

Statutory corporate governance statement for the financial year 2010, cf. section 107b of the Danish Financial Statements Act

(The statement is part of the management's review in H+H International A/S's annual report for the accounting period 1 January – 31 December 2010)

The two sections below, 'The composition and function of the management entities' and 'Internal control and risk management systems for the financial reporting process', is covered by the auditors' report in H+H International A/S's annual report for 2010. Whereas the other information in this 'Statutory corporate governance statement for the financial year 2010, cf. section 107b of the Danish Financial Statements Act' is not covered by the auditors' report in H+H International A/S's annual report for 2010.

THE COMPOSITION AND FUNCTION OF THE MANAGEMENT ENTITIES

H+H International A/S has a two-stringed management structure consisting of the Board of Directors and the Executive Board, and with the Executive Board being subordinated the guidelines and decisions laid out by the Board of Directors. There is no identity between the members of the Board of Directors and of the members of the Executive Board. The Board of Directors lays down the overall and strategic management, while the Executive Board is responsible for the daily management by reference to the Board of Directors. The tasks of the Board of Directors and the Executive Board, respectively, are further described in the Board of Directors' rules of procedure as well as in instruction. The tasks described include the issues stipulated in the Danish Companies Act, section 115 (tasks of the Board of Directors) and 117 (tasks of the Executive Board).

In 2010, the Board of Directors consisted of six members, who all were elected by the general meeting. The Board of Directors has established three board committees: An audit committee, a remuneration committee and a nomination committee, each consisting of three board members. The Board's Chairman is a member of all three board committees, the Deputy Chairman is a member of two board committees and the remaining board members are each member of one board committee. The audit committee assists the Board of Directors in the supervision of issues concerning accounting, auditing and internal controlling. The remuneration committee oversees on a continuous basis e.g. the development in salary and bonus systems, including that the incentive programmes promote a continuous and long-term value creation to the shareholders. Similarly, the remuneration committee develops proposals to the Board of Directors on remuneration policy and overall guidelines for incentive pay to management. The nomination committee assists e.g. the Board of Director's Chairman in developing the Board's self-evaluation as well as in identifying and recommending to the Board, the board nominees that the Board should propose to the general meeting based upon the Board's competency profile as well as the conclusions from the Board's self-evaluation process. The specific mandate for each board committee can be seen on the company's website, www.HplusH.com.

The Executive Board consisted solely of the CEO up until 26 November 2010, from which date the Executive Board was expanded by one member, i.e. the company's CFO.



INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS FOR THE FINANCIAL REPORTING PROCESS

H+H International A/S's Board of Directors and Executive Board are ultimately responsible for the Group's risk management and internal control environment in relation to financial reporting, including compliance with relevant legislation and other regulations in relation to the financial statements.

The Board of Directors considers that tone at the top in each H+H subsidiary is essential for good risk management and internal controls in relation to the financial reporting process. The Board of Directors' and Executive Board's attitude to good risk management and internal controls in relation to financial reporting is therefore constantly stressed internally.

H+H's risk management, including internal controls in relation to the financial reporting process, is designed to effectively minimise the risk of errors and omissions. The Board of Directors and Executive Board regularly assess material risks and internal controls in relation to the Group's activities and their potential impact on financial reporting. H+H's risk management and internal control environment are developed and improved on an ongoing basis so that they always match the requirements made of a large international group.

Control environment and monitoring

The Board of Directors assesses H+H's organisational structure and staffing in key areas at least once a year. The Board of Directors and Executive Board define and approve overall policies, procedures and controls in key areas in relation to financial reporting. The aim is a well-defined organisational structure, unambiguous reporting lines, delegated authorities and documentation, and appropriate segregation of duties.

The Executive Board monitors compliance with relevant legislation and other rules and regulations in relation to financial reporting. Regular reports are made to the Board of Directors.

In August 2010, the Board of Directors decided to set up an audit committee with three members. The committee held four meetings in 2010.

