

Corporate Governance Statement 2023

H+H International A/S



Statutory report on corporate governance for 2023, cf. section 107b of the Danish Financial Statements Act

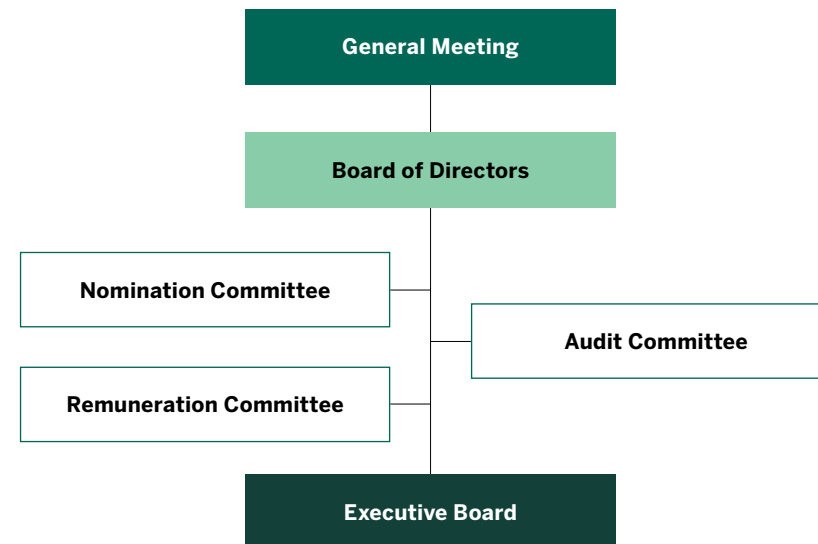
This report forms part of the management's review in the annual report for 2023 for H+H International A/S. The sections below about governance structure and about financial controls and risk management structure are covered by the statement on management's review as part of the independent auditors' report in H+H International A/S's annual report for 2023, whereas the other information in this corporate governance report is not covered by the auditors' report in H+H International A/S's annual report for 2023. Since H+H International A/S is a listed company, the part of this report that concerns H+H's position to the Danish Recommendations on Corporate Governance is also issued pursuant to NASDAQ's Nordic Main Market Rulebook for Issuer of Shares.

Corporate governance structure

H+H International A/S is a Danish limited liability company with a two-tier management structure in which the Board of Directors and the Executive Board are separate and no members may at the same time hold membership of both. H+H International A/S is the ultimate parent company of the H+H Group.

General meeting

The general meeting is held at least once a year, and all shareholders registered in the share register may participate, submit proposals and vote and speak at the general meetings. The members of the Board of Directors are elected by the general meeting, except for board members being employee



representatives, if any, since they are elected by the employees.

Board of Directors

The Board of Directors of H+H International A/S is governed by the company’s Articles of Association, the Companies Act and other EU or Danish legislation. The Board of Directors is responsible for the overall management of and strategic direction for the Group, including:

- strategy planning
- appointing members of the Executive Board
- overseeing the Executive Board’s management and execution of strategy initiatives, activities within finance, sustainability, IT, HR, ERM, compliance etc.
- reviewing the financial position and capital resources to ensure that these are adequate.

Board committees

Audit Committee

The main areas of responsibility for the Audit Committee are to:

- evaluate the financial and sustainability reporting, including the data and metrics used in the sustainability reporting, review accounting policies and other financial policies, accounting estimates etc., including impairment testing, investments and divestments, tax and revenue;

- review and monitor the Group’s risk management, internal controls, and business integrity matters;
- monitor the Group’s internal audit function, if any, and whistleblower system; and
- monitor and consider the relationship with the independent financial auditor and sustainability auditor, review the audit process and the auditor’s long-form audit report, and make a recommendation to the Board of Directors on which auditors to nominate for approval at general meetings.

Nomination Committee

The main areas of responsibility for the Nomination Committee are to:

- propose and help manage the annual board evaluation and evaluation of the Executive Board, including the size, structure, and composition of the Board of Directors and the Executive Board; and
- recommend nomination of members to the Board of Directors and recommend engagement or termination of members of the Executive Board.

Remuneration Committee

The main areas of responsibility for the Remuneration Committee are to:

- annually evaluate the company’s remuneration policy for the Board of Directors and the Executive Board and oversee drafting of the Remuneration Report; and
- evaluate and recommend the remuneration of the Board of Directors and the Executive Board as well as each regional managing director, and develop and annually review the group incentive programs (STIP and LTIP).

