

German Corporate Governance Code

1. Preamble

This German Corporate Governance Code (the "Code") presents essential statutory regulations for the management and supervision of German exchange-listed companies (corporate governance) and includes internationally and nationally recognized standards for good and responsible corporate governance. The Code aims at making the German Corporate Governance system transparent and understandable. Its purpose is to promote the trust of international and national investors, customers, employees and the public in the management and supervision of exchange-listed German stock corporations.

The Code clarifies the rights of shareholders, who provide the company with the required equity capital and who bear the entrepreneurial risk.

A dual board system is prescribed by law for German stock corporations:

The management board is responsible for independently managing the enterprise. The members of the management board are jointly accountable for management of the enterprise. The chairman of the management board coordinates the work of the members of the management board.

The supervisory board appoints, supervises and advises the management board and is directly involved in decisions which are of fundamental importance to the enterprise. The chairman of the supervisory board coordinates the work of the supervisory board.

The members of the supervisory board are elected by the shareholders at the general meeting. For enterprises with more than 500 or 2000 employees respectively in Germany, employees are represented in the supervisory board, with one third or, respectively one half, of which then consisting of employee representatives. For enterprises with more than 2000 employees, the chairman of the supervisory board, who is practically always a representative of the shareholders, has a deciding second vote for resolutions. Both the representatives elected by the shareholders and representatives of the employees are equally obligated to act in the enterprise's interests.

In practice, the dual board system, which is also established in other continental European countries, and the internationally widespread system of management by a single management body (board of directors) are converging due to the intense interaction between the management board and the supervisory board and both systems are equally successful.

The accounting standards of German enterprises are oriented on the true and fair view principle and represent a true and fair picture of the actual conditions of the asset, financial and profit situation of the enterprise.

Recommendations of the Code are marked in the text by use of the word "shall." Companies can deviate from them but are then obligated to disclose this annually. This makes it possible for companies to take sector and enterprise-specific requirements into account. The Code thereby contributes to making the German corporate constitution more flexible and more self-regulating. Furthermore, the Code

contains **suggestions** which can be deviated from without disclosure; for this the Code uses terms such as "**should**" or "**can**." The remaining passages of the Code not marked by these terms contain provisions that enterprises are compelled to observe under applicable law.

In provisions of the Code affecting not only the company itself but also its group companies, the term "enterprise" is used instead of "company."

Primarily, the Code is intended for listed corporations. It is recommended that non-listed companies also observe the Code.

As a rule the Code will be checked once a year against the background of national and international developments and, if necessary, adjusted.

2. Shareholders and the General Meeting

2.1. Shareholders

2.1.1 Shareholders exercise their rights at the general meeting and vote there.

2.1.2 In principle, each share carries one vote. There are no shares with multiple voting rights, preferential voting rights (golden shares) or maximum voting rights.

2.2 General Meeting

2.2.1 The management board submits to the general meeting the annual financial statements and the consolidated financial statements. The general meeting resolves on the appropriation of net income and on ratification of the acts of management of the management board and of the supervisory board, and it elects the shareholders' representatives to the supervisory board and, as a rule, the auditor.

Furthermore, the general meeting resolves on the Articles of Association, the object of the company, amendments to the Articles of Association and essential corporate measures, such as, in particular, inter-company agreements and transformations, the issuing of new shares and, in particular, of convertible bonds and bonds with warrants and the authorization to purchase own shares.

2.2.2 In issuing new shares, shareholders, in principle, have pre-emptive rights corresponding to their share of the equity capital.

2.2.3 Each shareholder is entitled to participate in the general meeting, to take the floor on matters on the agenda and to submit relevant questions and proposals.

2.2.4 The chair of the meeting ensures that the items on the agenda of the general meeting are dealt with swiftly.

2.3. Invitation to the General Meeting, Proxies

2.3.1 The shareholders' general meeting is to be convened by the management board at least once a year, with details of the agenda being given. Shareholder minorities are entitled to demand that a general meeting be convened and items added to the agenda. The management board shall not only provide the reports and documents, including the Annual Report, required by law for the general meeting and send them to shareholders upon request, but shall also publish them on the company's internet site together with the agenda.

