

Update to the Declaration of Compliance from 21 December 2011

On 21 December 2011, the Executive Board and Supervisory Board of H&R Aktiengesellschaft issued the following declaration regarding the recommendations made by the Government Commission of the German Corporate Governance Code:

Declaration of Compliance pursuant to Article 161 of the German Companies Act (AktG)

The Executive Board and the Supervisory Board of H&R AG, Salzbergen, declare that the company has followed and continues to follow the recommendations made by the Government Commission of the German Corporate Governance Code as amended on 26 May 2010 and published by the German Federal Ministry of Justice in the official part of the electronic Federal Gazette, with the following exceptions:

- Item 4.2.3 Paragraphs 2 and 4 of the Code: The monetary remuneration paid to the Executive Board member Niels H. Hansen does not comprise any variable components because Mr Hansen has opted out of receiving variable remuneration components due to his position in the Hansen & Rosenthal network. The executive employment contract held by the Executive Board member Niels H. Hansen does not stipulate a cap on compensation corresponding to a maximum of two annual salaries should his executive role be terminated prematurely without good cause. In the company's view, any such cap on compensation would not be legally binding. Should the conditions not be met for good cause as defined in Art. 84 para. 3 sentence 1 AktG and Art. 626 of the German Civil Code (BGB), the service contract with the Executive Board member can only be terminated by mutual consent. In this case, the relevant Executive Board member is not obliged to accept a cap on their compensation as defined in the Code's recommendation.

The company has taken into account the regulations on executive remuneration amended by the German Act on the Appropriate Remuneration of Executives (VorstAG) along with the applicable recommendations of the Corporate Governance Code in the appointment of new executives and in the alteration or extension of existing executive contracts.

- Item 5.4.5 Sentence 2 of the Code: The Chairman of the Supervisory Board at H&R AG is an executive at a publicly listed company. In total, he holds more than three Supervisory Board mandates at listed companies outside the Group. In this particular case the Supervisory Board considers it unnecessary to limit the number of mandates, as the Chairman of the Supervisory Board has sufficient time to fulfil his mandates.

Executive Board and Supervisory Board of H&R AG

Salzbergen, Germany, 21 December 2011

The above declaration from 21 December 2011 was updated as follows by the resolutions passed on 5 April 2012 by the Executive Board and the Supervisory Board concerning Item 4.2.3 Paragraph 2 of the Code:

The Executive Board and the Supervisory Board of H&R AG, Salzbergen, declare that the company has followed and continues to follow the recommendations made by the Government Commission of the German Corporate Governance Code as amended on 26 May 2010 and published by the German Federal Ministry of Justice in the official part of the electronic Federal Gazette, with the following exceptions:

- Item 4.2.3 Paragraph 2 of the Code:
The company has taken into account the regulations on executive remuneration amended by the German Act on the Appropriate Remuneration of Executives (VorstAG) along with the applicable recommendations of the Corporate Governance Code in the appointment of new executives and in the alteration or extension of existing executive contracts, with the exception of the contract held by Detlev Wösten, deputy member of the Executive Board. Since April 2012, the executive employment contract held by Mr Niels H. Hansen has also included variable components which act as a long-term incentive. In the case of Detlev Wösten, deputy member of the Executive Board, it was decided not to include a long-term incentive component when determining his variable remuneration as his appointment initially expires at the end of 2013. The variable remuneration paid to Mr Wösten is made up equally of a component based on the annual consolidated operating result (EBITDA), adjusted for any extraordinary result as defined in Art. 275 para. 2 no. 16 of the German Commercial Code (HGB), and a second so-called earnings component dependent on personal targets.
- Item 5.1.2 of the Code: With the exception of the executive employment contract held by Mr Luis Rauch, neither the executive employment contracts nor the rules of procedure for the Executive Board stipulate a general age limit for members of the Executive Board at H&R AG. Given the age structure of the company's current Executive Board, the Executive and Supervisory Boards see no need for a rule of this kind. Furthermore, imposing a formal age limit would needlessly make it more difficult to find suitable Executive Board members. When searching for suitable candidates, the focus should be on individuals' qualifications, not their age.
- Item 5.4.5 Sentence 2 of the Code: The Chairman of the Supervisory Board at H&R AG is an executive at a publicly listed company. In total, he holds more than three Supervisory Board mandates at listed companies outside the Group. In this particular case the Supervisory Board considers it unnecessary to limit the number of mandates, as the Chairman of the Supervisory Board has sufficient time to fulfil his mandates.

Salzbergen, Germany, 5 April 2012

Niels H. Hansen
- Chief Executive
Officer -

Luis Rauch
- Member of the
Executive Board -

Detlev Wösten
- Deputy member of
the Executive Board -

Bernd Günther
- Chairman of the
Supervisory Board -