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**CORPORATE GOVERNANCE PRINCIPLES**

**OF**

**ZEAL NETWORK SE**

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(as adopted by the Supervisory Board and Executive Board  
on 19 November 2014)

## FOREWORD

ZEAL Network SE ("**Company**") transferred its registered office from Hamburg, Germany, to London, United Kingdom, on 7 February 2014. The Company is therefore one of the few companies incorporated in England and Wales with an exclusive listing at the Frankfurt Stock Exchange. As a consequence, neither the German Corporate Governance Code ("**German Code**") nor the UK Corporate Governance Code ("**UK Code**") are directly applicable to the Company.

The Supervisory Board and the Executive Board of the Company are nevertheless committed to maintaining high corporate governance standards to protect the interests of all stakeholders. Our corporate governance principles ("**Principles**"), as set out on our corporate website, [www.zeal-network.co.uk](http://www.zeal-network.co.uk), reflect a range of guidelines that apply to the Company.

In principle, the Company voluntarily follows in general the rules of the German Code due to its two-tier structure and its corporate governance tradition. Nevertheless, the Company's corporate governance deviates from the German Code in accordance with mandatory laws of England and Wales, the Company's Statutes and/or the Company's past practice. The Principles pay due consideration to the established best corporate governance practice in England and Wales. The Company will not publish any further declarations of conformity pursuant to sec. 161 German Stock Corporation Act (*AktG*) since this provision is no longer applicable.

The Boards of the Company will review the Principles on a continuous basis and amend those if necessary to reflect best practice standards as set by future German or UK Codes as well as by material changes of the applicable laws. Amendments will be published on ZEAL Network's corporate website in due course. In addition, the Boards will deliver a corporate governance report in the context of the Annual Report.

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## 1. SHAREHOLDERS AND THE GENERAL MEETING

### 1.1 Shareholders

- (a) Subject to the detailed provisions in the Statutes, shareholders are entitled to attend and vote at General Meetings, in person or by proxy.
- (b) Each Shareholder voting at a General Meeting has one vote, and on a poll each Shareholder has one vote for every share of which he is the holder. There are no shares with multiple voting rights, preferential voting rights (golden shares) or maximum voting rights.
- (c) When new shares are issued, shareholders, in principle, have pre-emptive rights corresponding to their share of the equity capital, subject to the disapplication of such rights in the Statutes or as may be resolved at a General Meeting.

### 1.2 Dialogue with Shareholders

- (a) The Company seeks to further deepen the dialogue with shareholders based on the mutual understanding of objectives. The Executive Board has responsibility for ensuring that a satisfactory dialogue with shareholders takes place.
- (b) Whilst recognising that most shareholder contact is with the Chief Executive Officer and Chief Finance Officer, the Chairman of the Executive Board will ensure that all members are made aware of their shareholders' issues and concerns.

### 1.3 General Meeting

- (a) At least once a year, the Annual General Meeting is to be convened by the Executive Board giving notice to shareholders including details of the meeting and the nature of business to be dealt with within six months of financial year end. The Company will use the Annual General Meeting to communicate with investors and to encourage their participation.
- (b) The notice of the Annual General Meeting, together with the documents described in paragraph 1.3(c) below, are to be sent to shareholders at least 21 clear days before the meeting and made easily accessible on the Company's website together with the agenda.
- (c) The Executive Board will lay before the Annual General Meeting the Annual Reports and Accounts, the Directors' Report, the Strategic Report and the Directors' Remuneration Report.
- (d) Other resolutions commonly proposed at the Annual General Meeting include:
  - (i) declaration of a final dividend;
  - (ii) appointment of auditors and fixing their remuneration;

- (iii) giving the Boards the authority to allot shares (if the previous authority is insufficient or has expired);
  - (iv) if necessary, disapplying pre-emption rights in relation to the issue of new shares;
  - (v) authorising the Boards to make market purchases of the Company's shares;
  - (vi) any amendments to the Statutes;
  - (vii) adoption or amendment of an employees' share scheme;
  - (viii) any capitalisation or bonus issue; and
  - (ix) any scrip dividend alternative.
- (e) At any General Meeting, the Company should propose a separate resolution on each substantially separate issue, and should in particular propose a resolution at the Annual General Meeting relating to the reports and accounts.
- (f) The chair of the meeting provides for the expedient running of the General Meeting. In this, the chair should be guided by the fact that an ordinary General Meeting is completed after four to six hours at the latest.
- (g) The chair of the meeting will arrange for the chairmen of the formal committees to be available to answer questions at the Annual General Meeting and for all members of the Executive and Supervisory Board to attend.
- (h) Each shareholder is entitled to participate in a General Meeting, to take part in debate in respect of matters on the agenda and to submit materially relevant questions. The Chairman may in certain circumstances restrict debate and questions.