Executive Board

The Executive Board currently consists of two members, i.e. the CEO and the CFO. The Executive Board is responsible for the day-to-day management, including:

- developing and implementing strategic initiatives and policies to execute on the strategy decided by the Board of Directors;
- developing the organisational structure;
- monitoring of the performance, both financially and non-financially;

- evaluating and executing on investments, acquisitions, and divestments;
- regularly assessing the capital structure and liquidity to ensure that these are adequate; and
- establishing procedures for financial and sustainability accounting, IT, compliance, ERM, internal controls etc.

Financial controls and risk management structure

General governance

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 and non-financial reporting, including compliance with relevant legislation and other regulations in relation to financial and sustainability

reporting. The Audit Committee assists the Board of Directors in its responsibilities in this respect by researching and preparing various matters which are then presented to the Board of Directors for information and decision.

Enterprise risk management structure

The Enterprise Risk Management (ERM) structure below the Board of Director level is organised as three lines of defence (see figure below).

Risk management

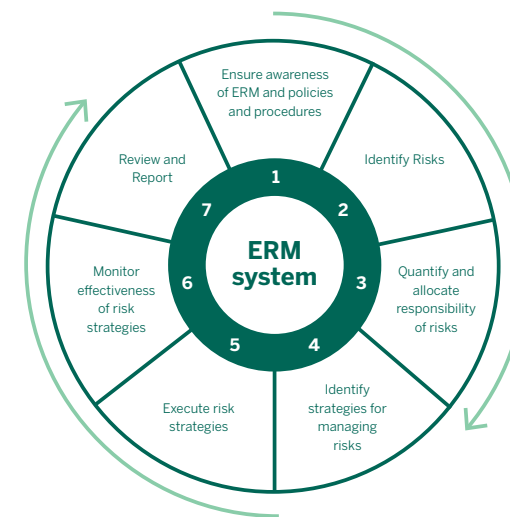
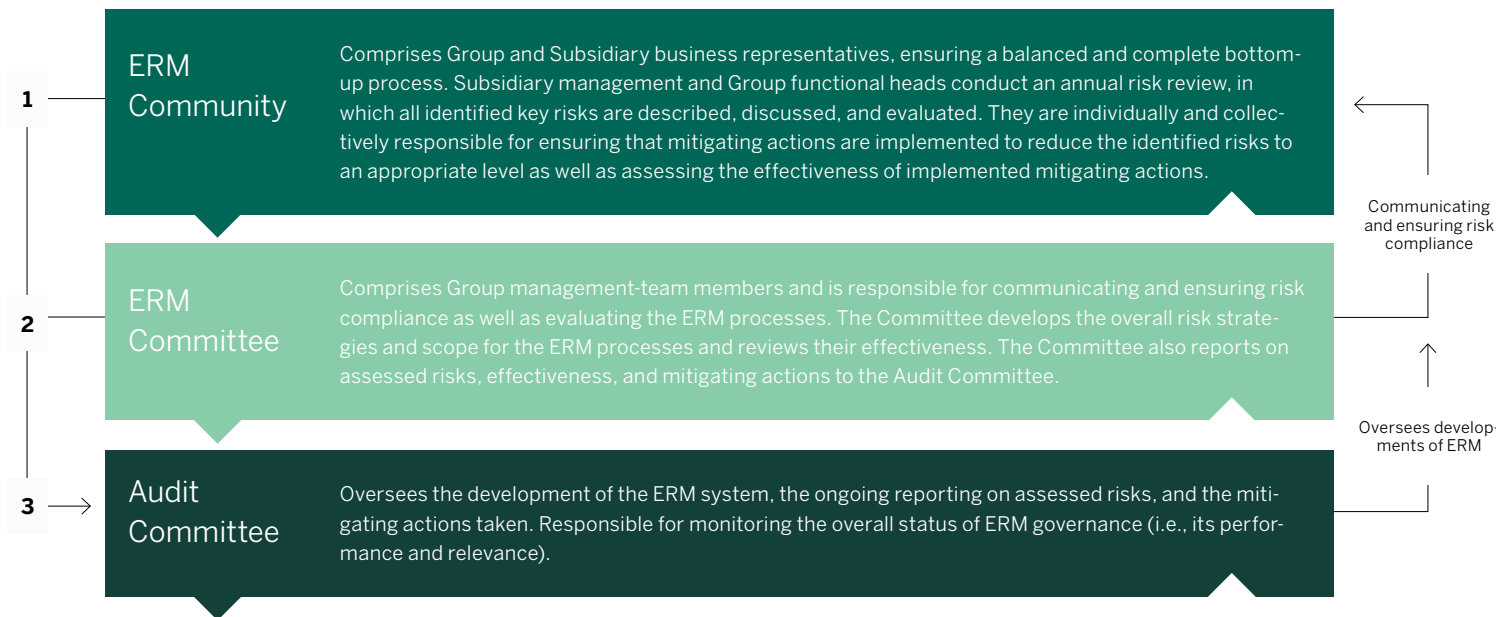
The Board of Directors evaluates the risk management processes on a continuous basis to ensure that the risk profile, risk processes and risk awareness are appropriate. Responsibility for the ERM effectiveness has been delegated to the Chief Financial Officer.

