

After the recommendations of the government commission on the German Corporate Governance Code were published, we examined our own regulations for managing and monitoring the company and adapted them accordingly where necessary. In the last business year, we subsequently made the declaration of intent to observe the code as required by § 161 AktG for the first time, and in the process we identified the following differences from the commission's recommendations:

- Our existing D&O insurance contracts contain no own risk portion. It is intended to amend the contracts by introducing a suitable own risk portion.
- There are no age limits for members of the Board of Directors or Supervisory Board. The selection process for people proposed for election to the Supervisory Board, is conducted on the basis of having the knowledge, skills and technical experience required for the job. The appointment of board members by the Supervisory Board is also based on these criteria. It is not intended to define an age limit as an exclusion criterion.
- The Supervisory Board has not set up an inspection committee. The main subject areas proposed for such an inspection committee in the government commission's Corporate Governance Code, are covered in depth by the whole Supervisory Board at H&R WASAG AG.
- The remuneration of members of the Supervisory Board is defined in the company's articles of association. Until now chairmanship or membership of a committee has not been taken into account.
- The disclosure of trading in the company's shares conducted by board members is carried out in accordance with the statutory regulations set out in §15a WpHG. There is no provision for any further-reaching disclosure.
- The consolidated financial statements and quarterly reports have hitherto been prepared in accordance with HGB accounting principles. In the business year 2003 accounting practices will be converted to internationally recognized principles.

Management Board and Supervisory Board

December 16, 2002