SHAREHOLDER RIGHTS
DIRECTIVE II IMPLEMENTED IN
DENMARK

4.12.2019

The Shareholder Rights Directive II ("SRD II"), which imposes new
requirements on listed companies, intermediaries (depository banks,
central securities depositories, etc.), asset managers and institutional
investors, has been implemented in Denmark.

Background

(SRD II), amending Directive 2007/36 ("SRD I"). The overall purpose of SRD II is (i)
to make share trading more transparent and (ii) to give shareholders greater
opportunity of exercising their powers in listed companies through shareholder
engagement.

On 6 February 2019, the Minister for Industry, Business and Financial Affairs
introduced the bill implementing SRD II into Danish law, and the bill was passed on 4
April 2019.

Changes resulting from SRD II

The objectives of SRD II are reflected in specific requirements within the following
categories:

1. Remuneration policy and report
   SRD II requires listed companies to draw up a remuneration policy and a
   remuneration report for the remuneration of the board of directors and the
   executive board. The new requirements change fundamentally in several areas the
   way in which listed companies will have to handle management remuneration in
   the future, not least how they report on remuneration.

2. Identification and involvement of shareholders
   SRD II provides listed companies with a right to request certain information from
   intermediaries (depository banks, central securities depositories, etc.) about their
   shareholders for the purpose of enabling shareholders to exercise shareholder
   engagement.

   At the same time, SRD II imposes an obligation on intermediaries to disclose
   information to their shareholders and to facilitate the exercise of shareholder
   rights in general.

3. Increased transparency of institutional investors and asset
   managers
   Asset managers and institutional investors are required to draw up and publicly
disclose an engagement policy or, alternatively, explain why such policy has not
been drawn up. In addition, asset managers and institutional investors must
publicly disclose how they have implemented the engagement policy, including – to a certain extent – a description of voting behaviour.

4. Material related party transactions

SRD II stipulates that certain material transactions with the listed company’s related parties must be approved by the company’s board of directors and be announced to the public.

Some of the requirements in SRD II are already laid down in the Recommendations on Corporate Governance and Recommendations on Shareholder Engagement issued by the Committee on Corporate Governance and in Nasdaq Copenhagen A/S’ rules for issuers of shares. With the implementation of SRD II, the requirements become statutory, and will in some areas make the requirements already laid down in the recommendations and rules for issuers more demanding.

When will the new rules enter into force?

The new rules take effect on 10 June 2019. However, the requirements for a remuneration policy and remuneration report will apply to annual general meetings that are convened in the financial year starting on 10 June 2019 or later. Hence, for listed companies whose financial year is the calendar year, the shareholders will have to vote on the new remuneration policy at the annual general meeting in 2020, and the remuneration report will have to be submitted to the next annual general meeting in 2021.