2.3.2 The company shall inform all domestic and foreign financial services providers, shareholders and shareholders' associations, who, in the preceding 12 months, have requested such notification, of the convening of the general meeting, together with the pertinent documents, using electronic channels if so requested.

2.3.3 The company shall make arrangements to make it easier for shareholders to exercise their voting rights in person. The company shall also assist the shareholders with regard to proxies. The management board shall arrange the appointment of a representative to exercise shareholders' voting rights in accordance with instructions. This representative should also be available for contact during the general meeting.

2.3.4 The company should make it possible for shareholders to follow the general meeting using modern means of communication (e.g. internet).

3. Cooperation between Management Board and Supervisory Board

3.1 The management board and supervisory board work together closely for the benefit of the enterprise.

3.2 The management board coordinates the enterprise's strategic approach with the supervisory board and discusses the current state of the implementation of such strategy with the supervisory board at regular intervals.

3.3 For transactions of fundamental importance, the Articles of Association or the supervisory board stipulate provisions whereby approval for such transactions has to be granted by the supervisory board. Such transactions include decisions or measures which fundamentally change the situation of the enterprise with regard to assets, finances or profits.

3.4 Providing adequate information to the supervisory board is the joint responsibility of the management board and supervisory board.

The management board informs the supervisory board regularly, without delay and comprehensively of all issues of relevance to the enterprise with regard to planning, business development, risk situation and risk management. The management board calls attention to deviations between the actual course of business and plans and objectives formulated previously, giving the reasons for such deviations.

The supervisory board shall specify the management board's information and reporting duties. The management board's reports to the supervisory board are, as a rule, to be submitted in written form. Documents required for decisions, in particular, the annual financial statements, the consolidated financial statements and the auditors' report are to be sent to the members of the supervisory board as soon as possible before the meeting.

3.5 Good Corporate Governance requires open discussion between the management board and supervisory board as well as within the management board and the supervisory board. The comprehensive observance of confidentiality is crucial for this. All board members are responsible for ensuring that the staff they employ observe the confidentiality obligation in the same manner.

3.6 In supervisory boards with codetermination, shareholder and employee representatives should prepare the supervisory board meetings separately, possibly together with members of the management board.

If necessary, the supervisory board should meet without the management board.

3.7 In the event of a takeover offer, the management board and supervisory board of the target company must submit a statement of their position towards the offer, indicating their reasons, in order to allow shareholders to make an informed decision on the offer.

After the announcement of a takeover offer, the management board may not execute any actions outside of the ordinary course of business that could prevent the offer from being successful unless the management board has been authorized by the general meeting to do so or the supervisory board has given its approval. In making their decisions, the management board and supervisory board are bound to act in the best interests of the shareholders and of the enterprise.

In appropriate cases the management board should convene an extraordinary general meeting at which shareholders discuss the takeover offer and, possibly, decide on corporate actions.

3.8 The management board and supervisory board comply with the rules of proper corporate management. If they violate the due care and diligence of a prudent and conscientious Managing Director or supervisory board member, they are liable to the company for damages.

If the company takes out a D&O (directors and officers' liability insurance) policy for the management board and supervisory board, a suitable deductible shall be agreed upon.

- 3.9 The approval of the supervisory board is required for the extending of enterprise loans to members of the Management and supervisory board and their relatives.
- 3.10 The management board and supervisory board shall report on the enterprise's Corporate Governance in the Annual Report. This also includes explaining possible deviations from the recommendations made in this Code.

4. Management Board

4.1. Tasks and Responsibilities

- 4.1.1 The management board is responsible for independently managing the enterprise. In doing so, it is required to act in the enterprise's interests and undertakes to increase the sustainable value of the enterprise.
- 4.1.2 The management board develops the enterprise's strategy, coordinates it with the supervisory board and ensures its implementation.
- 4.1.3 The management board ensures that all provisions of law are abided by and works towards their compliance by group companies.
- 4.1.4 The management board ensures appropriate risk management and risk controlling in the enterprise.