#### 1.4 Notice of General Meetings and Proxies

- (a) Shareholders representing at least 5 % of the voting share capital of the Company are entitled to requisition the convening of a General Meeting. General Meetings other than the Annual General Meeting must be called on at least 14 days' notice.
- (b) The Company will facilitate the personal exercising of shareholders' voting rights by the use of proxies. A form of proxy will accompany the notice of General Meeting, and will permit a shareholder to nominate either the Chairman, or some other person, to attend the General Meeting and speak and vote on the shareholder's behalf.
- (c) The Company does currently not plan to introduce the possibility that shareholders may participate in general meetings via online voting and video conference.

## **2. COOPERATION BETWEEN EXECUTIVE BOARD AND SUPERVISORY BOARD**

- 2.1 The Boards cooperate closely to the benefit of the Company.
- 2.2 The Executive Board coordinates the Company's strategic approach with the Supervisory Board and discusses the current state of strategy implementation with the Supervisory Board at regular intervals.
- 2.3 For transactions of fundamental importance, the Statutes specify provisions requiring the approval of the Supervisory Board. They include decisions or measures which fundamentally change the assets, financial or earnings situations of the Company.
- 2.4 Providing sufficient information to the Supervisory Board is the joint responsibility of the Boards.
- (a) The Executive Board informs the Supervisory Board regularly, without delay and comprehensively, of all issues important to the Company with regard to strategy, planning, business development, risk situation, risk management and compliance. The Executive Board points out deviations of the actual business development from previously formulated plans and targets, indicating the reasons therefor.
  - (b) The Supervisory Board will specify the Executive Board's information and reporting duties in detail. The Executive Board's reports to the Supervisory Board are, as a rule, to be submitted in writing (including electronic form). Documents required for decisions are to be sent to the members of the Supervisory Board, to the extent possible, in due time before the meeting.
- 2.5 Good corporate governance requires an open discussion between the Executive Board and Supervisory Board as well as among the members within each Board. The comprehensive observance of confidentiality is of paramount importance for this. All Board members ensure that the staff members they appoint to support them observe the confidentiality obligation accordingly.
- 2.6 The Company will arrange appropriate insurance cover in respect of legal action against its Directors, subject to the provisions set out in the Statutes and UK law. The insurance applicable to members of the Supervisory Board will not include an excess in line with past practice. The insurance applicable to the members of the Executive Board will provide for an excess of at least 10 % of the loss up to at least the amount of one and a half times the fixed annual compensation of the Executive Board member.
- 2.7 The Executive Board and Supervisory Board will report each year on corporate governance (Corporate Governance Report) and publish this report in connection with the Annual Report provided to the Annual General Meeting.

## **3. EXECUTIVE BOARD**

- 3.1 Tasks and Responsibilities
- (a) The Executive Board is responsible for independently managing the Company in the interest of the Company, thus taking into account the

interests of the shareholders, its employers and other stakeholders with the objective of sustainable creation of value.

- (b) The Executive Board develops the Company's strategy, coordinates it with the Supervisory Board and ensures its implementation.
- (c) The Executive Board ensures that all provisions of law and the Company's internal policies are abided by and works to achieve their compliance by group companies.
- (d) Executive Board members should have the appropriate balance of skills, experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively.
- (e) The Executive Board ensures appropriate risk management and risk controlling in the Company. The Executive Board should, at least annually, conduct a review of the effectiveness of the Company's risk management and internal control systems and should report to shareholders that they have done so. The review should cover all material controls, including financial, operational and compliance controls.
- (f) When filling managerial positions in the Company, the Executive Board will take diversity into consideration and, in particular, aim for an appropriate consideration of women.

