

DECLARATION OF COMPLIANCE

pursuant to § 161 of the German Stock Corporation Law [AktG]

The recommendations of the “Government Commission’s German Corporate Governance Code” were (version dated 12 June 2006) and are (version dated 14 June 2007) complied with, with the following exceptions:

- Code figure 3.8 paragraph 2: The D&O insurance policies taken out by the company for the Executive Board and Supervisory Board do not contain a deductible.
- Code figure 5.1.2 paragraph 2, sentence 3 and 5.4.1, sentence 2: There are no age limits for members of the Executive Board and Supervisory Board. The choice of persons proposed for election to the Supervisory Board is made on the basis of the knowledge, skills and technical experience required for the task. The appointment of members of the Executive Board by the Supervisory Board also follows the same criteria. We do not intend to define an age limit as a criterion for exclusion.
- Code figure 5.3.2: The Supervisory Board has not appointed an audit committee. The subjects proposed in the Government Commission's Corporate Governance Code for such an audit committee are keenly debated within the entire Supervisory Board at H&R WASAG AG.
- Code figure 5.3.3: The Supervisory Board has not set up a nomination committee composed exclusively of shareholder representatives which proposes suitable candidates to the Supervisory Board for recommendation to the Shareholders' Meeting.
- Code figure 5.4.3 sentence 3: The members of the Supervisory Board elect the Supervisory Board Chairman by free ballot of its members in accordance with the law. We believe that the members of the Supervisory Board must remain free in their decision-making and should not be exposed to possible impermissible influence from third parties. Publication of candidates could run counter to this. Furthermore, it seems somewhat impractical for candidate proposals for Supervisory Board Chairman to be made at a time when it is not at all certain whether the candidates will be elected to the Supervisory Board. Accordingly, no candidate for Supervisory Board Chairman was put forward to the Shareholders' Meeting in 2007.

- Code figure 5.4.5 sentence 2: The Chairman of the Supervisory Board of H&R WASAG AG is a director of a listed joint-stock company and has a total of more than five Supervisory Board mandates in non-group listed companies.
- Code figure 5.4.7 paragraph 3, sentence 2: The compensation of the members of the Supervisory Board and advantages extended for services provided individually, in particular advisory or agency services, were not listed separately in the corporate governance report.
- Code figure 6.6: The ownership of shares in the company by Executive Board and Supervisory Board members that exceeds 1% of the shares issued by the company was not reported. In addition, the entire holdings of all Executive Board and Supervisory Board members were not reported separately according to Executive Board and Supervisory Board, although they exceeded 1% of the shares issued by the company. The aforesaid disclosures were also not included in the corporate governance report. The disclosure of shareholdings held by members of the Supervisory Board and Executive Board is performed in accordance with legal regulations.
- Code figure 7.1.2 sentence 2: It was not possible to publish the consolidated financial statements for the 2006 financial year until the beginning of May 2007 due to the high number of subsidiaries included in the annual financial statements. For this reason, it will only be possible to publish the consolidated financial statements for the 2007 financial year in May 2008.

Executive Board and Supervisory Board of H&R WASAG AG

Salzbergen, 27 December 2007