The ERM processes in H+H ensure a dynamic process, involving the identification of risks,

an assessment of probability and the potential impact on business performance, reputation, and people. The aim is to mitigate identified key risks to an acceptable level through appropriate ERM processes, but also to take advantage of identified opportunities.

ERM considerations are integrated into the Group strategy and regional strategies to help safeguard the long-term targets of H+H.

Three Lines of Defence



Financial control environment

The Board of Directors and the Audit Committee assess H+H's organisational structure and staffing in key areas at least once a year. The aim is a well-defined organisational structure, unambiguous reporting lines, delegated authorities and documentation, and appropriate segregation of duties ("the four-eye principle").

The Audit Committee and ultimately the Board of Directors consider whether there is a need for an internal audit function at least once a year. Given that H+H's 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 sees any need to set up an internal audit function at H+H International A/S.

The Board of Directors or the Executive Board establishes and approves group-wide policies, procedures and controls in relation to the financial and sustainability reporting process, e.g. the H+H Accounting Manual, Internal Control Policy, Financial Risk Management Policy and Treasury Policy, which prescribe processes, internal control measures, segregation of duties, reconciliation, approval, authorisation, accounting practices, internal and external reporting etc. The Executive Board

has entrusted Group Finance with the responsibility of acting as the central controlling function for the Group, and in this role Group Finance monitors and checks compliance with group policies, procedures etc. in the regions on a continuous basis. The Executive Board regularly reports to the Audit Committee and/or the Board of Directors on any material findings.

Risk evaluation

The Audit Committee and the Executive Board carry out an overall assessment of the risks related to the reporting processes at least once a year. As part of their risk assessment, the Board of Directors, the Audit Committee and the Executive Board continuously consider the risks and the measures that need to be taken with a view to mitigating or eliminating such risks. Based on the outcome of the risk assessment, revisions to the relevant policies and manuals are considered and implemented.

Control activities, including monitoring

The definition of the specific control activities is based on the risk assessment at any given time. Group Finance ensures that the reporting processes etc. set out in the various H+H policies 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 Board of Directors and/or the Executive Board are adhered to. These activities also helps ensure that any errors, deviations and omissions are prevented, detected and corrected. H+H regularly implements new reporting processes as well as controls intended to assist in further mitigating the risks.

The control activities are carried out pursuant to certain set requirements in respect of frequency and documentation, obtaining assurance of e.g., the existence of the assets claimed in the reporting, reconciliation and the financial analysis to be performed. The scope and frequency of the control measures applied with respect to each region depend on the risk assessment and the subsequent risk rating made on an ongoing basis in respect of each region.

Any weaknesses, lack of control, breach of group policies etc. or other material deviations identified during the control activities are reported by Group Finance to the Executive Board. Group Finance prepares a report describing the findings made for each control visit in a region, and the material findings are comprised in a report discussed with the Audit Committee. Depending on whether the find-

ings are critical or touch on matters of principle, the findings are ultimately conveyed to the Board of Directors for their information and consideration. In addition to Group Finance's reports for each control visit, H+H International A/S's external auditor reports in the audit book to the Board of Directors on any material weaknesses identified in the Group's internal control systems in relation to the financial reporting process. Less important issues are communicated directly to the Executive Board. When weaknesses or faults in the control system are detected, the Audit Committee oversees whether the Executive Board reacts effectively and whether agreed actions to strengthen risk management and internal controls in relation to the reporting process are implemented according to plan.