### 3.2 Composition and Compensation

- (a) The Executive Board must be comprised of at least two persons and will have a chairman. Rules of procedure laid down by the Supervisory Board will govern the work of the Executive Board, in particular the allocation of duties among individual Executive Board members, matters reserved for the Executive Board as a whole, and the required majority for Executive Board resolutions (unanimity or resolution by majority vote). The Chairman of the Executive Board will have a casting vote in the event of a tie.
- (b) The Chairman of the Executive Board is responsible for setting the Executive Board's agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues. He is responsible for ensuring that the members of the Executive Board receive accurate, timely and clear information. The Chairman should ensure effective communication with shareholders.
- (c) The full Supervisory Board determines the respective total compensation of the individual Executive Board members. The Chairman's Committee will in its function as remuneration committee submit its proposals to the full Supervisory Board. The full Supervisory Board resolves the Executive Board compensation system and reviews it regularly.
  - (i) The total compensation of the individual members of the Executive Board is determined by the full Supervisory Board at an appropriate amount based on a performance assessment, taking into consideration any payments by group companies. Criteria for determining the appropriateness of compensation are based upon the tasks undertaken by the individual member of the Executive

Board, his/her personal performance, the economic situation, the performance and outlook of the Company as well as the common level of the compensation taking into account the peer companies and the compensation structure in place in other areas of the Company.

- (ii) If the Supervisory Board calls upon an external compensation expert to evaluate the appropriateness of the compensation, care must be exercised to ensure that said expert is independent of respectively the Executive Board and the Company.
- (d) The total compensation of Executive Board members comprises the monetary compensation elements, pension awards, other awards, especially in the event of termination of activity, fringe benefits of all kinds and benefits by third parties which were promised or granted in the financial year with regard to Executive Board work.
- (i) The compensation structure must be oriented towards sustainable growth of the Company. The monetary compensation elements will comprise fixed and variable elements. The Supervisory Board must make sure that the variable compensation elements are in general based on a multi-year assessment. Both positive and negative developments will be taken into account when determining variable compensation components. All compensation components must be appropriate, both individually and in total, and in particular must not encourage to take unreasonable risks. The amount of compensation will be capped, both overall and for individual compensation components. The variable compensation components will be related to demanding, relevant comparison parameters. Changing such performance targets or the comparison parameters retroactively will be excluded.
  - (ii) In concluding Executive Board contracts, care will be taken to ensure that payments made to an Executive Board member on premature termination of his/her contract, including fringe benefits, do not exceed the value of two years' compensation (severance pay cap) and compensate no more than the remaining term of the employment contracts. If the employment contracts is terminated for cause for which the Executive Board member is responsible, no payments are made to the Executive Board member. The severance payment cap will be calculated on the basis of the total compensation for the past full financial year and if appropriate also the expected total compensation for the current financial year.
  - (iii) Payments promised in the event of premature termination of an Executive Board member's agreement due to a change of control will not exceed 150 % of the severance payment cap.
  - (iv) The Chairman of the Supervisory Board will outline once to the Annual General Meeting the salient points of the compensation system and then any changes thereto.
- (e) The total compensation of each member of the Executive Board is to be disclosed in the Directors' Remuneration Report by name, divided into fixed and variable compensation components. The same applies to promises of

benefits that are granted to an Executive Board member in case of premature or statutory termination of the function of an Executive Board member or that have been changed during the financial year.

- (f) Disclosure will be made in the Directors' Remuneration Report prepared in accordance with the Large and Medium Sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 (SI 2013/1981). The Directors' Remuneration Report outlines the compensation system for Executive and Supervisory Board members. The outline will be presented in a generally understandable way.

### 3.3 Conflicts of Interest

- (a) During their employment for the Company, members of the Executive Board are subject to a duty to avoid any situation in which they have, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company.
- (b) Members of the Executive Board and employees must not, in connection with their work, demand nor accept from third parties payments or other advantages for themselves or for any other person nor grant third parties unlawful advantages.
- (c) Members of the Executive Board are bound by the Company's best interests. No member of the Executive Board may pursue personal interests in his decisions or use business opportunities intended for the Company for himself.
- (d) All members of the Executive Board will disclose conflicts of interest to the Supervisory Board without delay and inform the other members of the Executive Board thereof. All transactions between the Company and the members of the Executive Board as well as persons they are close to or companies they have a personal association with must comply with standards customary in the business sector and requirements of UK law concerning transactions with directors. Important transactions will require the approval of the Supervisory Board and, where required under UK law, the members.
- (e) Members of the Executive Board will take on outside activities, especially Supervisory Board mandates outside the Company, only with the approval of the Supervisory Board.

