

Statutory corporate governance statement, cf. Section 107b of the Danish Financial Statements Act

This statement is part of the management report in Brødrene Hartmann A/S' annual report 2012 covering the period 1 January to 31 December 2012.

The statement includes a description of Hartmann's management structure as well as a description of the main elements of the company's internal control and risk management systems in connection with financial reporting. In addition, Hartmann's standings on the Danish Committee on Corporate Governance's recommendations implemented in NASDAQ OMX Copenhagen's Rules for issuers of shares are provided in appendix I. These recommendations have been published at www.corporategovernance.dk.

Management structure

Shareholders

Shareholders can exercise their rights at the general meeting, which is the company's supreme governing body. All shareholders are entitled to attend and vote at general meetings, in person or by proxy. Generally, resolutions passed at general meetings are passed by a simple majority of votes. However, resolutions to amend the company's articles of association and certain other resolutions require the support of two-thirds of both the votes cast and of the voting stock represented at the general meeting.

Board of Directors

Hartmann's Board of Directors is responsible for the overall management of the company and resolves matters relating to Hartmann's strategic development, budgets, risk factors, acquisitions and divestments as well as major development and investment projects. Furthermore, the Board of Directors supervises the Executive Board.

The Board of Directors consists of seven members, five of whom are elected by the shareholders, and two by the employees. Board members elected by the shareholders are elected for terms of one year. They are eligible for re-election and must resign from the Board of Directors not later than at the first annual general meeting held after their 70th birthday. Board members elected by the employees are elected for terms of four years in accordance with the provisions of the Danish Companies Act.

Board members are nominated for election at the general meeting on the basis of an overall assessment of individual competencies and their contribution to an appropriate composition of the shared competencies and the profile of the Board of Directors. Priority is given to ensuring that the Board of Directors possesses skills in the areas of international management, the processing industry and packaging business, business-to-business sales and marketing, international production and supply chain management as well as finance and accounting. In connection with the nomination of new candidates for the Board of Directors at a general meeting, a presentation is submitted to the shareholders of the candidates' competencies and other directorships and managerial positions as well as of the criteria applied by the Board of Directors in the nomination.

Board work is governed by rules of procedure, which have been prepared in accordance with the provisions of the Danish Companies Act and are subject to annual review. In 2012, the Board of Directors held eleven meetings with five instances of non-attendance by a member. Two of these instances of non-attendance were due to Peter-Ulrik Plesner being disqualified from discussing changes to Hartmann's group

of owners owing to his position as chairman of the board of the Brødrene Hartmann Foundation, a former major shareholder. The chairman of the Board of Directors performed the self-evaluation of the Board for 2012. The evaluation was performed in an internal process and did not give rise to any changes to the Board's work.

The members of the Executive Board participate in board meetings with a view to ensuring that the Board of Directors is kept well informed about the company's operations. The members of the Executive Board may speak but cannot vote at board meetings, and they are not present when matters reserved for the Board of Directors are considered.

Executive Board

The Executive Board of Hartmann is appointed by the Board of Directors and is responsible for the company's day-to-day management, including the development of the company's operations, results of operation and internal development. The Executive Board is responsible for implementing Hartmann's strategy and the overall resolutions approved by the Board of Directors.

Remuneration of members of the Board of Directors and the Executive Board

Hartmann seeks to ensure that the remuneration of the Board of Directors and the Executive Board is at a competitive and reasonable level compared with companies of the same size and with the same complexity as that of Hartmann with a view to ensuring that Hartmann is able to attract and retain competent executives.

The members of the company's Board of Directors receive a fixed fee, the amount of which is subject to shareholder approval.

The members of the Board of Directors are not eligible for any incentive-based remuneration. The remuneration and employment terms of the members of the Executive Board are determined by the Board of Directors, which also evaluates the work of the Executive Board. The members of the Executive Board receive a fixed annual salary and a performance-related cash bonus. Hartmann's remuneration policy is available at investor.hartmann-packaging.com, and the remuneration paid for 2012 is specified in note 9 to the financial statements in Hartmann's annual report for 2012.

Changes in 2012

In April 2012, Marianne Rørslev Bock joined Hartmann as CFO and member of the Executive Board.

In January 2012, Hartmann established an audit committee. The main duties of the committee lie within the fields of risk management, preparation of financial statements, financial reporting and internal controls. The committee meets at least four times a year and reports to the Board of Directors on a regular basis. The charter of the committee is available at investor.hartmann-packaging.com.

Internal controls and risk management

In connection with its financial reporting process, Hartmann has set up a number of internal controls to ensure that the company's financial reporting gives a true and fair view free from material misstatement. The internal control and risk management systems also ensure that the financial reporting is in compliance with applicable laws and standards.

The audit committee regularly considers whether there is a need for establishing an internal audit function. Due to Hartmann's limited size and the complexity of its accounting and auditing, these tasks are undertaken by the central finance function and the individual subsidiaries.

Hartmann continually enhances its control and risk management systems, which serve to reduce the risk of errors or irregularities not being detected and corrected in due time. These systems may be divided into:

- Control environment
- Risk assessment
- Control activities
- Information and communication
- Monitoring

Control environment

The audit committee assesses at regular intervals Hartmann's overall organisational structure and organisation and the staffing of the functions that are important to internal controls and risk management.

The overall operational responsibility for risk management and internal controls relating to financial reporting rests with the Executive Board. In collaboration with the local management of the individual subsidiaries, the Executive Board assesses whether the group has an appropriate and effective control environment. The Executive Board reports regularly to the Board of Directors on the development of Hartmann's operations, the company's financial performance and risk position.

Hartmann's central finance function is responsible for risk management and internal controls relating to the financial reporting. The finance function prepares group policies and instructions in the accounting area and ensures that the company has permanent procedures in place for the preparation of financial statements, including an assessment of new accounting regulation and the presentation of the financial reporting to Hartmann's stakeholders.

The financial reporting process is subject to systematic assessment on an ongoing basis in collaboration with the audit committee. The tasks and focus areas of the audit committee are updated every year in the form of an annual plan. According to the annual plan, the tasks of the audit committee include monitoring the financial reporting process in connection with the publication of annual and interim reports, including a review of accounting policies and significant accounting estimates and judgments.

Risk assessment

The audit committee regularly assesses the most significant risks to which Hartmann is exposed. The assessment is based on regular reporting by the Executive Board and reporting in connection with significant external or internal events. The assessment also comprises a formal assessment of the risks relating to all important resolutions, e.g. in relation to major investments etc.