Danish Recommendations on Corporate Governance

The following symbols are used to describe compliance and non-compliance:





- Compliance
- Non-compliance

Recommendation	Compliance	Description of compliance or explanation of non-compliance and what is done instead
1. Interaction with the company's shareholders, investors and other stakeholders		
1.1. Dialogue with shareholders, investors and other stakeholders		
1.1.1. The Committee recommends that the management through ongoing dialogue and interaction ensures that shareholders, investors and other stakeholders gain the relevant insight into the company's affairs, and that the board of directors obtains the possibility of hearing and including their views in its work.	■	H+H provides information to shareholders and other stakeholders by publication of financial reports and other information required for listed companies. H+H has an IR organisation that organise and participate in various investor meetings. Publicly available telephone conferences are also held in continuation with the disclosure of each financial report, and after this the IR organisation arranges and participates in different meetings with shareholders, potential investors, analysts and other interested parties. The Board of Directors is regularly informed about relevant input and opinions received by the IR organisation to ensure the Board can consider such considerations in their decision making and communication.
1.1.2. The Committee recommends that the company adopts policies on the company's relationships with its shareholders, investors and if relevant other stakeholders in order to ensure that the various interests are included in the company's considerations and that such policies are made available on the company's website.	■	H+H's relation to its stakeholders are anchored in H+H's Purpose and Promises. The shareholder-specific relations are defined in H+H's Articles of Association, and the ongoing relations with shareholders, investors and analysts are described in H+H's Investor Relations Policy. Relations and conduct towards all stakeholders are described in H+H's Code of Conduct and towards suppliers in H+H's Code of Conduct for Suppliers. All documents are available on www.HplusH.com .
1.1.3. The Committee recommends that the company publishes quarterly reports.	■	Nothing additional to report.

Recommendation	Compliance	Description of compliance or explanation of non-compliance and what is done instead
1.2. The general meeting		
<p>1.2.1. The Committee recommends that the board of directors organises the company’s general meeting in a manner that allows shareholders, who are unable to attend the meeting in person or are represented by proxy at the general meeting, to vote and raise questions to the management prior to or at the general meeting. The Committee recommends that the board of directors ensures that shareholders can observe the general meeting via webcast or other digital transmission.</p>	■	<p>It is possible to vote at or attend general meetings by proxy, and it is possible to raise questions to management prior to the general meetings. General meetings are being webcast live on the H+H shareholder portal, and the webcast as well as the full minutes for the general meeting are published on H+H’s website after the general meeting.</p>
<p>1.2.2. The Committee recommends that proxies and postal votes to be used at the general meeting enable the shareholders to consider each individual item on the agenda.</p>	■	<p>Nothing additional to report.</p>
1.3. Takeover bids		
<p>1.3.1. The Committee recommends that the company has a procedure in place in the event of takeover bids, containing a “road map” covering matters for the board of directors to consider in the event of a takeover bid, or if the board of directors obtains reasonable grounds to suspect that a takeover bid may be submitted. In addition, it is recommended that it appears from the procedure that the board of directors abstains from countering any takeover bids by taking actions that seek to prevent the shareholders from deciding on the takeover bid, without the approval of the general meeting.</p>	■	<p>Nothing additional to report.</p>
1.4. Corporate Social Responsibility		
<p>1.4.1. The Committee recommends that the board of directors adopts a policy for the company’s corporate social responsibility, including social responsibility and sustainability, and that the policy is available in the management commentary and/or on the company’s website. The Committee recommends that the board of directors ensures compliance with the policy.</p>	■	<p>The Board has approved an ESG policy for corporate social responsibility that is available at H+H’s website, as is H+H’s Code of Conduct for Suppliers helping to ensure proper sustainable conduct in line with H+H’s sustainability policy by H+H’s suppliers.</p> <p>H+H also reports on sustainability on an annual basis and from the annual report for 2023 the sustainability report is an integrated part of the annual report.</p> <p>H+H’s focus on sustainability performance is underlined by the fact that both the short-term and the long-term share-based incentive program includes 1-2 KPI targets related to sustainability performance.</p>
<p>1.4.2. The Committee recommends that the board of directors adopts a tax policy to be made available on the company’s website.</p>	■	<p>Nothing additional to report.</p>

