

Corporate Governance Kodex

The introduction of the Corporate Governance Codex on 26 February 2002 made the rules for company management and supervision applicable in Germany transparent for domestic and international investors.

Cooperative interaction of Supervisory Board and Management Board, an open style of corporate communications and a solid balance sheet policy should be guaranteed as the minimum requirements.

For these reasons, Neschen AG follows the recommendations of the government commission on the German Corporate Governance Codex as of 2 June 2005, subject only to the following exceptions:

- The General Meeting is not published via modern communications media due to the overproportionately high expenses incurred (Codex Item 2.3.4).
- There is a D&O insurance policy without a deductible covering the members of the Executive Board and Supervisory Board (Codex Item 3.8).
- We made public the total compensation for the Executive Board. We do not see any advantage for the shareholders in an itemized statement (Codex Item 4.2.4).
- Because of the size of the Supervisory Board, no committees are formed (Codex Item 5.3).
- We made public the total compensation for the Supervisory Board in 2005. There was no variable compensation in 2005 as there was no dividend payment. There is no stock option programme for the members of the Supervisory Board. We do not see any advantage for the shareholders in an itemized statement (Codex Item 5.4.7).
- The recommended period of 90 / 45 days for the publication of the annual accounts / half-year accounts will not be fulfilled due to the required consolidation of the group financial statements (Codex Item 7.1.2).

According to the statement of conformity, the following information pertains to company ownership:

The supervisory board member Mr. R. Zinn owns together with his wife 46.0% of the Neschen AG issued shares. Up to 22.10.05, Dr. Sulitze was managing director of the „Vermögensverwaltung Erben Dr. Karl Goldschmidt GmbH, Essen“, who own 29,9% of the Neschen AG issued shares. As of 31.12.05, Dr. Scholz owns no shares in the company.

The members of the Executive Board hold a total of less than 1% of the issued shares as of 31.12.05.