

VARD - Principles

for Supervisory Board Members in Germany (VARD-BG)*

- February 28, 2013 -

The following principles are acknowledged by the members of the “Vereinigung der Aufsichtsräte in Deutschland e.V. (VARD)” as guidelines for their role as member of the Supervisory board. The term *Supervisory Board Member* is thereby used as occupational title as well for members of the advisory board and members of the administrative board.

I. PREAMBLE

The Supervisory Board Member pursues its profession in a professional, independent and self determined manner, insofar as it is not particularly obliged by law. The Supervisory Board Member may only exercise its profession in addition to another profession, if it is able to fulfill its mandate and the obligations undertaken professionally at any time. While performing its duties, the Supervisory Board Member is solely committed to the well-being of the company.

II. OBJECTIVE

The VARD-Principles

... serves as guidelines directly for the Supervisory Board Member and indirectly for the Board in terms of structuring and fulfilling its obligations.

... defines the term *professionalism* with regard to the mandate and its duties.

... are the fundamental premises and professional understanding of Supervisory Board Members in Germany on the basis of applicable law.

III. SCOPE

(1) The VARD-Principles are guidelines

... directly for the Supervisory Board Member and indirectly for the board - regardless of size, branch, shareholder structure and possible listing of the supervised company on the stock exchange.

* The terms used herein, as e.g. Supervisory Board Member, etc., are only used for translation purposes and not reference to legal terms in other jurisdictions.

... for the Supervisory Board Member of the German Aktiengesellschaft (public company), the European SE with its registered address in Germany and companies under other legal forms with a statutory or facultative board, as well as for Supervisory Board Members of affiliated companies.

(2) The VARD-Principles do not contend with the German Corporate Governance Code (DCGK). As professional principles they do have their separate meaning.

IV. PROFESSIONALISM

The Supervisory Board Member

... has - regardless of branch, size and internationality of the supervised company - sufficient experience and specialized knowledge at least in the areas of strategy and finance, accounting and reporting, compliance and risk management (“supervision-relevant topics”) as well as in matters regarding the selection, appointment and remuneration of the management. A working knowledge is insufficient.

... has particular knowledge in team competence and control competence.

... improves his knowledge regularly and systematically at its own expense.

V. ACCEPTANCE AND RESIGNATION OF A MANDATE

The Supervisory Board Member

... only accepts a mandate, after it has intensively dealt with the company and its shareholders. It has critically checked in terms of its personal and professional competence, whether it is able and willed to perform as expected. Therefore it is essential, that the Supervisory Board Member determines compliance between its own values and the values of the company.

... only accepts a mandate, if it has the necessary qualification, sufficient time and professional resources to fulfill the new obligations, taking into account its other (professional) obligations. This applies in particular to the chairman of the board, the chairman of a committee, as well as to the members of the committees.

... accepts no more than six mandates, thereof no more than two as chairman of the board.

... does not accept a mandate, if it serves its own interests as customer, supplier, outside creditor or adviser and its interests does not comply with the financial interests of the company to be supervised.

... does not accept a mandate as a favor or other reasons, which may cause a conflict with regard to the professional exercise of the mandate.

... does generally not and only as an exception cross directly from the management into the supervisory board, if it can ensure that the exercise of the mandate will not cause an appearance of prejudice and conflict of interests.

... only accepts a mandate, if the shareholder grants an appropriate remuneration with regard to the scope of duties expected from the Supervisory Board Member and the complexity of the task to be dealt with, considering the expenses of the Supervisory Board Member for professional support, regularly education and insurance. A remuneration wholly or partially oriented toward the short-term performance of the company is not appropriate.

... resigns as a member of the supervisory board, if circumstances subsequently arise which does not comply with the above mentioned principles.

... resigns as a member of the supervisory board, if the professional scope of its duties cannot be ensured anymore. This shall also apply if the shareholders do not provide conditions for a professional work of the board.

VI. TERMS

The Supervisory Board Member

... exercises its mandate independently and on its own responsibility, and avoids every appearance of a conflict of interest.

... is characterized by a high degree of sense of responsibility and motivation.

... supervises the management without additional advisery.

... knows and complies with the national and international laws relevant for the exercise of its mandate, particularly its fiduciary duties.

... does not rely on the information provided by the management, but purchases additional information (if necessary from outside the company) relevant for the understanding of the strategy, opportunities and risks as well as strengths and weaknesses of the company in order to form an opinion.

... is not afraid of confrontation when it comes to voting and only votes positively after a diligent examination and conviction of the correctness of the decision.

... votes against a decision of the supervisory board, if it does not feel well informed, it does not understand the subject of the voting and/or the board has not discussed the matter sufficiently.

... ensures - particularly as chairman of the board or nomination committee - that every single appointed member of the board has sufficient experience and specialized knowledge regarding the supervision-relevant topics and is able to demonstrate its knowledge in internal discussions and decisions of the board.