Recommendation	Compliance	Description of compliance or explanation of non-compliance and what is done instead
2. The duties and responsibilities of the board of directors		
2.1. Overall tasks and responsibilities		
<p>2.1.1. The Committee recommends that the board of directors in support of the company's statutory objects according to its articles of association and the long-term value creation considers the company's purpose and ensures and promotes a good culture and sound values in the company. The company should provide an account thereof in the management commentary and/or on the company's website.</p>	■	<p>H+H's business model and its Purpose and Promises are described in the annual report. The purpose and values described therein are the foundation of H+H's being, culture and ultimately H+H's value-creation.</p>
<p>2.1.2. The Committee recommends that the board of directors at least once a year discusses and on a regular basis follows up on the company's overall strategic targets in order to ensure the value creation in the company.</p>	■	<p>The Board is informed on a monthly basis on the execution of the strategy and the strategy itself is reviewed at least annually at a two-day strategy seminar dedicated to strategy development and review, strategy actions, and the achievement in respect of strategy execution and the strategy-related long-term targets for value creation announced. The strategy, strategy action points and announced long-term targets are continuously reconsidered when unforeseen material opportunities or risks occur.</p>
<p>2.1.3. The Committee recommends that the board of directors on a continuously basis takes steps to examine whether the company's share and capital structure supports the strategy and the long-term value creation in the interest of the company as well as the shareholders. The Committee recommends that the company gives an account thereof in the management commentary.</p>	■	<p>The Board continuously evaluates the company's capital structure, share structure and capital resources to ensure appropriate and sufficient funding to fulfill liabilities and support the strategy execution.</p> <p>The management's review in the annual report always includes an account of this, including board or general meeting decisions made and actions taken during the financial year such as share buy-back programs and cancellation of shares or payment of dividend.</p>
<p>2.1.4. The Committee recommends that the board of directors prepares and on an annual basis reviews guidelines for the executive management, including requirements in respect of the reporting to the board of directors.</p>	■	<p>Nothing additional to report.</p>



Recommendation	Compliance	Description of compliance or explanation of non-compliance and what is done instead
2.2. Members of the board of directors		
<p>2.2.1. The Committee recommends that the board of directors, in addition to a chairperson, appoints a vice chairperson, who can step in if the chairperson is absent and who can generally act as the chairperson's close sparring partner.</p>	■	Nothing additional to report.
<p>2.2.2. The Committee recommends that the chairperson in cooperation with the individual members of the board of directors ensures that the members up-date and supplement their knowledge of relevant matters, and that the members' special knowledge and qualifications are applied in the best possible manner.</p>	■	The board members' experiences and specific qualifications are evaluated together with the Board's collective competences as part of the annual board evaluation, and the Chair together with the rest of the Board are very conscious of utilising each board member's specific competences for considerations or tasks that match such competences.
<p>2.2.3. The Committee recommends that if the board of directors, in exceptional cases, requests a member of the board of directors to take on special duties for the company, for instance, for a short period to take part in the daily management of the company, the board of directors should approve this in order to ensure that the board of directors maintains its independent overall management and control function. It is recommended that the company publishes any decision on allowing a member of the board of directors to take part in the daily management, including the expected duration thereof.</p>	■	None of the board members performed such special duties for H+H during 2023. Should the situation occur, the Board will follow the recommendation and issue a company announcement describing which daily management duties that are being performed and by who from the Board.
3. The composition, organisation and evaluation of the board of directors		
3.1. Composition		
<p>3.1.1. The Committee recommends that the board of directors on an annual basis reviews and in the management commentary and/or on the company's website states</p> <ul style="list-style-type: none"> • which qualifications the board of directors should possess, collectively and individually, in order to perform its duties in the best possible manner, and • the composition of and diversity on the board of directors. 	■	The considerations on the optimal collective competence profile for the Board and the general individual qualities required for a board member are part of the annual board evaluation and held up against the actual composition and diversity of the members of the Board in order to assess if there are material gaps that should be filled by changing the composition of the Board. The competence profile of the Board together with the actual board diversity of the current board members are described in the annual report.

Recommendation	Compliance	Description of compliance or explanation of non-compliance and what is done instead
<p>3.1.2. The Committee recommends that the board of directors on an annual basis discusses the company's activities in order to ensure relevant diversity at the different management levels of the company and adopts a diversity policy, which is included in the management commentary and/or available on the company's website.</p>		<p>H+H has a group diversity policy available on H+H's website. The policy supports H+H's efforts to have a culture that is inclusive and values diversity and provides equal access to opportunities. The Board and the Executive Board regularly consider the diversity of the Executive Board, Group Management and regional management as well as among the successors, in particular when changes are made.</p>
<p>3.1.3. The Committee recommends that candidates for the board of directors are recruited based on a thorough process approved by the board of directors. The Committee recommends that in assessing candidates for the board of directors – in addition to individual competencies and qualifications – the need for continuity, renewal and diversity is also considered.</p>		<p>Based on the annual board evaluation arranged by the Nomination Committee and the conclusions of the board evaluation, including the candidate profiles in case the evaluation concludes that the board compositions shall change, relevant member(s) of the Nomination Committee together with other board members that have special competences and experience that is relevant for the recruitment carry out the recruitment process together with an external headhunter.</p> <p>The need for renewal as well as continuity is part of the normal annual board evaluation and therefore being considered when the Board decides if it wants to seek changes to its composition.</p>
<p>3.1.4. The Committee recommends that the notice convening general meetings, where election of members to the board of directors is on the agenda - in addition to the statutory items - also includes a description of the proposed candidates'</p> <ul style="list-style-type: none"> • qualifications, • other managerial duties in commercial undertakings, including board committees, • demanding organisational assignments and • independence. 		<p>Nothing additional to report.</p>
<p>3.1.5. The Committee recommends that members to the board of directors elected by the general meeting stand for election every year at the annual general meeting, and that the members are nominated and elected individually.</p>		<p>Nothing additional to report.</p>