Monitoring takes the form of continuous and periodic assessments and controls at all levels of H+H. The scope and frequency of periodic assessments depend primarily on the risk assessment and the efficacy of the continuous controls.

Given H+H's limited size, and given that existing control procedures and the regular reporting on control activities to the audit committee are deemed satisfactory, neither the audit committee nor the Board of Directors currently see any need to set up an internal audit function at H+H International A/S.

Financial risks

Group Finance reviews and analyses the subsidiaries' financial reporting on a monthly basis. This financial reporting is supplemented by quarterly management reviews and representation letters from the individual subsidiaries.



The key risks related to financial reporting are assessed on an ongoing basis, along with measures aimed at managing risks by mitigating or eliminating them. Group Finance works proactively on anchoring risk management throughout the organisation, including ensuring that all relevant risks are identified and managed systematically.

As part of their risk assessment, the Board of Directors and Executive Board continuously consider the risk of fraud and the measures that need to be taken with a view to mitigating or eliminating such risks, including the possibility of operational management overriding controls and manipulating financial reporting.

Control activities

Group Finance ensures that H+H's financial processes are implemented and monitored. This ensures a uniform make-up and structure of the Group's internal controls. The aim of H+H's control activities is to ensure that the policies, manuals and other procedures defined by the Executive Board are adhered to. These activities also ensure that any errors, deviations and omissions are prevented, detected and corrected.

H+H's regularly implements financial processes and controls that are intended to assist in further mitigating the risk of misstatement. In 2010, there was, among other things, further work on the implementation of a common ERP platform that ensures harmonisation and standardisation of the financial data process. 2011 will see work on further integration of data processes.

PRINCIPLES FOR GOOD CORPORATE GOVERNANCE

As a listed company, H+H International A/S is not only subject to the requirements set by the Danish Financial Statements Act, but also the "Rules for issuers of shares" as determined by NASDAQ OMX Copenhagen A/S. According to the Rules, H+H International A/S shall report whether the company does comply or does not comply with the "Recommendations for corporate governance" implemented by the Committee on Corporate Governance, and in the instance of non-compliance with a recommendation, the reasoning for the non-compliance shall be provided. The reporting shall take place annually in line with the financial year of H+H International A/S, i.e. the calendar year, and the reporting shall be final and published in concurrence with the annual report for the finance year in question.

The 'Recommendations for corporate governance' can be seen on www.corporategovernance.dk as well as in the reporting schedule below.

CORPORATE GORVENANCE REPORT FOR 2010

- Non-compliance with the recommendation
- Partial compliance with the recommendation
- Compliance with the recommendation




Recommendation	Does comply / Does not comply	H+H's reasoning for non-compliance
1. The role of the shareholders and their interaction with the management of the company		
<i>1.1. Dialogue between the company and its shareholders</i>		
1.1.1. The Committee recommends that the central governing body, for example through investor relations activities, ensure an ongoing dialogue between the company and its shareholders in order that the central governing body knows the shareholders' attitude, interests and views in relation to the company and that investor relations material be made available to all investors on the company's website	●	
<i>1.2. Capital and share structure</i>		
1.2.1. The Committee recommends that the central governing body every year evaluate whether the company's capital and share structures continue to be in the interests of the shareholders and the company and account for this evaluation in the management commentary in the annual report and/or on the company's website.	●	
<i>1.3. General Meeting</i>		




Recommendation	Does comply / Does not comply	H+H's reasoning for non-compliance
1.3.1. The Committee recommends that the supreme governing body and the executive board promote active ownership, including shareholders' attendance at general meetings.	●	
1.3.2. The Committee recommends that the central governing body resolve or submit to the general meeting the question whether the general meeting shall be conducted by physical attendance or as a partly or entirely electronic general meeting.	●	
1.3.3 The Committee recommends that proxies given to the supreme governing body allow shareholders to consider each individual item on the agenda.	●	
1.3.4 The Committee recommends that all members of the supreme governing body and the executive board be present at the general meeting.	●	
<i>1.4. Takeover bids</i>		
1.4.1 The Committee recommends that the central governing body, from the moment it obtains knowledge that a takeover bid will be submitted, do not, without the acceptance of the general meeting, attempt to counter the takeover bid by making decisions which in reality prevent the shareholders from deciding on the takeover bid.	●	
1.4.2. The Committee recommends that the central governing body give the shareholders the opportunity to decide whether or not they wish to dispose of their shares in the company under the terms offered.	●	

