

## **Corporate Governance Declaration of the Würth Group**

### **Success Needs Good Corporate Governance**

The Würth Group welcomes the German Corporate Governance Code amended for the last time in May 2003 and presented by the government commission.

Good corporate governance did already play an important role in the Würth Group before the code was published. The successful development of the Group is tied up with close co-operation between the Board of Directors and the Advisory Board, open communication within the Group, proper accounting and annual auditing as well as efficient risk controlling. For that reason the code did not make fundamental changes necessary.

Although the German Corporate Governance Code is primarily meant for listed German stock corporations the Würth Group, as family business, attaches the same importance to its standards, particularly as the Group makes use of bonds, private placements and other financial resources.

The Board of Directors compares to the **board** of a stock corporation. The Advisory Board of the Würth Group corresponds to the **supervisory board** of a listed enterprise. **Shareholders** in the sense of the Corporate Governance Code are the five foundations:

- Carmen Würth Family Foundation
- Bettina Würth Family Foundation
- Marion Würth Family Foundation
- Markus Würth Family Foundation
- Adolf Würth Foundation

The distribution of competence of these boards within the Würth Group is laid down in the statutes of the Würth Group.

## Declaration of Conformity

On 26 November 2004, the Board of Directors and the Advisory Board of the Würth Group made the following, first joint declaration of conformity for the year 2004 based on the German Corporate Governance Code, amendment of 21 May 2003.

Policy statement according to article 161 of the German corporate act (AktG):

We declare that the recommendations of the "Government Commission on the German Corporate Governance Code" published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette have been complied with in 2004 and are going to be complied with in 2005, based on the following conditions.

Exceptions:

The recommendations of the Corporate Governance Code form the guideline for our entrepreneurial activity. However, the rules stipulated in it contain demands that seem to be inappropriate for a family business not listed on the stock exchange or that turn out to be too rigid with regard to times and contents given. Here we refer to the following individual clauses of the German Corporate Governance Code that are generally legitimate for stock market listing:

- 4.2.3 Publication of basic standards of compensation for the Board of Directors on the internet and in the business report
- 5.4.5 Success-oriented compensation for the members of the Advisory Board
- 5.6 Check of efficiency of the Advisory Board
- 6.7 Publication of "financial calendar"
- 7.1.1 Publication of interim reports
- 7.1.2 The Consolidated Financial Statements shall be publicly accessible within 90 days after the end of the financial year; interim reports shall be publicly accessible within 45 days after the end of the reporting period.
- 7.1.4 Publication of list of third-party companies

Furthermore, the Corporate Governance Code contains recommendations that restrict the rights of personality of individual members of the body that we, however, want to give priority. In the following please find the clauses of the German Corporate Governance Code we refer to:

- 4.2.4 Detailed and individualized publication of the remuneration and its components to the members of the Board of Directors
- 5.4.5 Detailed and individualized publication of the remuneration and its components to the members of the Advisory Board