## 4. SUPERVISORY BOARD

### 4.1 Tasks and Responsibilities

- (a) The task of the Supervisory Board is to advise regularly and supervise the Executive Board in the management of the Company. It must be involved in decisions of fundamental importance to the Company.
- (b) The Supervisory Board appoints and removes the members of the Executive Board. When appointing the Executive Board, the Supervisory Board will also respect diversity and, in particular, aim for an appropriate consideration of women. Together with the Executive Board it will ensure



that there is a long-term succession planning. The Supervisory Board can delegate preparations for the appointment of members of the Executive Board, as well as for the handling of the conditions of the employment contracts including compensation, to committees.

For first time appointments the maximum possible appointment period of five years should not be the rule. A re-appointment prior to one year before the end of the appointment period with a simultaneous termination of the current appointment will only take place under special circumstances.

- (c) The Supervisory Board will issue rules of procedure.
- (d) The Supervisory Board and its committees should have the appropriate balance of skills, experience, independence and knowledge of the Company to enable them to discharge their respective duties and responsibilities effectively.

#### 4.2 Tasks and Authorities of the Chairman of the Supervisory Board

- (a) The Chairman of the Supervisory Board coordinates work within the Supervisory Board, chairs its meetings and attends to the affairs of the Supervisory Board externally.
- (b) The Chairman of the Supervisory Board must not be Chairman of the Audit Committee.
- (c) Between meetings, the Chairman of the Supervisory Board will regularly maintain contact with the Executive Board, in particular, with the Chairman of the Executive Board, and consult with it on issues of strategy, planning, business development, risk situation, risk management and compliance of the Company. The Chairman of the Supervisory Board will be informed by the Chairman of the Executive Board without delay of important events which are essential for the assessment of the situation and development as well as for the management of the Company. The Chairman of the Supervisory Board will then inform the Supervisory Board and, if required, convene an extraordinary meeting of the Supervisory Board.

#### 4.3 Formation of Committees

- (a) The Supervisory Board will set up a Chairman's Committee and an Audit Committee consisting of three members each. The respective committee chairmen report regularly to the Supervisory Board on the work of the committees. The Supervisory Board will periodically review the committee structure's adequateness.
- (b) The Chairman's Committee handles, in particular, the preparation of Supervisory Board meetings, coordination of committee meetings and the on-going exchange with the Executive Board. To the extent the Supervisory Board has not set up separate nomination and remuneration committees, it will perform those functions, as well.
- (c) The Audit Committee handles, in particular, the monitoring of the financial reporting process, the effectiveness of the internal control system, risk management system and internal audit system, the audit of the Annual

Financial Statements, here in particular the independence of the Auditor, the services rendered additionally by the Auditor, the issuing of the audit mandate to the Auditor, the determination of auditing focal points and the fee agreement and, unless another committee is entrusted therewith, compliance. The chairman of the Audit Committee will have specialist knowledge and experience in the application of accounting principles and internal control processes. He should be independent and not be a former member of the Executive Board of the Company whose appointment ended less than two years ago. Proposals to appoint an Auditor may only be based on the recommendation of the Audit Committee. The Company will publish in its Annual Financial Statements the composition of the Audit Committee. To the extent the Supervisory Board has not set up a separate compliance committee, the Audit Committee will perform such functions, as well.

#### 4.4 Composition and Compensation

- (a) The Supervisory Board has to be composed in such a way that its members as a group possess the knowledge, ability and expert experience required to properly complete its tasks. It currently consists of six members.
  - (i) The Supervisory Board will specify objectives regarding its composition which, whilst considering the specifics of the Company, take into account the international activities of the Company, potential conflicts of interest, the number of independent Supervisory Board members within the meaning of sub-section 4.4(b) and diversity. These objectives will, in particular, stipulate an appropriate degree of female representation.
  - (ii) Recommendations by the Supervisory Board to the competent election bodies will take these objectives into account. The objectives of the Supervisory Board and the status of the implementation will be published in the Corporate Governance Report which will be part of the Group Directors' Report.
  - (iii) In its election recommendations to the Annual General Meeting, the Supervisory Board will disclose any personal and business relations of each individual candidate with the Company, the executive bodies of the Company and with any shareholder holding a material interest in the Company. Shareholders holding a "material" interest are shareholders who directly or indirectly hold more than 10% of the voting rights in the Company.
  - (iv) The recommendation to disclose is limited to those circumstances which, in the appraisal of the Supervisory Board, a shareholder judging objectively would consider authoritative for his election decision.
- (b) The Supervisory Board will include what it considers an adequate number of independent members. A Supervisory Board member is not to be considered independent in particular if he/she has personal or business relations with the Company, its executive bodies, a controlling shareholder or a company associated with the latter which may cause a substantial and not merely temporary conflict of interest. Not more than two former members of the Executive Board will be members of the Supervisory Board