Recommendation	Does comply / Does not comply	H+H's reasoning for non-compliance
2. The role of stakeholders and their importance to the company and the company's corporate social responsibility		
<i>2.1. The company's policy in relation to its stakeholders</i>		
2.1.1. The Committee recommends that the central governing body identify the company's key stakeholders and their main interests in relation to the company.		
2.1.2. The Committee recommends that the central governing body adopt a policy on the company's relationship with its stakeholders, including the investors, and ensure that the interests of the stakeholders are respected in accordance with the company's policy on such issues.		
<i>2.2. Corporate social responsibility</i>		
2.2.1. The Committee recommends that the central governing body adopt a policy on corporate social responsibility.		<p>H+H has a long tradition of sound ethical conduct and ensuring good health and safety and sustainability in its operations. As such, H+H has worked on CR for many years in practice, despite not having formal, consistent CR policies across the Group's companies. Action has been taken individually in the various countries on the basis of local legislation, trends and, to some extent, traditions.</p> <p>In 2011, H+H expects to prepare and implement general Group-wide CR policies in order to contribute positively to the Group's development and take account of H+H's external stakeholder groups and the environment.</p>
3. Openness and transparency		
<i>3.1. Disclosure of information to the market</i>		

Recommendation	Does comply / Does not comply	H+H's reasoning for non-compliance
3.1.1. The Committee recommends that the central governing body adopt a communication strategy.	●	
3.1.2. The Committee recommends that information from the company to the market be published in both Danish and English.	●	
3.1.3. The Committee recommends that the company publish quarterly reports.	●	
4. The tasks and responsibilities of the supreme and the central governing bodies		
<i>4.1. Overall tasks and responsibilities</i>		
4.1.1. The Committee recommends that the central governing body determine the company's overall strategy at least once every year with a view to sustaining value creation in the company.	●	
4.1.2. The Committee recommends that the supreme governing body at least once every year discuss and ensure that the necessary qualifications and financial resources are in place in order for the company to achieve its strategic goals.	●	
4.1.3. The Committee recommends that the supreme governing body at least once every year define its most important tasks related to the financial and managerial control of the company, including how to supervise the work of the executive board.	●	




Recommendation	Does comply / Does not comply	H+H's reasoning for non-compliance
<i>4.2. Procedures</i>		
4.2.1. The Committee recommends that the supreme governing body review its rules of procedure annually to ensure that they are adequate and always match the activities and needs of the company.	●	
4.2.2. The Committee recommends that the supreme governing body annually review and approve procedures for the executive board, including establish requirements for the executive board's timely, accurate and adequate reporting to the supreme governing body and for any other communication between the two governing bodies.	●	
<i>4.3. The chairman and deputy chairman of the supreme governing body</i>		
4.3.1. The Committee recommends that a deputy chairman of the supreme governing body be appointed, who must be able to act in the chairman's absence and also act as an effective sounding board for the chairman.	●	
4.3.2. The Committee recommends the preparation of a scope of work and task list specifying the tasks, duties and responsibilities of the chairman and deputy chairman.	●	
4.3.3. The Committee recommends that the chairman of the supreme governing body organise, convene and chair meetings to ensure efficiency in the body's work and to create the best possible working conditions for the members, individually and collectively.	●	