Recommendation	Compliance	Description of compliance or explanation of non-compliance and what is done instead
3.2. The board of directors' independence		
<p>3.2.1. The Committee recommends that at least half of the members of the board of directors elected in general meeting are independent in order for the board of directors to be able to act independently avoiding conflicts of interests.</p> <p>In order to be independent, the member in question may not:</p> <ul style="list-style-type: none"> • be or within the past five years have been a member of the executive management or an executive employee in the company, a subsidiary or a group company, • within the past five years have received large emoluments from the company/group, a subsidiary or a group company in another capacity than as member of the board of directors, • represent or be associated with a controlling shareholder, • within the past year have had a business relationship (e.g. personally or indirectly as a partner or an employee, shareholder, customer, supplier or member of a governing body in companies with similar relations) with the company, a subsidiary or a group company, which is significant for the company and/or the business relationship, • be or within the past three years have been employed with or a partner in the same company as the company's auditor elected in general meeting, • be a CEO in a company with cross-memberships in the company's management, • have been a member of the board of directors for more than twelve years, or • be closely related to persons, who are not independent, cf. the above-stated criteria. <p>Even if a member of the board of directors does not fall within the above-stated criteria, the board of directors may for other reasons decide that the member in question is not independent.</p>	■	<p>Except for Stewart A. Baseley who is no longer considered independent since his board tenure exceeds 12 years, all board members are independent as described in the recommendation.</p> <p>Consequently, the Board is independent, since 6 out of 7 members are independent, and likewise are all the board committees independent, since they all consist of at least three members, meaning a majority of the board committee members are independent.</p>
<p>3.2.2. The Committee recommends that members of the executive management are not members of the board of directors and that members retiring from the executive management does not join the board of directors immediately thereafter.</p>	■	Nothing additional to report.

Recommendation	Compliance	Description of compliance or explanation of non-compliance and what is done instead
3.3. Members of the board of directors and the number of other managerial duties		
<p>3.3.1. The Committee recommends that the board of directors and each of the members on the board of directors, in connection with the annual evaluation, cf. recommendation 3.5.1., assesses how much time is required to perform the board duties. The aim is for the individual member of the board of directors not to take on more managerial duties than the board member in question is able to perform in a satisfactory manner.</p>	■	Nothing additional to report.
<p>3.3.2. The Committee recommends that the management commentary, in addition to the statutory requirements, contains the following information on the individual members of the board of directors:</p> <ul style="list-style-type: none"> • position, age and gender, • competencies and qualifications relevant to the company, • independence, • year of joining the board of directors, • year of expiry of the current election period, • participation in meetings of the board of directors and committee meetings, • managerial duties in other commercial undertakings, including board committees, and demanding organisational assignments, and • the number of shares, options, warrants, etc. that the member holds in the company and its group companies and any changes in such holdings during the financial year. 	■	Nothing additional to report.
3.4. Board committees		
<p>3.4.1. The Committee recommends that the management describes in the management commentary:</p> <ul style="list-style-type: none"> • the board committees' most significant activities and number of meetings in the past year, and • the members on the individual board committees, including the chairperson and the independence of the members of the committee in question. <p>In addition, it is recommended that the board committees' terms of reference are published on the company's website.</p>	■	Nothing additional to report.
<p>3.4.2. The Committee recommends that board committees solely consist of members of the board of directors and that the majority of the members of the board committees are independent.</p>	■	Nothing additional to report.