4.2. Composition and Compensation

- 4.2.1 The management board shall be comprised of several persons and have a chairman or Spokesman. The assignment of duties and cooperation within the management board shall be regulated in rules of procedure.
- 4.2.2 Compensation of the members of the management board is determined by the supervisory board under consideration of group payments, if any, at an appropriate sum and on the basis of a performance assessment. Criteria for determining the appropriateness of compensation are, in particular, the tasks of the member of the management board, his performance, the economic situation, the performance and prospects of the enterprise, taking its peer companies into account.
- 4.2.3 The compensation of the members of the management board shall be comprised of a fixed salary and variable components. Variable compensation should include one-off components and components due annually, linked to the performance of the enterprise, as well as long-term incentives. In

particular, stock options or comparable arrangements (e.g. phantom stocks) serve as variable compensation components with long-term incentive effect. These shall be specified in advance using comparative parameters such as the value development of stock indices or the attaining of specific price objectives. Performance targets may not be changed retroactively. Advantages from a stock option plan must be appropriate. The concrete details of a stock option plan or comparable compensation system shall be disclosed in a suitable form.

- 4.2.4 Compensation of the members of the management board shall be reported in the notes to the consolidated financial statements subdivided according to fixed, performance-related and long-term incentive components. The figures should be individualized.

4.3. Conflicts of Interest

- 4.3.1 During their employment for the enterprise, members of the management board are subject to a comprehensive non-competition obligation.
- 4.3.2 Members of the management board and employees may not, in connection with their work, demand or accept payments or other advantages for themselves or for third parties or grant third parties unjustifiable advantages.
- 4.3.3 Members of the management board are required to act in the interests of the enterprise. No member of the management board may pursue personal interests in his decisions or use business opportunities intended for the enterprise for himself.
- 4.3.4 All members of the management board shall disclose conflicts of interest to the supervisory board without delay and inform the other members of the management board thereof. All transactions between the enterprise and the members of the management board, as well as persons they are close to or companies they have a personal association with, must comply with standards customary in the sector. Important transactions shall require the approval of the supervisory board.
- 4.3.5 Members of the management board shall take on sideline activities, especially supervisory board mandates outside the enterprise, only with the approval of the supervisory board.

5. Supervisory Board

5.1. Tasks and Responsibilities

- 5.1.1 The task of the supervisory board is to regularly advise and supervise the management board in the management of the enterprise. It must be involved in decisions of fundamental importance to the enterprise.

5.1.2 The supervisory board appoints and dismisses the members of the management board. Together with the management board, it ensures that there is long-term successor planning. The supervisory board can transfer preparations for the appointment of members of the management board to a committee, which also determines the conditions of the employment contracts including compensation.

The maximum possible appointment period of five years should not be the rule for first time appointments. A member may only be re-appointed earlier than one year before the end of the appointment period and the current appointment cancelled simultaneously under special circumstances. An age limit for members of the management board shall be specified.

5.1.3 The supervisory board shall issue rules of procedure.

5.2. Tasks and Authorities of the Chairman of the Supervisory Board

The chairman of the supervisory board coordinates work within the supervisory board and chairs its meetings.

The chairman of the supervisory board shall also chair the committees that handle contracts with members of the management board and prepare the supervisory board meetings. He should not be chairman of the audit committee.

The chairman of the supervisory board shall maintain regular contact with the management board, in particular, with the chairman or Spokesman thereof and consult on strategy, business development and risk management of the enterprise. The chairman of the supervisory board will be informed by the chairman or Spokesman of the management board without delay of important events, which are crucial for the assessment of the situation and development as well as for the management of the enterprise. The chairman of the supervisory board shall then inform the supervisory board and, if required, convene an extraordinary meeting of the supervisory board.