Recommendation	Does comply / Does not comply	H+H's reasoning for non-compliance
<p>4.3.4. The Committee recommends that, if the board of directors in exceptional cases asks its chairman to perform special tasks for the company, including briefly participate in the day-to-day management, a board resolution to that effect should be passed and precautions taken to ensure that the board of directors will maintain responsibility for the overall management and control function. A reasonable distribution of duties must be ensured between the chairman, the deputy chairman, the other members of the board of directors and the executive board. Information about agreements on the chairman's participation in the day-to-day management and the expected duration hereof must be disclosed in a company announcement.</p>		
<p>5. Composition and organisation of the supreme governing body</p>		
<p><i>5.1. Composition</i></p>		
<p>5.1.1. The Committee recommends that the supreme governing body annually specify the skills it must have to best perform its tasks and that the specification be posted on the website. Proposals for the nomination/replacement of members of the supreme governing body to be submitted to the general meeting should be prepared in the light hereof.</p>		
<p>5.1.2. The Committee recommends that the supreme governing body ensure a formal, thorough and transparent process for selection and nomination of candidates to the supreme governing</p>		<p>The Board of Directors has established a nomination committee that together with the Board's Chairman - on the basis of the board competency profile compared with the conclusions of the Board's annual self-evaluation – shall present the Board with a recommendation on the board members to be nominated at the general meeting</p>

Recommendation	Does comply / Does not comply	H+H's reasoning for non-compliance
<p>body. When assessing its composition and nominating new candidates, the supreme governing body must take into consideration the need for integration of new talent and the need for diversity in relation to international experience, gender and age, etc.</p>		<p>for re-election as well as the candidates to be nominated as new board members, if any.</p> <p>The composition of the Board of Directors reflects consideration to competencies, but also the need for new talent as well as diversity. During the recruitment of the present Board of Directors competent women candidates were identified, however, there were not any women included in the final selection of the candidates since also other considerations than the sex, such as international experience and the interplay between the candidates' competencies, were weighed in.</p>
<p>5.1.3. The Committee recommends that a description of the nominated candidates' qualifications, including information about other executive functions, e.g. memberships of executive boards, boards of directors and supervisory boards, including board committees, held by the candidates in both Danish and foreign companies as well as information on demanding organisational tasks should accompany the notice convening the general meeting when election of members to the supreme governing body is on the agenda.</p>		
<p>5.1.4. The Committee recommends that every year, the annual report contain an account of the composition of the supreme governing body, including its diversity, and of any special skills possessed by the individual members.</p>		<p>The annual report for 2009 did not contain information on the board's diversity or the board members' special skills. This information was, however, provided in the notice of annual general meeting in 2010 concerning the present board members, and the information will also be provided in the management's review in the annual report for 2010.</p>
<p><i>5.2. Training of members of the supreme governing body</i></p>		
<p>5.2.1. The Committee recommends that new members joining the supreme governing body be given an introduction to the company.</p>		

Recommendation	Does comply / Does not comply	H+H's reasoning for non-compliance
5.2.2. The Committee recommends that the supreme governing body annually assess whether the skills and expertise of its members need to be updated.	●	
<i>5.3. Number of members of the supreme governing body</i>		
5.3.1. The Committee recommends that the supreme governing body have only so many members as to allow a constructive debate and an effective decision-making process enabling all members to play an active role.	●	
5.3.2. The Committee recommends that in connection with the preparation for each year's general meeting, the supreme governing body consider whether the number of members is appropriate in relation to the requirements of the company.	●	
<i>5.4. The independence of the supreme governing body</i>		
<p>5.4.1. In order for the members of the supreme governing body to act independently of special interests, the Committee recommends that at least half of the members elected by the general meeting be independent persons.</p> <p>The independent supreme governing body member may not:</p> <ul style="list-style-type: none"> • be, or have been within the last five years, a member of the executive board/managerial staff of the company or an associated company, • have received significant additional 	●	