Recommendation	Compliance	Description of compliance or explanation of non-compliance and what is done instead
<p>3.4.3. The Committee recommends that the board of directors establishes an audit committee and appoints a chairperson of the audit committee, who is not the chairperson of the board of directors. The Committee recommends that the audit committee, in addition to its statutory duties, assists the board of directors in:</p> <ul style="list-style-type: none"> • supervising the correctness of the published financial information, including accounting practices in significant areas, significant accounting estimates and related party transactions, • reviewing internal control and risk areas in order to ensure management of significant risks, including in relation to the announced financial outlook, • assessing the need for internal audit, • performing the evaluation of the auditor elected by the general meeting, • reviewing the auditor fee for the auditor elected by the general meeting, • supervising the scope of the non-audit services performed by the auditor elected by the general meeting, and • ensuring regular interaction between the auditor elected by the general meeting and the board of directors, for instance, that the board of directors and the audit committee at least once a year meet with the auditor without the executive management being present. <p>If the board of directors, based on a recommendation from the audit committee, decides to set up an internal audit function, the audit committee must:</p> <ul style="list-style-type: none"> • prepare terms of reference and recommendations on the nomination, employment and dismissal of the head of the internal audit function and on the budget for the department, • ensure that the internal audit function has sufficient resources and competencies to perform its role, and • supervise the executive management’s follow-up on the conclusions and recommendations of the internal audit function. 	<p style="text-align: center;">■</p>	<p>The Audit Committee is chaired by Helen MacPhee who is not the Chair of the Board.</p> <p>The Charter of the Audit Committee is available on the H+H website and it includes the tasks described in this recommendation.</p> <p>The Board has in agreement with the Audit Committee’s recommendation decided not to have an internal audit function, because of the Group’s still relatively limited size and complexity.</p>

Recommendation	Compliance	Description of compliance or explanation of non-compliance and what is done instead
<p>3.4.4. The Committee recommends that the board of directors establishes a nomination committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> • describing the required qualifications for a given member of the board of directors and the executive management, the estimated time required for performing the duties of this member of the board of directors and the competencies, knowledge and experience that is or should be represented in the two management bodies, • on an annual basis evaluating the board of directors and the executive management’s structure, size, composition and results and preparing recommendations for the board of directors for any changes, • in cooperation with the chairperson handling the annual evaluation of the board of directors and assessing the individual management members’ competencies, knowledge, experience and succession as well as reporting on it to the board of directors, • handling the recruitment of new members to the board of directors and the executive management and nominating candidates for the board of directors’ approval, • ensuring that a succession plan for the executive management is in place, • supervising executive managements’ policy for the engagement of executive employees, and • supervising the preparation of a diversity policy for the board of directors’ approval. 		<p>The Charter of the Nomination Committee is available on the H+H website and it includes the tasks described in this recommendation.</p>
<p>3.4.5. The Committee recommends that the board of directors establishes a remuneration committee to perform at least the following preparatory tasks:</p> <ul style="list-style-type: none"> • preparing a draft remuneration policy for the board of directors’ approval prior to the presentation at the general meeting, • providing a proposal to the board of directors on the remuneration of the members of the executive management, • providing a proposal to the board of directors on the remuneration of the board of directors prior to the presentation at the general meeting, • ensuring that the management’s actual remuneration complies with the company’s remuneration policy and the evaluation of the individual member’s performance, and • assisting in the preparation of the annual remuneration report for the board of directors’ approval prior to the presentation for the general meeting’s advisory vote. 		<p>The Charter of the Remuneration Committee is available on the H+H website and it includes the tasks described in this recommendation.</p>

