

## **German Corporate Governance Code**

### Declaration of Conformity

The Management Board and the Supervisory Board approved the following Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG). In 2007, design hotels AG complied with and will continue to comply with the recommendations of the German Corporate Governance Code in the version of June 14, 2007 with the following exceptions:

- The Management Board does not consist of more than one person. Therefore, no chairman or spokesperson is appointed. According to the Rules of Procedure for the Management Board the CEO is responsible for all departments. (Code Section 4.2.1, clause 1).
- The service agreement with the CEO does not contain a so-called compensation cap for extraordinary and unforeseeable developments or the premature termination of the service agreement (Code Section 4.2.3, subsections 4 and 5).
- The Supervisory Board consists of six members. However, no committees, such as an Finance Committee or Presidential Committee, were formed. Thus, no committees of the Supervisory Board exist (Code Sections 5.3.1 and 5.3.2).
- The members of the Supervisory Board do not obtain a variable compensation in addition to their fixed compensation (Code Section 5.4.7 clause 4).