

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 Group. 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