Recommendation	Compliance	Description of compliance or explanation of non-compliance and what is done instead
3.5. Evaluation of the board of directors and the executive management		
<p>3.5.1. The Committee recommends that the board of directors once a year evaluates the board of directors and at least every three years engages external assistance in the evaluation. The Committee recommends that the evaluation focuses on the recommendations on the board of directors' work, efficiency, composition and organisation, cf. recommendations 3.1.-3.4. above, and that the evaluation as a minimum always includes the following topics:</p> <ul style="list-style-type: none"> • the composition of the board of directors with focus on competencies and diversity • the board of directors and the individual member's contribution and results, • the cooperation on the board of directors and between the board of directors and the executive management, • the chairperson's leadership of the board of directors, • the committee structure and the work in the committees, • the organisation of the work of the board of directors and the quality of the material provided to the board of directors, and • the board members' preparation for and active participation in the meetings of the board of directors. 	■	<p>The Board fulfills all parts of the recommendation, except that the use of an external facilitator for the annual board evaluation was postponed in 2023 until 2024, meaning that it will be 4 instead of 3 years since an external facilitator of the board evaluation was used.</p> <p>The reason for the postponement of the engagement of an external facilitator was that due to the sudden and significant market downturn in 2023 and the need for effective change management and resilience that followed from that, the Board found it important to ensure full continuity with respect to experience and competences. The Board would therefore not propose any changes to the board composition at the coming annual general meeting. In consequence, the value of using an external facilitator for the board evaluation would be limited, and the Board therefore decided to postpone the the engagement of an external facilitator until the next board evaluation in Q4 2024.</p>
<p>3.5.2. The Committee recommends that the entire board of directors discusses the result of the evaluation of the board of directors and that the procedure for the evaluation and the general conclusions of the evaluation are described in the management commentary, on the company's website and at the company's general meeting.</p>	■	<p>The conclusions of the annual board evaluation for 2023 are described in the management's review of the annual report for 2023 as well as on the website and will be part of the Chair's presentation at the annual general meeting for 2024.</p> <p>No additional comments.</p>
<p>3.5.3. The Committee recommends that the board of directors at least once a year evaluates the work and results of the executive management according to pre-established criteria, and that the chairperson reviews the evaluation together with the executive management. In addition, the board of directors should on a continuous basis assess the need for changes in the structure and composition of the executive management, including in respect of diversity, succession planning and risks, in light of the company's strategy.</p>	■	<p>The Board regularly discusses the structure, composition work and performance as well as the co-operation among the executive board members as well as with the Board on a regular basis, including as part of the Board's annual evaluation, where also the executive board members provide their input on their assessment of the Board, its members, the Board's work etc. as well as their view on the co-operation with the Board and the board members.</p>

Recommendation	Compliance	Description of compliance or explanation of non-compliance and what is done instead
4. Remuneration of management		
4.1. Remuneration of the board of directors and the executive management		
4.1.1. The Committee recommends that the remuneration for the board of directors and the executive management and the other terms of employment/service is considered competitive and consistent with the company's long-term shareholder interests.	■	Reference is made to principles set out in H+H's Remuneration Policy for the Board of Directors and the Executive Board approved by the general meeting and available on H+H's website.
4.1.2. The Committee recommends that share-based incentive schemes are revolving, i.e. that they are periodically granted, and that they primarily consist of long-term schemes with a vesting or maturity period of at least three years.	■	Reference is made to the principles set out in the H+H's Remuneration Policy for the Board of Directors and the Executive Board approved by the general meeting and available on H+H's website.
4.1.3. The Committee recommends that the variable part of the remuneration has a cap at the time of grant, and that there is transparency in respect of the potential value at the time of exercise under pessimistic, expected and optimistic scenarios.	■	Reference is made to the principles set out in the H+H's Remuneration Policy for the Board of Directors and the Executive Board approved by the general meeting and available on H+H's website.
4.1.4. The Committee recommends that the overall value of the remuneration for the notice period, including severance payment, in connection with a member of the executive management's departure, does not exceed two years' remuneration including all remuneration elements.	■	Reference is made to the principles set out in the H+H's Remuneration Policy for the Board of Directors and the Executive Board approved by the general meeting and available on H+H's website.
4.1.5. The Committee recommends that members of the board of directors are not remunerated with share options and warrants.	■	Reference is made to the principles set out in the H+H's Remuneration Policy for the Board of Directors and the Executive Board approved by the general meeting and available on H+H's website.
4.1.6. The Committee recommends that the company has the option to reclaim, in whole or in part, variable remuneration from the board of directors and the executive management if the remuneration granted, earned or paid was based on information, which subsequently proves to be incorrect, or if the recipient acted in bad faith in respect of other matters, which implied payment of a too large variable remuneration.	■	Reference is made to the principles set out in the H+H's Remuneration Policy for the Board of Directors and the Executive Board approved by the general meeting and available on H+H's website.

Recommendation	Compliance	Description of compliance or explanation of non-compliance and what is done instead
5. Risk management		
5.1. Identification of risks and openness in respect of additional information		
<p>5.1.1. The Committee recommends that the board of directors based on the company's strategy and business model considers, for instance, the most significant strategic, business, accounting and liquidity risks. The company should in the management commentary give an account of these risks and the company's risk management.</p>	■	<p>A detailed description is included in the management's review of the annual report, and a shorter version is included in the first part of this Corporate Governance Statement.</p>
<p>5.1.2. The Committee recommends that the board of directors establishes a whistleblower scheme, giving the employees and other stakeholders the opportunity to report serious violations or suspicion thereof in an expedient and confidential manner, and that a procedure is in place for handling such whistleblower cases.</p>	■	<p>No additional comments.</p>



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