The Board of Directors regularly assesses risks that directly or indirectly affect the financial reporting, including risks relating to IT, fraud or irregularities.

Control activities

Compliance with the rules on internal control and risk management is controlled locally and as part of the controlling of companies and activities. Hartmann's control activities are intended to ensure that its rules and procedures are complied with, that errors, irregularities and flaws are reduced to the extent possible and that rules and procedures are developed.

The auditor appointed by the shareholders reports any material weaknesses of the internal control and risk management systems to the audit committee and the Board of Directors or, in the event of less severe matters, to the Executive Board. The audit committee, the Board of Directors and the Executive Board are responsible for addressing such weaknesses.

Information and communication

Hartmann's financial reporting procedures are set out in reporting instructions, which are updated as and when needed. The instructions are intended to ensure that Hartmann complies with its disclosure requirements in accordance with laws, executive orders and other regulations. Hartmann endeavours to

maintain a high information and communication level in order to ensure a high level of quality in its regular reporting, which forms the basis of the company's presentation of financial statements and financial control.

Monitoring

Hartmann monitors and collects financial reporting data through an integrated finance and information system, which provides the finance function with a high degree of transparency in relation to the individual business units. This enables the finance function to analyse the reported data for errors or irregularities and to detect any weaknesses in the internal controls, as well as any non-compliance with the company's procedures, policies, etc.

The Executive Board and the Board of Directors receive monthly reports.

Appendix I

Gentofte, March 2013

Corporate governance at Brødrene Hartmann A/S

The Board of Directors and the Executive Board continually seek to ensure that the management structure and control systems of Brødrene Hartmann A/S (“Hartmann” or the “Company”) are adequate and work satisfactorily. A number of internal procedures have been developed and are updated regularly to ensure the active, safe and profitable management of the business.

The Committee on Corporate Governance revised its corporate governance recommendations in August 2011 (the “Recommendations”). NASDAQ OMX Copenhagen A/S has implemented the Recommendations in its Rules for issuers of shares (“NASDAQ’s rules”).

According to rule 4.3 of NASDAQ’s rules, Hartmann is required to give a statement on how the Company addresses the Recommendations. Hartmann is required to adopt the “comply-or-explain” principle when preparing the statement.

The management report contained in Hartmann’s annual report includes a statement pursuant to section 107 b of the Danish Financial Statements Act, which provides, among other things, that the Company is comprised by the Recommendations.

Accordingly, the Board of Directors of Hartmann has considered the Recommendations and believes that Hartmann complies with the majority of the Recommendations. Apart from the Recommendations and NASDAQ’s rules, Hartmann’s corporate governance is also based on the Danish Companies Act, the Danish Financial Statements Act, IFRS, the Danish Securities Trading Act, Hartmann’s articles of association and best practice for businesses of the same size and with the same international scope as Hartmann.

CORPORATE GOVERNANCE RECOMMENDATIONS	HARTMANN’S PRACTICES
<p><i>1. The role of the shareholders and their interaction with the management of the company</i></p> <p><i>The company’s shareholders, employees and other stakeholders have a joint interest in the company always being capable of adjusting to changing demands, which allows the company to continue to be competitive and to create value. Positive interaction between management and shareholders is therefore essential. Shareholder influence is exercised at the general meeting. As owners of the company, the shareholders should actively exercise their rights and use their influence resulting in the management protecting the interests of the shareholders as best as possible and ensuring an appropriate and balanced development of the company both in the short</i></p>	

<p>and the long term.</p> <p><i>Good corporate governance depends on appropriate frameworks which make it easy for the shareholders to enter into a dialogue with the management of the company. This can be encouraged by ensuring that the shareholders are always well-informed of the company's situation and outlook and that the general meeting serves as a forum for communication and discussion and is the place where shareholders express their views and make decisions.</i></p>	
<p><u>1.1. Dialogue between the company and its shareholders</u></p> <p>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.</p>	<p>Hartmann complies with this recommendation.</p> <p>The Board of Directors considers the Company's general meetings to be the main forum of dialogue between shareholders and between shareholders and the Company's management. Company announcements, financial reports and Hartmann's website constitute the hub of ongoing communication between the Company and its shareholders.</p> <p>The contents of Hartmann's website include an archive of all company announcements in both Danish and English language versions as well as financial presentations.</p> <p>In connection with a general meeting, the Company's notice convening the general meeting is also available on its website together with information on shares and voting rights and other information as well as online features for requesting admission cards, appointing proxies and registering for the general meeting.</p> <p>Pursuant to article 12 a of the Company's articles of association, the Board of Directors has been granted authority to introduce electronic communication between the Company and its shareholders, meaning that the Company may use electronic document exchange and electronic mail in its communication with shareholders. At the present time, the Board of Directors has not exercised this authorisation.</p> <p>Furthermore, all shareholders may at any time contact Hartmann's investor relations manager and the group's Executive Board. Contact details are available e.g. on the Company's website.</p>
<p><u>1.2. Capital and share structures</u></p> <p>1.2.1. The Committee recommends that the central governing body every year evaluate whether</p>	<p>Hartmann complies with this recommendation.</p> <p>Hartmann regularly assesses the Company's capital</p>

<p>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.</p> <p><i>Comment:</i> For the purpose of this recommendation, capital and share structures mean the size of the share capital, the denomination, number of share classes and the voting rights attached to the share classes, including restrictions on voting rights, the right to dividend, the distribution between equity financing and loan capital financing, treasury shares, share buy-backs etc. The central focus of the evaluation is to make sure that the company is adequately capitalised and ensure adequate liquidity of the share and a reasonable distribution of risk and influence.</p>	<p>and share structure and provides an account of these assessments in its annual report.</p> <p>A statement concerning the Company's capital and share structure is also found on the Company's website.</p> <p>The Company has one share class.</p>
<p>1.3. General meeting</p> <p>1.3.1. The Committee recommends that the supreme governing body and the executive board promote active ownership, including shareholders' attendance at general meetings.</p>	<p>Hartmann complies with this recommendation.</p> <p>Hartmann seeks to encourage its shareholders to attend the Company's general meetings.</p> <p>This is supported by measures such as ensuring that the shareholders are informed of the date of the annual general meeting well in advance by including the date in Hartmann's financial calendar, which is released not later than by the end of the preceding year and if possible in connection with the interim report for the third quarter of the preceding financial year. The financial calendar is also available on the Company's website.</p> <p>Furthermore, notices convening general meetings are forwarded in due time for the shareholders to prepare for the general meeting. Notices convening general meetings are always forwarded/published in accordance with the requirements of the Danish Companies Act.</p> <p>In addition to complying with the requirements of the Danish Companies Act, the Company distributes, as a special service, the notice to all shareholders registered by name.</p> <p>In the event that the agenda includes special items, the notice convening the meeting is drawn up in such a way that the shareholders are provided with adequate information on the business to be transacted and the various options for resolutions.</p>