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<p>remuneration from the company/group or an associated company apart from a fee for its services in the capacity as a member of the supreme governing body,</p> <ul style="list-style-type: none"> • represent the interests of a controlling shareholder, • within the last year, have had a material business relationship (e.g. personally or indirectly as a partner or an employee, shareholder, customer, supplier or member of a governing body of companies with similar relations) with the company or an associated company, • be, or have been within the last three years, an employee or partner of the external audit firm, • hold cross-memberships of governing bodies, • have been a member of the supreme governing body for more than 12 years, or • have close family ties with persons that are not regarded as independent persons. 		
<p>5.4.2. The Committee recommends that at least once every year, the supreme governing body list the names of the members who are regarded as independent persons and also disclose whether new candidates for the supreme governing body are considered independent persons.</p>		
<p>5.5. <i>Members of the supreme governing body elected by the employees</i></p>		
<p>5.5.1. The Committee recommends that the individual company explain, in the company's</p>	<p>N/A</p>	

Recommendation	Does comply / Does not comply	H+H's reasoning for non-compliance
<p>annual report or on its website, the system of employee-elected board members and the company's use hereof in companies where the employees have chosen to apply the provisions of the Companies Act on employee representation.</p>		
<p>5.6. Meeting frequency</p>		
<p>5.6.1. The Committee recommends that the supreme governing body meet at regular intervals according to a predetermined meeting and work schedule or when meetings are deemed necessary or appropriate as required by the company and that the number of meetings held be disclosed in the annual report.</p>		
<p>5.7. Expected time commitment and the number of other executive functions</p>		
<p>5.7.1. The Committee recommends that each member of the supreme governing body assess the expected time commitment for each function in order that the member does not take on more functions than he/she can manage in a satisfactory way for the company.</p>		
<p>5.7.2. The Committee recommends that the annual report contain the following information about the members of the supreme governing body:</p> <ul style="list-style-type: none"> • the member's occupation, • the member's other executive functions, e.g. memberships of executive boards, boards of directors and supervisory boards, including board committees, in Danish and foreign companies as well as demanding 		

Recommendation	Does comply / Does not comply	H+H's reasoning for non-compliance
organisational tasks, and <ul style="list-style-type: none"> the number of shares, options, warrants, etc. that the member holds in the company and its consolidated companies and any changes in such holdings during the financial year. 		
5.8. Retirement age		
5.8.1. The Committee recommends that the company's articles of association fix a retirement age for members of the supreme governing body and that the annual report contain information on such retirement age as well as the age of each member of the board of directors.	●	For the last many years, the rules of procedure of the Board of Directors have included a retirement age of 70 years for the board members. At the annual general meeting in 2011, the Board of Directors will propose inclusion in the Articles of Association of a retirement age of 70 years for board members. The annual reports have for the last many years provided information on each board member's age. All present board members are below 70 years of age.
5.9. Election period		
5.9.1. The Committee recommends that members of the supreme governing body elected by the general meeting be up for re-election every year at the annual general meeting.	●	
5.9.2. The Committee recommends that the annual report state when the individual member of the supreme governing body joined the body, whether the member was re-elected and when the current election period expires.	●	
5.10. Board committees		
5.10.1. The Committee recommends that the company publish the following information in the	●	

Recommendation	Does comply / Does not comply	H+H's reasoning for non-compliance
<p>management commentary in its annual report or on the company's website:</p> <ul style="list-style-type: none"> • the terms of reference for the board committees, • important activities of the committees during the year and the number of meetings held by each committee, and • the names of the members of each committee, including the chairmen of the committees, as well as information on which members are independent members and which members have special qualifications. 		
<p>5.10.2. The Committee recommends that a majority of the members of a board committee be independent members.</p>	●	
<p>5.10.3. The Committee recommends that the supreme governing body establish an actual <u>audit committee</u>.</p>	●	
<p>5.10.4. The Committee recommends that the following be taken into account in composing the audit committee:</p> <ul style="list-style-type: none"> • the chairman of the supreme governing body should not be chairman of the audit committee, and • between them, the members should possess such an amount of expertise and experience as to provide an updated insight into and experience in the financial, accounting and audit conditions of companies whose shares are admitted to 	●	




