

## **Declaration of Compliance pursuant to article 161 of the German Stock Corporation Act (AktG)**

The recommendations of the "Government Commission's German Corporate Governance Code" were (version dated 14 June 2007) and are (version dated 6 June 2008) complied with, with the following exceptions:

- Code figure 3.8, para. 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 4.2.3, para. 2: The monetary remuneration components for two Executive Board members do not include any variable components. While Mr Niels H. Hansen has declined to take up his entitlements to the variable remuneration component on account of his position within the Hansen & Rosenthal Group, Mr Wendroth is waiving any performance-related remuneration for two years in return for the pension commitments assumed by H&R WASAG AG.
- Code figure 5.1.2, para. 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 5.4.5, 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 5.4.6, para. 3, sentence 2: The remuneration 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 2007 financial year until the middle of April 2008 due to the high number of subsidiaries included in the annual financial statements. The consolidated financial statements for the 2008 financial year and for subsequent years will, however, be published within 90 days from the close of the financial year.

The Executive Board and Supervisory Board of H&R WASAG AG

Salzbergen, 23 December 2008