	<p>The Company further ensures that shareholders may at any time pose questions and provide comments at general meetings. Shareholders are also entitled to submit questions relating to the agenda and any other material to be used at the general meeting, provided that, for practical reasons, such questions are received by the Company not later than three days prior to the date of the general meeting.</p>
<p>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.</p> <p><i>Comment:</i> Electronic general meetings enable shareholders to participate in a general meeting even though they are prevented from attending in person. A partly general meeting is a meeting that is open to either physical or electronic attendance by shareholders.</p>	<p>Hartmann complies with this recommendation.</p> <p>The shareholders in general meeting have considered the issue. It follows from article 8a of the Company's articles of association that if deemed appropriate, and if the general meeting may be held in a safe manner, the Board of Directors may offer shareholders to use electronic means to attend general meetings otherwise requiring physical attendance (partially electronic general meeting). Up until now, the Board of Directors has deemed it appropriate to conduct the general meeting by physical attendance, but the Board of Directors continuously monitors technological advances.</p>
<p>1.3.3 The Committee recommends that proxies given to the supreme governing body allow shareholders to consider each individual item on the agenda.</p>	<p>Hartmann complies with this recommendation.</p> <p>The proxy form made available to the shareholders by the Company for the purposes of general meetings is structured as a menu-based proxy, allowing shareholders the possibility of taking a position on each individual item on the agenda.</p>
<p>1.3.4. The Committee recommends that all members of the supreme governing body and the executive board be present at the general meeting.</p>	<p>Hartmann complies with this recommendation.</p> <p>As a main rule, all members of the Board of Directors and all members of the Executive Board attend the Company's general meetings. Occasionally, a member may be prevented from attending a general meeting.</p> <p>In addition, in the case of extraordinary general meetings, the Company's management may deem it adequate that only a few members of the Board of Directors and the Executive Board, respectively, attend the meeting; for instance, in the case of extraordinary general meetings which are held solely due to the quorum rule as set out in article 12.11 of the articles of association.</p>

<p><u>1.4. Takeover bids</u></p> <p>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.</p> <p><i>Comment: It is not important how the central governing body obtains knowledge that a takeover bid will be submitted. Knowledge may be obtained before the offeror publishes the decision to submit a takeover bid. The central governing body will not be in conflict with the recommendation if it seeks alternative (competing) takeover bids.</i></p>	<p>Hartmann complies with this recommendation.</p> <p>The Board of Directors is aware of its obligations in the event that a public takeover bid is made for the Company's shares. The Board of Directors attaches great importance to safeguarding the interests of shareholders and maintaining a high level of information.</p>
<p>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.</p>	<p>Hartmann complies with this recommendation.</p> <p>In compliance with applicable regulations, the Board of Directors will prepare a statement in the event of a takeover bid, specifying the position of the Board of Directors. Based on such statement, the shareholders are given an opportunity to decide individually on the offer submitted.</p>
<p>2. The role of stakeholders and their importance to the company and the company's corporate social responsibility</p> <p><i>In order for a company to be able to adjust readily to changing demands and thus stay competitive and deliver value-adding performance, it is essential for the company to have, in addition to the dialogue with its shareholders, a good relationship with its stakeholders.</i></p> <p><i>The management of the company should operate and develop the company with due consideration of its stakeholders and to a reasonable extent engage in active dialogue with its stakeholders to develop and strengthen the company. Such dialogue may take place at investor meetings etc.</i></p>	
<p><u>2.1. The company's policy in relation to its stakeholders</u></p> <p>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.</p>	<p>Hartmann complies with this recommendation.</p> <p>The Board of Directors has identified the Company's key stakeholders and their main interests in relation to the Company. Hartmann is committed to developing its business, including identifying new opportunities and risks, as part of a process involving the stakeholders. Regular meetings are held, and a continuous dialogue is maintained with investors,</p>

	<p>employees, customers, customers of customers, suppliers, politicians, neighbours, NGOs and others.</p>
<p>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.</p>	<p>Hartmann complies with this recommendation.</p> <p>The Executive Board gives priority to maintaining an active dialogue with Hartmann's stakeholders. Any form of dialogue is based on honesty and transparency. The Board of Directors ensures an active dialogue that respects the interests of stakeholders. Policies for the Company's relations with its key stakeholders are regularly discussed.</p>
<p><u>2.2. Corporate social responsibility</u></p> <p>2.2.1. The Committee recommends that the central governing body adopt a policy on corporate social responsibility.</p>	<p>Hartmann complies with this recommendation.</p> <p>Hartmann is active in the field of environmental and social sustainability. In 2003, Hartmann endorsed the UN Global Compact, the UN's global forum for responsible business management. Accordingly, Hartmann has undertaken to integrate the fundamental principles of the UN Global Compact in the areas of human rights and environmental protection in its corporate strategy, corporate culture and business practices.</p> <p>Furthermore, the Company supplements its management report with a statement on corporate social responsibility pursuant to section 99 a of the Danish Financial Statements Act.</p>
<p>3. Openness and transparency</p> <p><i>Shareholders, including potential shareholders, and other stakeholders have different needs for information about the company. Their understanding of and relations to the company depend on the amount and the quality of information published by the company.</i></p> <p><i>Openness and transparency are essential conditions for ensuring that the company's shareholders and other stakeholders are able to regularly evaluate and relate to the company and its future.</i></p> <p><i>Openness and mutual respect are prerequisites for a fruitful interaction between the company and its stakeholders.</i></p>	

