotation at least every 10 years, however Member states can provide for shorter term. The term can be renewed once but the company must either call a public tendering or appoint another audit firm for joint auditing.

Prohibited non-audit services

The Directive 2014/56/EU provides a series of prohibited non-audit services, such as provision of tax advice and services linked to the client's financial and investment strategy, including tax compliance, tax advice, corporate finance and valuation services. Member States also have the option to allow certain tax and valuation services on condition that they do not have a direct effect on the financial statements or, if they do, that the effect is immaterial.

Non-audit fees

Non-audit fees are capped at 70% of audit fees in the Directive, at the level of both the company and the group. Member States can adopt a lower threshold at level of their national legislation. This provision applies only if the audit firm in question has audited a company for at least three consecutive financial years. That is, after the third year, non-audit fees should be capped at 70% of the average of the non-audit fees paid in the last three consecutive financial years. Excessive non-audit fees and potentially creating conflict of interest and by that hindering an objective audit of the Company. Excessive non-audit fees may not be supported during the year under review or the three previous years. In addition, appointments of those auditors who did not disclose in detail the nature of their non-audit services may not be supported.

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