

Updated Statement of Compliance 2015

The Executive Board and Supervisory Board issued the last Statement of Compliance pursuant to Article 161 of the German Stock Corporation Act (AktG) on 27 November 2014.

The following updated statement refers to the recommendations of the Code as updated on 24 June 2014, which was published in the electronic version of the Federal Gazette (Bundesanzeiger) on 30 September 2014.

The Executive Board and Supervisory Board of H&R AG hereby declare that the recommendations of the Government Commission on the German Corporate Governance Code have been and are being complied with, with the following exceptions:

- Section 4.2.3, paragraph 2 of the Code:

The variable remuneration components paid to Detlev Wösten, member of the Executive Board, are made up equally of the annual consolidated operating result (EBITDA), adjusted for any extraordinary result within the meaning of Article 275, paragraph 2, no. 16 of the German Commercial Code (HGB), and personal targets (so called earnings component). Beginning with the company's 2013 financial year, this is capped at 100% of the fixed annual remuneration. When this form of variable remuneration was selected, Detlev Wösten's position on the Executive Board was initially scheduled to terminate at the end of 2013. In November 2014, this contract was renewed until the end of 2016 without any adjustments to the remuneration arrangement. Although a long-term basis theoretically exists for calculating the amount of variable remuneration over several years, it is not used to measure variable remuneration for two additional years; nor are possible negative developments taken into account. The Executive Board and the Supervisory Board are nonetheless certain that this form of variable remuneration sets no incentive that would be contrary to the company's sustainable development, since the variable remuneration components will be capped at 100% of the fixed annual remuneration from financial year 2013. If Mr Detlev Wösten's Executive Board appointment is renewed again after 2016, the Supervisory Board will once again review whether the variable remuneration should be adjusted to the Code recommendations in effect at that time.

- Section 5.1.2, paragraph 2 of the Code:

Currently, only the executive employment contract with Mr Detlev Wösten stipulates a general age limit of 65. Neither the remaining executive employment contracts currently in force nor the rules of procedure for the Executive Board stipulate a general age limit for members of H&R AG's Executive Board. In view of the current age structure of the company's Executive Board, the Executive and Supervisory Boards to date have seen no reason for such a provision, because a formal age limit would unnecessarily complicate the search for suitable Executive Board members. However, the Supervisory Board intends to set a general age limit of 65 when concluding new executive employment contracts and in the event of any amendments to existing executive employment contracts.

- Section 5.4.6, paragraph 2 of the Code:

The variable annual remuneration for Supervisory Board members according to Article 15, paragraph 1 of the Articles of Association is linked to the return on capital employed (ROCE), which is calculated on the basis of the audited and approved consolidated financial statements by dividing earnings before interest and taxes (EBIT) by the interest-bearing capital (capital employed, i. e. the sum of net financial debt, equity and pension provisions). This variable remuneration for the financial year is not geared to sustainable business performance over a period spanning several years, as Article 87, paragraph 1, sentences 2 and 3 of the German Stock Corporation Act (AktG) stipulate for Executive Board remuneration. The Executive Board and the Supervisory Board are currently deciding whether to propose to the Annual Shareholders' Meeting an adjustment to the Supervisory Board's variable remuneration in light of the new Code recommendations.

Salzbergen, 20 February 2015

Niels H. Hansen
-Chairman of
the Executive Board-

Detlev Wösten
-Member of
the Executive Board-

Dr Joachim Girg
-Chairman of
the Supervisory Board-