<p><i>A thorough and updated communication strategy will help the company provide timely, trustworthy, accurate and up-to-date internal and external information of high quality and comply with the disclosure requirements in force from time to time.</i></p>	
<p>3.1. Disclosure of information to the market</p> <p>3.1.1. The Committee recommends that the central governing body adopt a communication strategy.</p> <p><i>Comment: A company's communication strategy determines the type of information to be released and how, when and to whom publication shall be made.</i></p>	<p>Hartmann complies with this recommendation.</p> <p>Hartmann has a communications strategy which has been adopted by the Board of Directors.</p> <p>Furthermore, Hartmann has developed an investor relations and press policy as well as in-house guidelines to ensure compliance with the Company's disclosure requirements towards NASDAQ OMX Copenhagen A/S.</p> <p>Hartmann regularly provides information to investors, analysts and the press about relevant matters through meetings and presentations. Furthermore, Hartmann's management and investor relations manager are available to respond to enquiries.</p> <p>The Company's website contains a separate section on investor relations, including a section on corporate governance at Hartmann. The website also includes a news service section, offering stakeholders of Hartmann the opportunity to subscribe to company reports and announcements.</p> <p>Hartmann's presentations in connection with its financial reporting can be viewed in real-time on the website.</p>
<p>3.1.2. The Committee recommends that information from the company to the market be published in both Danish and English.</p>	<p>Hartmann complies with this recommendation.</p> <p>Hartmann emphasises the importance of giving all investors equal access to information on the Company's affairs.</p> <p>Company announcements are available in both Danish and English language versions.</p> <p>Interim reports and other company announcements are published on the group's website immediately upon publication through NASDAQ OMX Copenhagen A/S. Due to Hartmann's international relations, the contents of the Company's website are provided in the English language.</p>
<p>3.1.3. The Committee recommends that the company publish quarterly reports.</p>	<p>Hartmann complies with this recommendation.</p> <p>Hartmann publishes quarterly reports.</p>

<p>4. The tasks and responsibilities of the supreme and the central governing bodies</p> <p><i>The supreme governing body is responsible for safeguarding the interests of the shareholders with care and due consideration of the other stakeholders.</i></p> <p><i>The most important tasks of the supreme governing body include appointing a qualified executive board, establishing its tasks, conditions of employment and distribution of work and preparing guidelines for accountability, planning, follow-up and risk management. The supreme governing body is responsible for supervising the executive board and preparing guidelines for how to exercise this supervision.</i></p> <p><i>The supreme governing body is responsible for ensuring the professional development and retention or dismissal of the members of the executive board as well as ensuring that the remuneration of the members of the executive board reflects the long-term value creation in the company as well as the independent performance of the members of the executive board.</i></p> <p><i>Both the supreme governing body and the central governing body shall ensure that the necessary financial resources are in place at any given time.</i></p> <p><i>The central governing body is in charge of the overall and strategic management of the company. The central governing body must define the company's strategic goals and make sure that the necessary conditions for achieving such goals are present in the form of financial as well as competence resources and is responsible for the proper organisation of the company's activities.</i></p> <p><i>It is essential that the central governing body ensures ongoing development of and follow-up on the company's strategic goals and determines whether the conditions for achieving these goals are present.</i></p>	
<p>4.1. Overall tasks and responsibilities</p> <p>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.</p>	<p>Hartmann complies with this recommendation.</p> <p>The overall tasks of the Board of Directors are laid down in section 115 of the Danish Companies Act. The Board of Directors works towards constant progress for Hartmann in order to maximise shareholder value and preserve the trust and confidence the stakeholders have in the Company. This involves the following key tasks:</p> <ul style="list-style-type: none"> ➤ to ensure that Hartmann has a sustainable

	<ul style="list-style-type: none"> ➤ vision and meaningful values; ➤ to ensure that Hartmann’s strategic goals reflect the Company’s vision; ➤ to ensure the development of a strategy that balances considerations for growth, risk and profitability. <p>The group’s strategy is discussed and adopted at an annual strategy seminar.</p>
<p>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.</p>	<p>Hartmann complies with this recommendation.</p> <p>The Board of Directors continually ensures that the necessary qualifications and financial resources are in place. This involves the following key tasks:</p> <ul style="list-style-type: none"> ➤ to ensure and recommend to the shareholders a board composition that enables the Board of Directors to consider the Company’s strategic conditions in constructive dialogue with the Executive Board; ➤ to appoint and retain a competent group management; ➤ to ensure a capital structure and reserves adequate for exploiting relevant growth opportunities and protecting against risks. <p>These matters are discussed at the annual strategy seminar in connection with defining the Company’s strategy.</p>
<p>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.</p>	<p>Hartmann complies with this recommendation.</p> <p>Every year, the Board of Directors defines its most important tasks, including in relation to the financial and managerial control of the Company. The discussions are focused on:</p> <ul style="list-style-type: none"> ➤ ensuring expedient collaboration and a sound distribution of duties among the Board of Directors and the Executive Board; ➤ ensuring efficient management, adequate reporting systems and financial controls as well as cost discipline; ➤ ensuring an open and honest business conduct consistent with the values of Hartmann; ➤ maintaining an independent audit.
<p>4.1.4. The Committee recommends that the supreme governing body annually discuss the company’s activities to ensure diversity at</p>	<p>Hartmann partly complies with this recommendation.</p>

<p>management levels, including equal opportunities for both genders, and that the supreme governing body set measurable objectives and in the management commentary in the annual report and/or on the company's website give an account of both the objectives and the progress made in achieving the objective.</p> <p><i>Comment:</i> It would be appropriate to prepare action plans describing how the company addresses diversity at management levels, for example the company's efforts to increase female representation at management levels in general. Specific diversity objectives should be set, for example requirements for the proportion of women at specific management levels.</p>	<p>The Board of Directors annually discusses the Company's activities to ensure diversity at management levels.</p> <p>The Board of Directors has not set any specific objectives in that respect, as the Board of Directors believes that Hartmann's policies and processes ensure that the Company offers equal opportunities for employees regardless of gender, nationality, etc.</p> <p>Hartmann is a signatory to the UN Global Compact. Compliance with the Global Compact and Hartmann's own corporate governance and conduct principles contributes to ensuring diversity in all parts of the Company.</p>
<p>4.2 Procedures</p> <p>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.</p>	<p>Hartmann complies with this recommendation.</p> <p>The Board of Directors reviews its rules of procedure annually.</p>
<p>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.</p>	<p>Hartmann complies with this recommendation.</p> <p>The Board of Directors reviews the rules of procedure of the Executive Board annually.</p>
<p>4.3. The chairman and deputy chairman of the supreme governing body</p> <p><i>The most important tasks of the chairman of the supreme governing body normally include scheduling of meetings for the year, preparation of agenda for the meetings and chairing of the meetings. The chairman shall also ensure that the members currently update and improve their knowledge of the company and that the special knowledge and skills of each individual member are used in the best possible manner and to the benefit of the company. Moreover, the chairman is responsible for promoting good and constructive relations between the members of the supreme governing body and with the executive board as well as efficient communication including with shareholders.</i></p>	
<p>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.</p>	<p>Hartmann complies with this recommendation.</p> <p>The Board of Directors has appointed a vice chairman whose role is consistent with the Recommendations.</p>