5.3. Formation of Committees

5.3.1 Depending on the enterprise's specific circumstances and the number of its employees, the supervisory board shall form qualified committees. They serve to increase the efficiency of the supervisory board's work and the handling of complex issues. Each respective committee chairman reports regularly to the supervisory board on the work of the committees.

5.3.2 The supervisory board shall set up an audit committee which, in particular, handles issues of accounting and risk management, the necessary impartiality required of the auditor, the issuing of the audit mandate to the auditor, the determination of focal points in the audit and the fee agreement. The chairman of the audit committee should not be a former member of the management board of the company.

5.3.3 The supervisory board can delegate other subjects to be handled by one or several committees. These subjects include the strategy of the enterprise, the compensation of the members of the management board, investments and financing.

5.3.4 The supervisory board can arrange for committees to prepare supervisory board meetings and to take decisions in place of the supervisory board.

5.4. Composition and Compensation

5.4.1. For nominations for the election of members of the supervisory board, care shall be taken that, at all times, there are members on the supervisory board who, as a whole, have the required knowledge, abilities and expert experience to properly complete their tasks and are sufficiently impartial. Furthermore, the international activities of the company, potential conflicts of interest and an age limit to be specified for the members of the supervisory board are to be taken into account.

5.4.2. To ensure the independent advising and supervising of the management board by the supervisory board, the supervisory board shall have no more than two former members of the management board, and supervisory board members shall exercise no directorships or similar positions or advisory tasks for important competitors of the enterprise.

5.4.3. Every member of the supervisory board must take care that he has sufficient time to perform his mandate. Whoever is a member of the management board of a listed company shall perform no more than a total of five supervisory board mandates in exchange-listed companies outside the group.

5.4.4. The election or re-election of members of the supervisory board at different dates and for different periods of office enables changing requirements to be taken into account.

5.4.5. Compensation of the members of the supervisory board is specified by resolution of the general meeting or in the Articles of Association. It takes into account the responsibilities and scope of tasks of the members of the supervisory board as well as the economic situation and performance of the enterprise. The exercising of the Chair and Deputy Chair positions in the supervisory board as well as the chair and membership in committees shall also be taken into account.

Members of the supervisory board shall receive performance-related compensation in addition to a fixed salary. Performance-related compensation should also contain components based on the long-term performance of the enterprise.

The total compensation of the members of the supervisory board shall be reported in the notes to the consolidated financial statements, subdivided according to components. Also payments made by the enterprise to the

members of the supervisory board or advantages extended for services rendered personally, in particular, advisory or agency services, shall be listed separately in the notes to the consolidated financial statements.

- 4.1 If a member of the supervisory board attends less than half of the meetings of the supervisory board in a financial year personally, this shall be noted in the supervisory board report.

5.5 Conflicts of Interest

- 5.5.1 All members of the Supervisory board are bound by the enterprise's interests. No member of the Supervisory board may pursue personal interests in his decisions or use business opportunities intended for the enterprise for himself.
- 5.5.2 Each member of the Supervisory board shall inform the Supervisory board of any conflicts of interest which may result from a consultant or directorship function with clients, suppliers, lenders or other business partners.
- 5.5.3 In its report, the supervisory board shall inform the general meeting of any conflicts of interest which have occurred together with how such conflicts have been dealt with. Material conflicts of interest and those which are not merely temporary in respect of the person of a supervisory board member shall result in the termination of his mandate.
- 5.5.4 Advisory and other service agreements between a member of the supervisory board and the company require the supervisory board's approval.

5.6. Examination of Efficiency

The supervisory board shall examine the efficiency of its activities on a regular basis.

6. Transparency

- 6.1 The management board will disclose without delay any new facts which have arisen within the enterprise's field of activity which are not known publicly, if such facts could, owing to their impact on the asset and financial situations or general business development, substantially influence the stock price of the company's registered securities.
- 6.2 As soon as the company becomes aware of the fact that an individual acquires, exceeds or falls short of 5, 10, 25, 50 or 75% of the voting rights in the company by means of a purchase, sale or any other manner, it will be disclosed by the management board without delay.
- 6.3 The company's treatment of all shareholders in respect of information shall be equal. It shall make all new facts which have been made known to the

financial analysts and similar addressees available to the shareholders without delay.