Recommendation	Does comply / Does not comply	H+H's reasoning for non-compliance
trading on a regulated market.		
5.10.5. The Committee recommends that, prior to the approval of the annual report and other financial reports, the audit committee monitor and report to the supreme governing body about: <ul style="list-style-type: none"> • significant accounting policies • significant accounting estimates, • related party transactions, and • uncertainties and risks, including in relation to the outlook. 	●	
5.10.6. The Committee recommends that the audit committee: <ul style="list-style-type: none"> • annually consider whether there is a need for an internal audit function, and if so, • formulate recommendations on selecting, appointing and removing the head of the internal audit function and on the budget of the internal audit function, and • monitor the executive board's follow-up on the conclusions and recommendations of the internal audit function. 	●	
5.10.7. The Committee recommends that the supreme governing body establish a <u>nomination committee</u> with at least the following preparatory tasks: describe the qualifications required in the two governing bodies and for a given position, state the expected time commitment for a position and evaluate the balance of skills, knowledge and experience available in the two governing bodies. <ul style="list-style-type: none"> • annually evaluate the structure, size, 	●	

Recommendation	Does comply / Does not comply	H+H's reasoning for non-compliance
<p>composition and performance of the governing bodies and make recommendations to the supreme governing body with regard to any changes,</p> <ul style="list-style-type: none"> • annually evaluate the skills, knowledge and experience of the individual members of the governing bodies and report such details to the supreme governing body, • consider proposals submitted by relevant persons, including shareholders and members of the governing bodies, for candidates for executive positions, and • identify and recommend to the supreme governing body candidates for the governing bodies. 		
<p>5.10.8. The Committee recommends that the supreme governing body establish a <u>remuneration committee</u> with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> • make proposals, for the approval of the supreme governing body prior to approval at the general meeting, on the remuneration policy, including the overall principles of incentive pay schemes, for members of the supreme governing body and the executive board, • make proposals to the supreme governing body on remuneration for members of the supreme governing body and the executive board and ensure that the remuneration is consistent with the company's remuneration policy and the evaluation of the performance of the persons concerned. 	●	

Recommendation	Does comply / Does not comply	H+H's reasoning for non-compliance
<p>The committee should have information about the total amount of remuneration that members of the supreme governing body and the executive board receive from other companies in the group, and</p> <ul style="list-style-type: none"> oversee that the information in the annual report on the remuneration of the supreme governing body and the executive board is correct, true and sufficient. 		
<p>5.10.9. The Committee recommends that the remuneration committee do not consult with the same external advisers as the executive board of the company.</p>	●	
<p>5.11. <i>Evaluation of the performance of the supreme governing body and the executive board</i></p>		
<p>5.11.1. The Committee recommends that the supreme governing body undertake an annual evaluation of the performance and achievements of the supreme governing body and of the individual members of the body.</p>	●	
<p>5.11.2. The Committee recommends that the chairman be in charge of the evaluation of the supreme governing body, that the outcome be discussed in the supreme governing body and that the details of the procedure of self-evaluation and the outcome be disclosed in the annual report.</p>	●	<p>By the end of 2010, a self-evaluation procedure was carried out whereby each board member filled out an evaluation questionnaire submitting it to the Chairman of the Board. Questions concerning the Chairman's leadership are listed in a separate questionnaire, and the responses thereto are submitted to the Board's Deputy Chairman.</p> <p>The discussion in the Board of Directors of the results of the self-evaluation takes place at the board meeting in March 2011 at the same meeting as where the annual report for 2010 is being approved. Consequently, the results of the Board's self-evaluation during the winter of 2010/2011 will first be described in the annual report for 2011.</p>