<p>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.</p>	<p>Hartmann complies with this recommendation.</p> <p>The tasks, duties and responsibilities of the chairman and vice chairman are set out in the rules of procedure.</p>
<p>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.</p>	<p>Hartmann complies with this recommendation.</p> <p>The chairman convenes and chairs the board meetings, and the board meetings are conducted in compliance with the rules of procedure.</p> <p>The chairman also ensures, among other things, that the meetings of the Board of Directors may be conducted in an open and free atmosphere, allowing the Board of Directors to work as a team and all members to be heard. Furthermore, the chairman ensures that the items considered are clarified/resolved.</p> <p>Together with the notices convening meetings, the chairman, with the assistance of the Executive Board, distributes the agenda of the board meeting, as well as any informative material relating to the individual items to be considered, to the members in order to ensure the best possible preparation for the meeting.</p>
<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-today 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><i>Comment:</i> This recommendation is only of relevance to boards of directors as the chairman of a supervisory board is not allowed to perform tasks for the company that do not form part of the chairman's office.</p> <p>An agreement regulating the chairman's discharge of</p>	<p>Hartmann complies with this recommendation.</p> <p>In accordance with the rules of procedure, the chairman may not undertake any offices on behalf of the Company which do not form part of the office as chairman. However, if specifically required, the chairman may perform tasks which the chairman is requested to perform by and on behalf of the Board of Directors. If, by way of exception, the performance of such tasks is required, the tasks will be performed in compliance with the Recommendations.</p>

<p>special tasks must contain provisions on the special precautions taken to protect the distribution of roles and responsibilities between the members of the board of directors and between the board of directors and the executive board.</p>	
<p>5. Composition and organisation of the supreme governing body</p> <p><i>In companies where the board of directors constitutes the supreme governing body, the board of directors should be composed in such a way as to allow it to perform its managerial tasks, including overall and strategic tasks.</i></p> <p><i>It is essential that the supreme governing body of a company be composed in such a way as to ensure effective performance of its control tasks and, at the same time, ensure a constructive and qualified dialogue with the executive board. It is also essential that the members of the supreme governing body always act independently of special interests.</i></p> <p><i>Diversity improves the quality of the supreme governing body's work and the cooperation between its members, including through different approaches to the performance of management tasks.</i></p> <p><i>The supreme governing body should regularly assess whether its composition and the skills of its members, individually and collectively, reflect the demands posed by the company's situation and circumstances. Diversity may improve the quality of the work performed by the supreme governing body. To increase value creation, the supreme governing body should carry out an evaluation of its members every year and ensure integration of new talent while maintaining continuity.</i></p>	
<p>5.1. Composition</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>Hartmann complies with this recommendation.</p> <p>The Board of Directors is aware of the significance of having the proper skills, and this issue is discussed as part of the annual collaboration evaluation. The specification of skills is contained in the annual report, which is available on the Company's website, and the proposal for nomination/replacement is prepared on the basis thereof</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 body. When assessing its composition and</p>	<p>Hartmann complies with this recommendation.</p> <p>The Board of Directors assesses each candidate against a series of criteria, including the candidate's</p>

<p>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><i>Comment:</i> In the preliminary process for selection and nomination of candidates to the supreme governing body, priority should be given to the company's objective of diversity. When proposing candidates for consideration by the supreme governing body, the nomination committee should take the company's objective of diversity on the supreme governing body into account.</p>	<p>professional qualifications, business experience, personal qualities, whether the candidate's profile matches the needs of the group, and whether the candidate is available for participation in board work to the extent necessary.</p> <p>In that connection, the Board of Directors takes into account the need for integration of new talent and the need for diversity in relation to international experience, gender and age, etc.</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><i>Comment:</i> The description may contain information about the recruitment criteria established by the supreme governing body, including the requirements for professional qualifications, knowledge of the industry, international experience, educational background etc., which represent essential qualities with regard to the supreme governing body.</p>	<p>Hartmann complies with this recommendation.</p> <p>The notice convening the general meeting includes information on the candidates' background, skills and other executive functions.</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>Hartmann complies with this recommendation.</p> <p>The management report of Hartmann's annual report contains profiles of the members of the Board of Directors. It appears from the CVs of the board members that they fulfil shareholder requirements for having a broad range of competencies and representing all relevant professional areas.</p>
<p><u>5.2. Training of members of the supreme governing body</u></p> <p>5.2.1. The Committee recommends that new members joining the supreme governing body be given an introduction to the company.</p>	<p>Hartmann complies with this recommendation.</p> <p>Newly-elected board members meet with the Executive Board and visit one or more of Hartmann's factories to gain insight into the technical production processes.</p>

<p>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.</p> <p><i>Comment:</i> The chairman, together with the individual member, decides whether it is necessary to offer the member in question relevant supplementary training.</p>	<p>Hartmann complies with this recommendation.</p> <p>Board members' needs for supplementing their qualifications are assessed as part of the Board's self-assessment.</p>
<p><u>5.3. Number of members of the supreme governing body</u></p> <p>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.</p>	<p>Hartmann complies with this recommendation.</p> <p>The number of board members is determined taking into account the provisions of the Company's articles of association and is subject to approval by the shareholders. According to Hartmann's articles of association, the Board of Directors must consist of not less than three and not more than eight members to be elected by the shareholders.</p> <p>The Board of Directors assesses at regular intervals whether the number of board members is adequate.</p>
<p>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.</p>	<p>Hartmann complies with this recommendation.</p> <p>In connection with the preparations for the Company's annual general meeting, it is considered whether the number of board members is adequate in relation to the requirements of the Company. Such considerations also take into account factors such as the strategy of the Company and the skills of the members.</p>
<p><u>5.4. The independence of the supreme governing body</u></p> <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 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>Hartmann complies with this recommendation.</p> <p>Four out of five of the board members elected by the shareholders are independent according to this definition. One of the board members is not considered to be independent due to the member's length of service on the Board of Directors and his role as a professional adviser to the Company.</p>

- 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.

Comment: Independence means that the person in question does not have close ties to or represents the executive board, the chairman of the supreme governing body, controlling shareholders or the company.

When applying the independence criteria, the governing body should focus on substance rather than form.

It is important that the governing body makes sure that membership is refreshed and that the individual member is aware of the value of being critical of previously adopted resolutions.

The fact that a member of the supreme governing body was elected by the votes of the majority shareholder does not in itself influence the assessment of that member's independence. Other factors determine the question of independence, including whether the person in question is a member of the governing body of or has close ties to the company's major shareholder.

