

## **Declaration of compliance with the German Corporate Governance Code pursuant to section 161 of the German Stock Corporation Act**

The Management and Supervisory Boards at Bertrandt AG declare herewith that, in compliance with § 161 of the German Stock Corporation Act (AktG) the recommendations from the governing commission of the German Corporate Governance Code (GCGC) in the version dated May 13, 2013 and released in the German Federal Gazette on June 10, 2013 were and will be generally adhered to. The recommendations listed under Sections 3.8 Para. 3, 4.1.5, 4.2.2 Para 2 Sentence 3, 4.2.3 Para. 2 Sentence 6 half sentence 1 and Para.3, 5.2 Para. 2, 5.3.2 Sentence 3, 5.4.1 Para. 2 and 3, Section 5.4.2 Sentence 1, , 5.5.2, 5.5.3 Sentence 1 und 7.1.2 Sentence 4 of the GCGC were not and will not be applied. Until February 24, 2014 section 5.4.6 Para 2 Sentence 2 of the GCGC was also not applied.

The deviations from the individual recommendations are based respectively were based on the following arguments:

### **Section 3.8 Para. 3 GCGC**

Bertrandt AG has taken out a pecuniary damage liability insurance policy (a so called directors and officers insurance policy). In deviation from Section 3.8 Para. 3 of the GCGC, the policy has no deductible for supervisory board members. Bertrandt AG took out the insurance policy to preserve its interests in the event of hypothetical damage.

### **Section 4.2.2 Para. 2 Sentence 3 GCGC**

The system for Management Board compensation is oriented towards a sustained corporate development according to §87 Para. 1 Sentence 2 of the German Stock Corporation Act. In the assessment of the adequacy of the remuneration of the Management Board, the Supervisory Board in principle takes into account the vertical system for Management Board compensation as defined in the recommendation listed under Section 4.2.2 Para. 2 Sentence 3 GCGC.

As the legal literature and the practice still discuss the details of this recommendation controversially, a deviation is declared as a precautionary measure.

### **Section 4.2.3 Para. 2 Sentence 6 half sentence 1 and Para. 3 GCGC**

Pursuant to the recommendation in Section 4.2.3 Para. 2 Sentence 6 Half Sentence 2 of the GCGC the variable portions of the monetary compensation of the members of the Management Board are limited in terms of their amount. The GCGC additionally requires in Section 4.2.3 Para. 2 Sentence 6 Half Sentence 1 that the remuneration of the Management Board shall be limited "in total". As the remuneration of the Management Board is fixed and not variable the Company has the opinion that with the limitation of the variable remuneration this recommendation has already been realized. As a precautionary measure a deviation is also declared in regard of this recommendation.

Deviations were made and will be made to Section 4.2.3 Para.3 GCGC. The Supervisory Board doesn't aim to a specific pension level for the members of the Management Board but a market and company compliant remuneration of the active work. Pension commitments are therefore generally not granted. Such commitments exist, as stated for many years in the annual report, just towards one active and one former member of the Management Board.

The release of the Management Board's remuneration shall only be made to the extent legally required. The Annual General Meeting decided on February 18, 2009 to continue with the long-standing disclosure practice with a further decision to suspend disclosure in accordance with the stipulations in the German Management Board Compensation Disclosure Act (Vorstandsvergütungs-Offenlegungsgesetz) from August 10, 2005.

### **Section 5.2 Para. 2 GCGC**

The chairman of the Supervisory Board is for many years at the same time chairman of the examination board. This has proved itself and therefore deviations were made and will be made to Section 5.2 Para. 2 of the GCGC.

### **Section 5.3.2 Sentence 3, 5.4.1 Para. 2 and 3, 5.4.2 Sentence 1 as well as 4.1.5 GCGC**

Deviations were made and will be made to Section 5.3.2 Sentence 3, 5.4.1 Para. 2 and 3, 5.4.2 Sentence 1 as well as 4.1.5 of the DCGC. Bertrandt AG places primarily great emphasis on expe-

rience, capability and individual knowledge when hiring members of the Management Board and Supervisory Board as well as for any other leadership position material to the company.

The Company believes that its Supervisory Board consists of an appropriate number of independent members. As the term "independent members" isn't yet finally clarified the Company declares with utmost precaution, and because of the fact that three of the four members who are appointed by the capital side, among these the Chairman, are already members of the Supervisory Board for three or more electoral periods, that deviations will be made to Section 5.3.2 Sentence 3, 5.4.2 Sentence 1 GCGC as well as to Section 5.4.1 Para. 2 GCGC.

#### **Section 5.4.6 Para. 2 Sentence 2 GCGC**

Until February 24, 2014 the remuneration of the Supervisory Board of the Company with its fixed and variable portions existed in principle unchanged, except for minor changes, for many years . However, the remuneration did not contain any components which were aligned to a sustainable development of the Company. Therefore deviations were made to Section 5.4.6 Para. 2 Sentence 2 of the GCGC until February 24, 2014.

Since February 24, 2014, by way of a resolution dated February 19, 2014 of the Annual General Meeting and the registration of the corresponding amendment to the Articles of Association in the Commercial Register, the remuneration of the Supervisory Board of the Company is already changed into a purely fixed remuneration for the current business year.

Therefore Bertrandt AG is from that date on no longer addressee of the recommendation listed under Section 5.4.6 Para.2 Sentence 2 GCGC.

The remuneration of the Supervisory Board will be released in an individualized manner in the Company management report.

#### **Section 5.5.2 and Section 5.5.3 Sentence 1 GCGC**

The Supervisory Board has in its Rules of Procedure independently formulated its own regulations governing the handling of conflicts of interest which deviates from the recommendations in Section 5.5.2 and 5.5.3 Sentence 1 of the GCGC. The Supervisory Board's Rules of Procedure obliges every Supervisory Board Member to disclose conflicts of interest to the Chairman of the Supervisory Board; the Chairman of the Supervisory Board is obliged to provide disclosure to the

Vice-Chairman. Such stipulations exceed Section 5.5.3 Sentence 1 of the GCGC and do not differentiate as to whether the conflict of interest is material or only temporary but include every possible conflict. The waiving of the public disclosure of such statements also allows the supervisory board members to confidentially discuss violations that are in reality not violations but merely appear so in full confidentiality with the chairperson.

**Section 7.1.2 Sentence 4 GCGC**

Bertrandt AG has published on February 17, 2014 its report for the 1<sup>st</sup> quarter of the business year 2013/2014. Bertrandt AG always fulfils with its reporting the strict requirements of the Prime Standards of the German Stock Exchange. As long as the German Corporate Governance Code is not synchronised with the regulations of the Prime Standards, Bertrandt AG reserves the right to deviate from Section 7.1.2 Sentence 4 of the GCGC.

Ehningen, September 22, 2014

The Management Board

The Supervisory Board

Dietmar Bichler  
Chairman

Dr. Klaus Bleyer  
Chairman