

## Corporate Governance

The German Corporate Governance Code in the current version, dated June 18, 2009, contains important legislative regulations and recommendations on the management and oversight of Germany's publicly traded corporations as well as nationally and internationally recognized standards for good corporate management. For Nemetschek AG's managing board and supervisory board, responsible and value-based corporate management and supervision are a matter of course and a basic prerequisite for economic activity over the long term. This includes efficient cooperation between the managing board and supervisory board, respect for the interests of shareholders and employees, transparent corporate communication and responsible risk handling. The managing board and supervisory board largely follow the recommendations in the current version of the Corporate Governance Code. The few exceptions concern individual regulations in the Code, which, from their point of view, do not suit the requirements of medium-sized enterprises.

Every year, as part of the statutory regulations, the managing board and supervisory board of Nemetschek AG issue a statement that the company adhered to, and adheres to, recommendations of the government commission's German Corporate Governance Code. If certain recommendations have not been followed, then this is stated, too. The current Nemetschek AG declaration of conformity in accordance with § 161 of the Stock Corporation Act, which can be viewed on the company's website at [www.nemetschek.com](http://www.nemetschek.com), was made on March 17, 2010.

### Declaration of conformity in accordance with § 161 of the Stock Corporation Act, dated March 17, 2010

In accordance with § 161 of the Stock Corporation Act, the managing board and supervisory board of Nemetschek AG declare that the recommendations of the "Government Commission of the German Corporate Governance Code", version dated June 18, 2009, published in the official part of the electronic Federal Gazette on August 5, 2009, (hereinafter "Code"), have been and are being met, though with the following exceptions:

- The D&O insurance does not include excess insurance for board members (Code Item 3.2 Clause 2). Nemetschek AG does not believe that excess insurance would increase the motivation and sense of responsibility of the members of the managing board and supervisory board. To meet the statutory provisions set forth in the VorstAG (German Act on the Appropriateness of Managing Board Remuneration), the D&O insurance for the managing board has, however, been changed and provides for adequate excess insurance for the managing board as of July 1, 2010. As for D&O insurance for the supervisory board, no excess insurance has been agreed on for the members of the supervisory board for the reasons listed above.
- The managing board of Nemetschek AG consists of only one person (Code Item 4.2.1). The managing board and supervisory board believe that neither the organizational structure of the Nemetschek Group nor the focus of Nemetschek AG on holding tasks and group control necessarily requires a managing board with several people. Moreover, an Executive Council has been established within the Nemetschek Group to provide support for the managing board. The Council is made up of the managing board and the managing directors of the most important product organizations. Its task is to define and implement the strategic orientation of the group.
- According to Code Item 4.2.3 Clause 2 the remuneration structure for the managing board should be based on the overall corporate development over the long term. The variable portions of the remuneration package should take into account both positive and negative developments. These and the other provisions set forth in the VorstAG, insofar as these provisions had not already been taken into account in the existing contracts with the managing board, were implemented as a long-term incentive plan, which was passed in October 2009.
- The employment contract of the managing board does not include a severance payment cap (Code Item 4.2.3 Clause 4). The new managing board contract, which came into effect at the beginning of 2010, is valid for three years. The supervisory board is of the view that the short contract period of three years in itself offers adequate protection against unreasonable severance payments, which is why a separate severance payment cap was not agreed on.
- An age limit for members of the managing board and the supervisory board has not been defined explicitly and is not currently planned (Code 5.1.2 Clause 2 and 5.4.1). Such age limit would generally restrict the company in its selection of suitable members for the managing board and the supervisory board. Members are selected solely on the basis of technical competence and necessary experience, taking into account the company's international activities and diversity.
- The code recommendation on the formation of qualified committees is not followed (Code Item 5.3), as the supervisory board only has three members. The tasks for which the Code recommends the formation of such committees are all performed by the supervisory board of Nemetschek Aktiengesellschaft.
- Deviating from Code Item 5.4.3, the managing board of Nemetschek Aktiengesellschaft applied for the official appointment of a member of the supervisory board in February 2008 and requests that an unlimited official appointment be filled by the next AGM. The reason for this was that the supervisory board member concerned had already been elected by the AGM 2007 for a full term and merely left the supervisory board temporarily due to illness.