Cross-memberships of governing bodies are seen where a member of the supreme governing body of company A is a member of the executive board of company B, at the same time as a member of the supreme governing body of company B is a member of the executive board of company A. A similar situation may arise where a member of the supreme governing body has significant links with members of the executive board of the company through in-

volutionment in other companies or entities.	
<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><i>Comment:</i> The supreme governing body determines which members are considered dependent/independent persons.</p>	<p>Hartmann complies with this recommendation.</p> <p>The annual report and notices to convene general meetings at which members are to be elected to the Board of Directors contain information about the board members elected by the shareholders/new candidates who are not independent members according to the definition.</p>
<p><u>5.5. Members of the supreme governing body elected by the employees</u></p> <p>5.5.1. The Committee recommends that the individual company explain, in the company's 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>Hartmann complies with this recommendation.</p> <p>The system of election of board members by employees is explained on Hartmann's website.</p> <p>Board members elected by the employees have the same rights, duties and responsibilities as board members elected by the shareholders.</p>
<p><u>5.6. Meeting frequency</u></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>Hartmann complies with this recommendation.</p> <p>In accordance with its rules of procedure, the Board of Directors holds at least five regular board meetings annually, and additional meetings are held as and when required. The frequency of meetings is determined for one year at a time. The number of meetings held is published in the annual report, as are dates of meetings concerning the Company's annual and interim financial reporting and the annual general meeting.</p>
<p><u>5.7. Expected time commitment and the number of other executive functions</u></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><i>Comment:</i> The assessment should take into account the number of and scope of committee appointments. A member of the supreme governing body, who is also a member of the executive board of a company, should generally not take on more than a few non-executive directorships or one</p>	<p>Hartmann complies with this recommendation.</p> <p>The individual members of the Board of Directors do not hold more functions than he/she deems appropriate, taking into account whether he/she is able to undertake the board work in a manner which is satisfactory to the Company.</p>

<p>chairmanship and one non-executive directorship in companies not forming part of the group.</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 organisational tasks, and • 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. 	<p>Hartmann complies with this recommendation.</p> <p>The Company publishes such information in its annual report in compliance with the recommendation.</p>
<p><u>5.8. Retirement age</u></p> <p>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.</p>	<p>Hartmann complies with this recommendation.</p> <p>Pursuant to Hartmann’s articles of association, the individual members of the Board of Directors must not be aged above 69 when joining the Board of Directors. Board members must resign from the Board of Directors not later than at the first annual general meeting held after the day they turn 70.</p> <p>The annual report contains information about the age of the individual board members and about the retirement age.</p>
<p><u>5.9. Election period</u></p> <p>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.</p>	<p>Hartmann complies with this recommendation.</p> <p>Board members elected by the shareholders are elected for terms of one year at the annual general meeting.</p>
<p>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.</p>	<p>Hartmann complies with this recommendation.</p> <p>Information about the year in which the members joined the Board, re-election of board members and the expiry of the members’ current term of office is found in the annual report.</p>
<p><u>5.10. Board committees</u></p> <p><i>Board committees may increase efficiency and improve the quality of the work performed by the supreme governing body by assisting in the preparation and</i></p>	

<p><i>processing of the material on which supreme governing body decisions is based, including material on audit, composition of the management and remuneration of the management.</i></p> <p><i>A board committee should be set up with the sole purpose of facilitating the transaction of business by the supreme governing body and must not cause significant information required by all members of the supreme governing body only to be communicated to the board committee.</i></p> <p><i>The supreme governing body remains fully responsible for all decisions based upon board committee recommendations.</i></p> <p><i>The establishment of a committee should not result in a pause or halt in the transaction of business by the supreme governing body.</i></p> <p><i>The supreme governing body evaluates on an ongoing basis whether there is a need for establishing additional board committees, including a risk committee, etc.</i></p>	
<p>5.10.1. The Committee recommends that the company publish the following information in the 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>Hartmann complies with this recommendation.</p> <p>The Board of Directors of Hartmann has established an actual audit committee.</p> <p>Hartmann publishes such information on the Company's website in compliance with the recommendation.</p>
<p>5.10.2. The Committee recommends that a majority of the members of a board committee be independent members.</p> <p><i>Comment: The functions of the board committee may be performed by the governing body itself, provided that it meets any composition requirements, including regarding independence, professional qualifications etc.</i></p>	<p>Hartmann complies with this recommendation.</p> <p>The Board of Directors ensures compliance with the recommendation when a board committee is established.</p> <p>The Board of Directors has resolved to let the entire Board of Directors undertake the function of a board committee, always provided that an assessment is made as to whether special requirements for the committee are met in the Board of Directors in compliance with the Recommendations.</p>

<p>5.10.3. The Committee recommends that the supreme governing body establish an actual audit committee.</p> <p><i>Comment:</i> In major companies and companies with complex accounting and audit conditions, it will generally not be sufficient that the supreme governing body performs the functions of the audit committee.</p>	<p>Hartmann complies with this recommendation.</p> <p>Hartmann has established an actual audit committee.</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 trading on a regulated market. 	<p>Hartmann complies with this recommendation.</p> <p>The chairman of the Board of Directors is not a member of the audit committee.</p> <p>The audit committee consists of two members appointed by the Board of Directors (Walther Vishof Paulsen and Jørn Mørkeberg Nielsen).</p> <p>The members are appointed for terms of one year, and both members have special professional expertise and experience in financial reporting and accounting and audit conditions of listed companies.</p>
<p>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:</p> <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. 	<p>Hartmann complies with this recommendation.</p> <p>The audit committee meets four times a year according to a detailed meeting schedule. Additional meetings may be scheduled as and when required.</p> <p>Four of the annual meetings are held prior to the release of the Company's annual report and other financial reporting. The audit committee reports to the Board of Directors on these matters.</p>
<p>5.10.6. The Committee recommends that the audit committee:</p> <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 	<p>Hartmann complies with this recommendation.</p> <p>The Board of Directors regularly considers whether there is a need for establishing an internal audit function.</p> <p>Due to Hartmann's limited size and the complexity of its accounting and auditing, these tasks are undertaken by the central finance function and the</p>