Recommendation	Does comply / Does not comply	H+H's reasoning for non-compliance
5.11.3. The Committee recommends that the supreme governing body at least once every year evaluate the work and performance of the executive board in accordance with pre-defined criteria.	●	
5.11.4. The Committee recommends that the executive board and the supreme governing body establish a procedure according to which their cooperation is evaluated annually through a formalised dialogue between the chairman of the supreme governing body and the chief executive officer and that the outcome of the evaluation be presented to the supreme governing body.	●	
6. Remuneration of members of the governing bodies		
<i>6.1. Content and form of the remuneration policy</i>		
6.1.1. The Committee recommends that the supreme governing body adopt a remuneration policy applicable to the supreme governing body and the executive board.	●	
6.1.2. The Committee recommends that the remuneration policy and any changes to the policy be approved by the general meeting of the company.	●	<p>No general meeting has been held since this new recommendation on approval of the remuneration policy (i.e. fixed salary as well as incentive pay) was included in the Recommendations on good corporate governance in April 2010. However, at the annual general meeting in April 2011 the Board of Directors will request the approval by the general meeting of the remuneration policy. Up until now the remuneration policy has solely been approved by the Board of Directors.</p> <p>Since the annual general meeting in 2008 and pursuant to the Danish Companies Act, the company has obtained the general meeting's approval of overall guidelines for incentive pay to the Executive Board.</p>

Recommendation	Does comply / Does not comply	H+H's reasoning for non-compliance
6.1.3. Committee recommends that the remuneration policy include a thorough description of the components of the remuneration for members of the supreme governing body and the executive board.	●	
6.1.4. The Committee recommends that the remuneration policy include: <ul style="list-style-type: none"> • the reasons for choosing the individual components of the remuneration, and • a description of the criteria on which the balance between the individual components of the remuneration is based. 	●	
6.1.5. The Committee recommends that, if the remuneration policy includes variable components, <ul style="list-style-type: none"> • limits be set on the variable components of the total remuneration package, • a reasonable and balanced linkage be ensured between remuneration for governing body members, expected risks and the value creation for shareholders in the short and long term, • there be clarity about performance criteria and measurability for award of variable components, and • there be criteria ensuring that vesting periods for variable components of remuneration agreements are longer than one calendar year. 	●	
6.1.6. The Committee recommends that remuneration of members of the supreme governing body do not include share or warrant	●	

Recommendation	Does comply / Does not comply	H+H's reasoning for non-compliance
programmes.		
6.1.7. The Committee recommends that if members of the executive board receive share-based remuneration, such programmes be established as roll-over programmes, i.e. the options are granted periodically and should not be exercisable earlier than three years from the date of grant. An explanation of the relation between the redemption price and the market price at the time of grant should be provided.	N/A	
6.1.8. The Committee recommends that, in exceptional cases, companies should be able to reclaim in full or in part variable components of remuneration that were paid on the basis of data, which proved to be manifestly misstated.		This is a new recommendation introduced in April 2010. The Board of Directors will include a 'claw-back'- in the new incentive pay agreements that the Board contemplates to enter into with the Executive Board in the first half of 2011.
6.1.9. The Committee recommends that termination payments should not amount to more than two years' annual remuneration.		
<i>6.2. Disclosure of the remuneration policy</i>		
6.2.1. The Committee recommends that the remuneration policy be clear and easily understandable and that it be disclosed in the annual report and posted on the company's website.		<p>The recommendation on publication of the remuneration policy is new.</p> <p>The present remuneration policy for the Executive Board consists of a separate remuneration policy as well as Overall guidelines for incentive pay as approved by the general meeting in April 2010. Combined, these two documents make up a clear and transparent remuneration policy. The present separate document on remuneration policy is not published and is not available on H+H's website.</p> <p>After the general meeting's assumed approval in April 2011 of a new remuneration policy for the Board of Directors and the Executive Board, cf. clause 6.1.2 above, the remuneration policy will be available on H+H's website as well as be described</p>