Munich, March 17, 2010  
Nemetschek Aktiengesellschaft

## Additional Information

### Cooperation between managing board and supervisory board

The managing board and supervisory board again worked closely and trustfully together in 2009. The managing board has sole responsibility for the management of Nemetschek AG and is committed to the interests of the company and to increasing the shareholder value over the long term. It reports to the supervisory board regularly, quickly and comprehensively, in written and verbal form, about all relevant issues relating to business development and company planning, including the risk situation, risk management and compliance.

More information on this can be found in the supervisory board's report on pages 20–21 of this annual report, as well as in the management report.

### Compliance and risk management

Compliance, i. e., the act of adhering to valid provisions, is a basic prerequisite for successful economic activity over the long term. The managing board ensures that legal requirements and internal company guidelines within the Nemetschek Group are adhered to. They are supported in this by the internal Compliance Officer and a Compliance Team. The Compliance Team's tasks include providing support for the management bodies and departments in the group's companies to ensure that all business processes conform to the law and meet the internal guidelines.

To ensure compliance over the long term throughout the company, Compliance Managers were installed in key parts of the group in 2009. Long-serving and particularly experienced employees were entrusted with this task. Furthermore, a compliance training program for all of the Nemetschek Group's employees was launched in the third quarter of 2009.

Detailed information on Nemetschek AG's risk management system can be found on pages 35–38 of the management report.

### Remuneration of managing board and supervisory board

In accordance with the recommendations of the German Corporate Governance Code, we have been reporting the individual remuneration of all members of the managing board and supervisory board for a long time. A breakdown of the remuneration of the individual members by component can be found on page 30 in the management report.

The compensation for members of the managing board consists of a base salary (50 percent) and variable compensation. The variable compensation component is largely dependent on the attainment of corporate objectives with respect to sales and earnings. A smaller portion of the variable compensation is paid out upon achieving individual targets. In accordance with the recommendations of the German Corporate Governance Code, the members of the supervisory board also receive performance-related and fixed remuneration. This is based on the consolidated earnings per share.

With a view to corporate management over the long term, the supervisory board also discussed and approved the underlying conditions for a long-term incentive plan for the managing board and executive officers in the group in its meeting in October 2009. This came into effect at the beginning of 2010 and covers a time frame of four years. The incentive plan ensures that the interest of the managing board and the interest of shareholders in the long-term increase of the shareholder value are closely linked.

### Directors' dealings and stock option scheme

No transactions subject to report were announced in the calendar year 2009.

The stock option scheme of Nemetschek AG from 2003 matured on July 28, 2008 and was not replaced by a new stock option scheme. Nemetschek AG has currently not issued any option rights.

### Transparency

Nemetschek lays great importance on transparency and ensures strictly that the principle of equal treatment for shareholders is adhered to. The entire corporate communication is geared to informing all investors comprehensively and in a timely manner. As part of its investor relations activities, Nemetschek regularly organizes meetings with analysts and institutional investors. Furthermore, the publication of the quarterly statements is followed by telephone conferences. The presentations made in this connection are made freely available simultaneously on the Internet at [www.Nemetschek.com](http://www.Nemetschek.com) and are supplemented by audio recordings.

As soon as Nemetschek becomes aware that a shareholder is subject to report because they have exceeded or fallen below the proportion of voting rights stated in the Transparenzrichtlinien-Umsetzungsgesetz (TUG) (Transparency Directive Implementation Act), then this fact is announced by the company without delay. Information on the shares held by the managing board and supervisory board can be found in the section "Nemetschek on the capital market" on page 17.

A financial calendar contains all the publication dates for the relevant financial reports. In this respect, Nemetschek has set itself the goal of exceeding the provisions of the German Corporate Governance Code and publishes its quarterly results within 30 days of the end of the relevant reporting period.