<p>audit function, and</p> <ul style="list-style-type: none"> • monitor the executive board’s follow-up on the conclusions and recommendations of the internal audit function. 	<p>individual subsidiaries.</p> <p>The audit committee has considered whether there is such a need and agrees with the entire Board of Directors in that respect.</p>
<p>5.10.7. The Committee recommends that the supreme governing body establish a nomination committee with at least the following preparatory tasks:</p> <ul style="list-style-type: none"> • 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, • annually evaluate the structure, size, composition and performance of the governing bodies and make recommendations to the supreme governing body with regard to any changes, • 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>Hartmann does not comply with this recommendation.</p> <p>Hartmann has not established a nomination committee. Board duties relating to nomination are prepared by the chairman and vice chairman, who submit their proposals to the entire Board of Directors.</p> <p>The Board of Directors may establish board committees to undertake ad hoc tasks to be defined by the Board of Directors at the time of establishment of the committee. The tasks of ad hoc committees are preparatory and form the basis of consideration and resolution by the Board of Directors. If the scope of the committee’s tasks is extensive, the Board of Directors may resolve to pay a separate fee to the members of the committee. The amount of such fee will be disclosed in the annual report and presented at the general meeting.</p>
<p>5.10.8. The Committee recommends that the supreme governing body establish a remuneration committee 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, 	<p>Hartmann does not comply with this recommendation.</p> <p>Hartmann has not established a remuneration committee. Board duties relating to remuneration are prepared by the chairman and vice chairman, who submit their proposals to the entire Board of Directors.</p> <p>The Board of Directors may establish board committees to undertake ad hoc tasks to be defined by the Board of Directors at the time of establishment of the committee. The tasks of ad hoc committees</p>

<ul style="list-style-type: none"> • 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. 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 • 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. 	are preparatory and form the basis of consideration and resolution by the Board of Directors. If the scope of the committee's tasks is extensive, the Board of Directors may resolve to pay a separate fee to the members of the committee. The amount of such fee will be disclosed in the annual report and presented at the general meeting.
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.	NA Hartmann has not established any remuneration committee, for which reason this recommendation is not relevant.
<p><u>5.11. Evaluation of the performance of the supreme governing body and the executive board</u></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><i>Comment:</i> The evaluation should involve an assessment of the composition of the supreme governing body. The evaluation of the chairman should be undertaken by a member other than the chairman.</p>	<p>Hartmann complies with this recommendation.</p> <p>The Board of Directors performs an annual evaluation of the work of the Board of Directors and the Executive Board.</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>Hartmann complies with this recommendation.</p> <p>The chairman is responsible for the evaluation of Hartmann's Board of Directors, and the results are discussed by the entire Board of Directors.</p> <p>The method of evaluation and the results of the evaluation are disclosed in the annual report.</p>
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. <p><i>Comment:</i> Executive board members, who are members of the board of directors, should not</p>	<p>Hartmann complies with this recommendation.</p> <p>The Board of Directors' continuous evaluation and supervision of the Executive Board is effected partly through reporting received, partly through discussions with the Executive Board at board meetings.</p>

<p>participate on the board of directors' evaluation of the executive board as they are disqualified in this respect.</p>	<p>On behalf of the Board of Directors, the chairman and the vice chairman conduct special supervision of the Executive Board, and at board meetings the Board of Directors can discuss the work of the Executive Board under a regular agenda item without the presence of the Executive Board.</p>
<p>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.</p>	<p>Hartmann complies with this recommendation.</p> <p>Annual evaluation meetings are held between the chairman of the Board of Directors and the CEO. The results of the evaluation are submitted to the entire Board of Directors.</p>
<p>6. Remuneration of members of the governing bodies</p> <p><i>Openness and transparency about all important issues regarding the principles for and amounts of the total remuneration offered to members of the governing bodies are essential. The principles of the remuneration policy should support a long-term value-creation for the company.</i></p> <p><i>Competitive remuneration is a prerequisite for attracting and retaining competent members of the governing bodies. The total remuneration package, i.e. the fixed and variable components and other remuneration components, should be reasonable and reflect the governing body members' independent performance, responsibilities and value creation in the company. The variable component of the remuneration should be based on actual achievements over a period of time with a view to long-term value creation.</i></p>	
<p>6.1. Content and form of the remuneration policy</p> <p>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.</p>	<p>Hartmann complies with this recommendation.</p> <p>The Board of Directors has adopted a remuneration policy for the Board of Directors and the Executive Board.</p>
<p>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>	<p>Hartmann complies with this recommendation.</p> <p>The remuneration policy is approved by the general meeting.</p>
<p>6.1.3. The 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.</p>	<p>Hartmann complies with this recommendation.</p> <p>The individual remuneration components are thoroughly described in the Company's remuneration policy.</p>

	Information about the specific remuneration of the members of the Board of Directors and the Executive Board is disclosed in the annual report.
<p>6.1.4. The Committee recommends that the remuneration policy include:</p> <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. <p><i>Comment:</i> The Committee's guide to description of general guidelines for incentive pay (cf. section 139 of the Companies Act), which supplements the statutory requirements of the description of general guidelines for incentive pay may naturally be relevant to the company's considerations concerning this issue.</p>	<p>Hartmann complies with this recommendation.</p> <p>The remuneration policy sets out the relationship between fixed salary, incentive pay and other elements of remuneration.</p> <p>The Board of Directors finds it important to ensure that the remuneration paid to members of the Executive Board and the Board of Directors is competitive and reflects the performance required from them. The remuneration structure applying to the Executive Board is designed to be transparent and easy to understand.</p>
<p>6.1.5. The Committee recommends that, if the remuneration policy includes variable components,</p> <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. 	<p>Hartmann complies with this recommendation.</p> <p>The remuneration policy for the Executive Board of Hartmann does not include any provisions on variable components other than the annual bonus. The bonus scheme for the Executive Board complies with the first three elements of the recommendation.</p> <p>The remuneration paid to the Board of Directors does not include any variable components.</p>
<p>6.1.6. The Committee recommends that remuneration of members of the supreme governing body do not include share or warrant programmes.</p>	<p>Hartmann complies with this recommendation.</p> <p>The members of the Board of Directors receive a fixed fee.</p>
<p>6.1.7. The Committee recommends that if members of the executive board receive share-</p>	<p>NA</p> <p>Hartmann does not use share-based remuneration.</p>