- 6.4 The company shall use suitable communication media, such as the internet, to inform shareholders and investors in a prompt and uniform manner.
- 6.5 Any information which the enterprise discloses abroad in accordance with the relevant capital market law provisions shall also be disclosed without delay in Germany.
- 6.6 The members of the management board and supervisory board shall inform the company, if they purchase or sell shares in the company and other companies in the same group, options and other derivatives immediately following the execution of such transaction. The company shall disclose this information without delay via a suitable electronic information system or in at least one journal for statutory stock market announcements.

Corresponding information shall be provided in the notes to the consolidated financial statements. The shareholdings, including options and derivatives, held by individual management board and supervisory board members must be reported, if these directly or indirectly exceed 1% of the shares issued by the company. If the entire holdings of all members of the management board and supervisory board exceed 1% of the shares issued by the company, these shall be reported separately according to management board and supervisory board.

- 6.7 Within the framework of ongoing public relations, the dates of essential regular publications (including the Annual Report, interim reports, general meeting) should be published sufficiently in advance in a "financial calendar".
- 6.8 Information on the enterprise which the company discloses should also be accessible via the company's internet site. The internet site shall be clearly structured. Publications should also be in English.

7. Reporting and Audit of the Annual Financial Statements

1. Reporting

- 7.1.1 Shareholders and third parties are predominantly informed by means of the consolidated financial statements. They shall be informed during the financial year by means of interim reports. The consolidated financial statements and interim reports shall be prepared under observance of internationally recognised accounting principles. For corporate law purposes (calculation of dividend, protection of creditors), annual financial statements will be prepared according to national regulations (German Commercial Code), which also form the basis for taxation.

- 7.1.2 The consolidated financial statements will be prepared by the management board and examined by the auditor and the supervisory board. The consolidated financial statements shall be publicly accessible within 90 days of the end of the financial year; interim reports shall be publicly accessible within 45 days of the end of the reporting period.
- 7.1.3 The consolidated financial statements shall contain information on the company's stock option programmes and similar securities-based incentive systems.
- 7.1.4 The company shall publish a list of third party companies in which it has a shareholding that is not of lesser importance for the enterprise. The trading portfolios of banks and financial services companies, on which voting rights are not exercised, are disregarded in this context. The following shall be stated: name and registered offices of the company, the amount of the shareholding, the amount of equity and the operating result of the previous financial year.
- 7.1.5 Notes on the relationships with shareholders considered to be "related parties", pursuant to the applicable accounting regulations, shall be provided in the consolidated financial statements.

7.2. Audit of Annual Financial Statements

- 7.2.1 Prior to submitting a proposal for election, the supervisory board or, respectively, the audit committee shall obtain a statement from the intended auditor stating whether, and where applicable, which professional, financial and other relationships exist between the auditor and its executive bodies and head auditors on the one hand, and the enterprise and the members of its executive bodies on the other hand, that could cast doubt on its impartiality. This statement shall include the extent to which other services were performed for the enterprise in the past year, especially in the field of consultancy, or which have been agreed upon under contract for the following year.

The supervisory board shall agree with the auditor that the chairman of the supervisory board or, respectively, the audit committee, will be informed immediately of any grounds for disqualification or impartiality occurring during the audit, unless such grounds are eliminated.

- 7.2.2 The supervisory board commissions the auditor to carry out the audit and fixes the fee due.
- 7.2.3 The supervisory board shall arrange for the auditor to report immediately on all facts and events of importance for the tasks of the supervisory board which arise during the performance of the audit. The supervisory board shall arrange for the auditor to inform it and/or note in the Auditor's Report if, during the performance of the audit, the auditor comes across facts which show that the statement on the Code made by the management board and supervisory board is incorrect.

7.2.4 The auditor takes part in the supervisory board's deliberations on the annual financial statements and consolidated financial statements and reports on the essential results of its audit.