Recommendation	Does comply / Does not comply	H+H's reasoning for non-compliance
		in management's review in the future annual reports.
6.2.2. The Committee recommends that the company's remuneration policy and compliance with this policy be explained and justified in the chairman's statement at the company's general meeting.	●	<p>At the previous years' annual general meeting, the Chairman of the Board of Directors has informed about the content of the company's remuneration policy.</p> <p>The recommendation to seek the approval of the general meeting of the company's remuneration policy for the Board of Directors and the Executive Board is new. Consequently, at the annual general meeting in April 2011, the Chairman will describe and motivate the proposal by the Board of Directors on a remuneration policy. cf. clause 6.1.2 above. Furthermore, in the future the Chairman will inform the general meeting about the extent to which H+H complies with the remuneration policy approved by the general meeting, and likewise this information will also be provided in the annual reports.</p>
6.2.3. The Committee recommends that the total remuneration granted to each member of the supreme governing body and the executive board by the company and other consolidated companies be disclosed in the (consolidated) financial statements and that the linkage with the remuneration policy be explained.	●	<p>The individual remunerations of the Executive Board were not disclosed in the annual report for 2009. The individual remuneration of each board member and each member of the Executive Board is disclosed in the annual report for 2010. None of the two annual reports mentioned explains the linkage with the company's remuneration policy, cf. clauses 6.2.1 and 6.2.2 above.</p> <p>When a new remuneration policy has been approved by the general meeting and published, future annual reports will disclose the recommended information.</p>
6.2.4. The Committee recommends that the details of any defined-benefit schemes offered to members of the supreme governing body or the executive board and the actuarial value of such schemes as well as changes during the year be included as part of the information on the total remuneration.	●	
6.2.5. The Committee recommends that the most important aspects of retention and severance programmes be disclosed in the company's annual report.	●	

Recommendation	Does comply / Does not comply	H+H's reasoning for non-compliance
6.2.6. The Committee recommends that the proposal for remuneration of the supreme governing body for the current financial year be approved by the shareholders at the general meeting.	●	
7. Financial reporting		
<i>7.1. Other relevant information</i>		
7.1.1. The Committee recommends that the annual report and other financial reports be supplemented by additional financial and non-financial information, if deemed necessary or relevant in relation to the information needs of the recipients.	●	
<i>7.2. Going concern assumption</i>		
7.2.1. The Committee recommends that, upon consideration and approval of the annual report, the supreme governing body decide whether the business is a going concern, including supporting assumptions or qualifications where necessary	●	
8. Risk management and internal control		
<i>8.1. Identification of risks</i>		
8.1.1. The Committee recommends that the central governing body at least once every year identify the most important business risks associated with the realisation of the company's	●	

Recommendation	Does comply / Does not comply	H+H's reasoning for non-compliance
strategy and overall goals as well as the risks associated with financial reporting.		
8.1.2. The Committee recommends that the executive board currently report to the supreme governing body on the development within the most important areas of risk and compliance with adopted policies, frameworks etc. in order to enable the supreme governing body to track the development and make the necessary decisions.	●	
<i>8.2. Whistleblowing</i>		
8.2.1. The Committee recommends that the supreme governing body decide whether to establish a whistleblowing scheme for expedient and confidential notification of possible or suspected wrongdoing.	●	
<i>8.3. Openness about risk management</i>		
8.3.1. The Committee recommends that the management commentary in the annual report include information about the company's management of business risks.	●	
9. Audit		
<i>9.1. Contact to auditor</i>		
9.1.1. The Committee recommends that the supreme governing body maintain a regular dialogue and exchange of information with the auditor.	●	

Recommendation	Does comply / Does not comply	H+H's reasoning for non-compliance
9.1.2. The Committee recommends that the auditor agreement and auditors' fee be agreed between the supreme governing body and the auditor on the basis of a recommendation from the audit committee.	●	
9.1.3. The Committee recommends that the supreme governing body and the audit committee meet with the auditor at least once every year without the executive board present. This also applies to the internal auditor, if any.	●	
<i>9.2. Internal audit</i>		
9.2.1. The Committee recommends that the supreme governing body, on the basis of a recommendation from the audit committee, once every year decide whether to establish an internal audit for support and control of the company's internal control and risk management systems and state the reasons for its decision in the annual report.	●	