<p>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.</p>	
<p>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.</p>	<p>Hartmann complies with this recommendation.</p> <p>Bonus agreements contain a provision to that effect.</p>
<p>6.1.9. The Committee recommends that termination payments should not amount to more than two years' annual remuneration.</p>	<p>Hartmann complies with this recommendation.</p>
<p><u>6.2. Disclosure of the remuneration policy</u> 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>	<p>Hartmann complies with this recommendation.</p> <p>The annual report contains a statement as to how the remuneration policy is implemented.</p>
<p>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>	<p>Hartmann complies with this recommendation.</p> <p>Hartmann's remuneration policy and compliance with this policy is explained and justified in the chairman's report at the Company's general meeting.</p>
<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>	<p>Hartmann complies with this recommendation.</p> <p>The amounts of the total specified remuneration paid by the Company to the members of the Board of Directors and the Executive Board are disclosed in Hartmann's annual report.</p>
<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.</p>	<p>Hartmann complies with this recommendation.</p> <p>The pension schemes offered to members of the Executive Board do not contain any defined-benefit pension obligations.</p>
<p>6.2.5. The Committee recommends that the most important aspects of retention and severance programmes be disclosed in the company's annual report.</p> <p><i>Comment: Severance programmes cover a wide area,</i></p>	<p>Hartmann complies with this recommendation.</p> <p>The most important aspects of the severance terms applying to the Executive Board are disclosed in the annual report.</p>

<p>including period of notice and qualification, termination payment, change of control agreements, insurance and pension schemes, payment of pension contributions after retirement, etc.</p>	
<p>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.</p>	<p>Hartmann complies with this recommendation.</p> <p>The remuneration of the Board of Directors for the current financial year is presented for approval at the general meeting at which the annual report for the preceding financial year is presented for adoption.</p>
<p>7. Financial reporting</p> <p><i>Each member of the supreme governing body and the executive board is responsible for preparing the annual report and other financial reports in accordance with current legislation, applicable standards and any further requirements concerning financial statements stipulated in the articles of association, etc.</i></p> <p><i>The members of the said governing bodies must ensure that the financial reporting is easy to understand and balanced and provides a true and fair view of the company's financial position, performance and cash flow. The management commentary must give a true and fair presentation of the state of affairs, including the outlook.</i></p>	
<p><u>7.1. Other relevant information</u></p> <p>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.</p>	<p>Hartmann complies with this recommendation.</p> <p>The annual report is supplemented by additional information if deemed necessary.</p>
<p><u>7.2. The going concern assumption</u></p> <p>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.</p> <p><i>Comment: The company's specific situation, financial position and outlook, including budgets, expected future cash flow, existing credit facilities and their contractual and expected maturities as well as performance of loan agreements and any covenants, etc., should be taken into account. The statement by the supreme governing body should be included in the management records.</i></p>	<p>Hartmann complies with this recommendation.</p> <p>In connection with its consideration and approval of the annual report, the Board of Directors considers specifically whether the business is a going concern.</p>
<p>8. Risk management and internal control</p>	

<p><i>Effective risk management and an effective internal control system contribute to reducing strategic and business risks, to ensuring observance of current rules and regulations and to ensuring the quality of the basis for management decisions and financial reporting. The company's choice of strategy naturally involves risk. It is essential that the risks are identified and communicated, and that the risks are managed appropriately.</i></p> <p><i>Effective risk management and internal control are a precondition for the supreme governing body and the executive board to efficiently perform the tasks bestowed upon them. Consequently, it is essential that the supreme governing body ensures effective risk management and effective internal control systems.</i></p>	
<p>8.1. Identification of risks 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 strategy and overall goals as well as the risks associated with financial reporting.</p>	<p>Hartmann complies with this recommendation.</p> <p>Hartmann's business activities are subject to a number of operational, financial, environmental and social risks identified by and regularly reviewed by the Board of Directors and the Executive Board. It is a key objective of the Board of Directors to ensure constant and adequate monitoring of the group's risk exposure and the existence of the necessary risk management capabilities in the form of policies and procedures.</p>
<p>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.</p> <p><i>Comment: Reporting to the supreme governing body may, among other things, comprise initiatives and action plans that can accept, eliminate, increase, reduce or divide such risks.</i></p>	<p>Hartmann complies with this recommendation.</p> <p>Hartmann's group management identifies, assesses and evaluates on an ongoing basis all significant risks that may affect Hartmann's operational and financial objectives. The necessary measures to counter such risks are discussed and assessed by the group management and the Board of Directors. This applies to strategic as well as financial, operational and other risk factors of a material nature.</p>
<p>8.2. Whistleblowing 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.</p> <p><i>Comment: This recommendation is primarily expected to be relevant in internationally engaged groups. A whistleblowing scheme should have its roots in the audit committee.</i></p>	<p>NA</p> <p>Up until now, Hartmann's Board of Directors has resolved that establishing a whistleblowing scheme would not be expedient. The Board of Directors considers the matter annually.</p>

<p>8.3. Openness about risk management 8.3.1. The Committee recommends that the management commentary in the annual report include information about the company's management of business risks.</p> <p><i>Comment:</i> This information supplements the management commentary to be included in the annual report on the company's internal control and risk management systems in connection with the financial reporting process.</p>	<p>Hartmann complies with this recommendation.</p> <p>Hartmann's annual report provides an in-depth review of the significant risks and risk management principles of Hartmann's business.</p>
<p>9. Audit</p> <p><i>Ensuring an independent, competent and thorough audit is an essential element of the work of the supreme governing body.</i></p>	
<p>9.1. Contact to auditor</p> <p>9.1.1. The Committee recommends that the supreme governing body maintain a regular dialogue and exchange of information with the auditor.</p>	<p>Hartmann complies with this recommendation.</p> <p>The Board of Directors assesses the independence and competency of the Company's auditors on an ongoing basis. Communication between the Board of Directors and the auditors takes place at the four annual board meetings at which the board presents the financial statements, and in other contexts.</p>
<p>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.</p>	<p>Hartmann complies with this recommendation.</p> <p>The fees to the auditors are subject to approval by the Board of Directors based on a recommendation by the chairman and the vice chairman. The practical management of the auditors' agreement is undertaken by the Executive Board.</p>
<p>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.</p>	<p>Hartmann complies with this recommendation.</p> <p>The Board of Directors meets with the auditors once every year in connection with an audit committee meeting without the Executive Board present.</p>
<p>9.2. Internal audit</p> <p>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.</p>	<p>Hartmann complies with this recommendation.</p> <p>Group companies are subject to controlling measures as and when required and are offered advisory services with respect to the design and implementation of satisfactory and adequate internal control procedures.</p> <p>In addition, the Company's auditors review the Company's internal control systems. Any significant shortcomings are reported in the long-form audit report to the Board of Directors. The audit report</p>

	<p>is reviewed and assessed in connection with the board meeting at which the financial statements for the preceding year are presented for adoption, and with the external auditors present.</p> <p>This forms the basis of an annual assessment by the Board of Directors as to whether an internal audit function is required.</p>
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