

## **Corporate governance**

Hawesko Holding AG is committed to responsible corporate management and supervision directed towards increasing the value of the company. The transparency of the company's principles as well as the presentation of its ongoing development are to be assured in order to create, maintain and strengthen confidence in the company among customers, business partners and shareholders.

The Board of Management and Supervisory Board monitor compliance with the German Corporate Governance Code and each year submit a Declaration of Compliance, both current and former versions of which can be called up on the Internet. The overwhelming majority of the standards and recommendations specified in the German Corporate Governance Code have been practised for years at Hawesko Holding AG. This will remain so in the future.

### **Remuneration report**

Particulars of the remuneration of the Board of Management and Supervisory Board are to be found in a separate section of the combined management report for the group and the parent company for 2008, as well as in the Notes to the consolidated financial statements (Section 44) and Notes to the individual financial statements. No stock option schemes or similar securities-based incentive systems exist.

### **Shares of Hawesko Holding AG in the ownership of members of the Supervisory Board and Management Board**

At 31 December 2008, the Supervisory Board held 700 (previous year: 1,793,294) and the Board of Management 2,856,827 (previous year: 2,680,126) shares – directly and indirectly – in Hawesko Holding AG, of which the Chairman of the Board of Management held 2,677,742 (previous year: 2,668,342) directly and indirectly.

### **Declaration of Compliance pursuant to Section 161 of German Stock Corporation Law**

Pursuant to Section 161 of German Stock Corporation Law, the Board of Management and Supervisory Board of publicly quoted stock corporations shall declare each year that the recommendations of the Government Commission on the German Corporate Governance Code, published in the official section of the electronic Federal Official Gazette by the Federal Ministry of Justice, have been complied with, or declare which recommendations have not been or will not be complied with.

The Supervisory Board and Board of Management Hawesko Holding AG, Hamburg, declare that the aforementioned recommendations of the Government Commission on the German Corporate Governance Code in the version dated 6 June 2008 have been and are complied with, with the exception that the company departs from the recommendations of the Code in the following respects:

- Section 2.2.2 of the Code: the Board of Management is authorised to exclude the shareholders' statutory subscription, with the permission of the Supervisory Board, in the following instances:
  - (1) to the extent that the exclusion of the subscription right is necessary in order to grant the bearers of convertible bonds or loans or warrants issued by the company a right to subscribe to new shares to the same extent they would be entitled to following exercising of the warrant or conversion right or following fulfilment of the conversion obligation;
  - (2) to the extent that the capital increase for contributions in kind is made for the purpose of acquiring companies or participations in companies;
  - (3) to eliminate residual amounts;

(4) if the shares in the company are issued for cash and the issuing price per share does not significantly undercut the market price for shares already quoted, essentially with the same features, at the time of issuance of the shares. In this instance the exclusion of subscription rights may, however, only be exercised if the number of the shares issued in this way together with the number of treasury shares that are sold during the term of this authorisation, excluding the right to subscribe pursuant to Section 186 Para. 3 Sentence 4 of German Stock Corporation Law, and the number of shares that may arise through the exercising of options and/or conversion rights or the fulfilment of conversion obligations from convertible bonds or loans or warrants issued during the term of this authorisation, excluding the right to subscribe pursuant to Section 186 Para. 4 Sentence 4 of German Stock Corporation Law, does not exceeds 10% of the capital stock either at the time of this authorisation taking effect or at the time of issuance of the shares.

- Section 2.3.2 of the Code: The company does not send notification of the convening of the Shareholders' Meeting together with the convening documents to all domestic and international financial services providers, shareholders and shareholders' associations by electronic means.
- Section 3.8 of the Code: Where D&O insurance cover (Directors' & Officers' Liability) is taken out for the Board of Management and Supervisory Board, the company does not provide for an excess to be borne by those insured.
- Section 4.2.3 of the Code: The provisions envisaged in the contract of employment of one Board of Management member in the event of a change of control may result in the recommended cap of 150 % on compensation payments being exceeded.
- Section 7.1.2 of the Code: the consolidated financial statements of the company will be published not within 90 days of the end of the financial year, but within approximately 120 days. This longer period is advisable to facilitate the publication of the consolidated financial statements and annual report together with a report on the first quarter of the current financial year.

Hamburg, 26 March 2009

The Supervisory Board

The Board of Management