and Supervisory Board members will not exercise directorships or similar positions or advisory tasks for important competitors of the Company.

- (c) All members of the Supervisory Board will be re-elected at regular intervals, subject to continued satisfactory performance. Members of the Supervisory Board who have served longer than nine years should be subject to annual re-election. The names of members submitted for election or re-election should be accompanied by sufficient biographical details and any other relevant information to enable shareholders to take an informed decision on their election.
- (d) Elections to the Supervisory Board will be made on an individual basis. Supervisory Board members appointed to fill a vacancy which arises will be subject to re-election at the next Annual General Meeting of the Company. Proposed candidates for the Supervisory Board chair will be announced to the shareholders.
- (e) Management Board members may not become members of the Supervisory Board of the company within two years after the end of their appointment unless they are appointed upon a motion presented by shareholders holding more than 25% of the voting rights in the company. In the latter case appointment to the chairmanship of the Supervisory Board will be an exception to be justified to the General Meeting.
- (f) Every member of the Supervisory Board must take care that he/she has sufficient time to perform his/her mandate. Members of the Executive Board will not accept more than a total of three Supervisory Board mandates in non-group listed companies or in supervisory bodies of non-group companies with comparable requirements.

The members of the Supervisory Board will on their own initiative take on the necessary training and further education measures required for their tasks. They will be supported by the Company appropriately.

- (g) Compensation of the members of the Supervisory Board is specified in the Statutes. Members of the Supervisory Board receive compensation which is in an appropriate relation to their tasks and the situation of the Company.

The compensation of the members of the Supervisory Board will be reported individually in the Directors' Remuneration Report, subdivided into its component parts. Also payments made by the Company to the members of the Supervisory Board or advantages extended for services provided individually, in particular, advisory or agency services, will be listed separately on an individual basis.

- (h) If a member of the Supervisory Board took part in less than half of the meetings of the Supervisory Board in a financial year, this will be noted in the Directors Report in respect of that year.

#### 4.5 Conflicts of Interest

- (a) All members of the Supervisory Board are bound by the Company's best interests. No member of the Supervisory Board may pursue personal

interests in his/her decisions or use business opportunities intended for the Company for himself/herself.

- (b) Each member of the Supervisory Board will inform the Supervisory Board of any conflicts of interest, in particular those which may result from a consultant or directorship function with clients, suppliers, lenders or other third parties.
- (c) The Supervisory Board will inform the General Meeting of any conflicts of interest which have occurred together with their treatment. Material conflicts of interest and those which are not merely temporary in respect of the person of a Supervisory Board member will result in the termination of his mandate.
- (d) Advisory and other service agreements and contracts for work between a member of the Supervisory Board and the Company require the Supervisory Board's approval.

#### 4.6 Examination of Efficiency

The Supervisory Board will examine the efficiency of its activities on a regular basis.

### 5. COMPANY SECRETARY

The Company's Statutes do not provide for a company secretary as, under the laws of England and Wales as applicable to a European Public Limited-Liability Company (Societas Europaea – SE) with registered office in England and Wales, an SE can only appoint 'members' of its executive and supervisory organs. The Boards are further of the opinion that the appointment of a company secretary is currently not necessary to assist the Boards in ensuring that board procedures and corporate governance principles are complied with. Both Boards have been and will be committed to good exchange of information between and within the Boards and the committees. If necessary, both Boards have access to independent professional advice at the Company's expense when they judge it necessary to discharge their responsibilities as members of the Boards.

### 6. TRANSPARENCY

- 6.1 The Company's treatment of all shareholders in respect of information will be equal. All new facts made known to financial analysts and similar addressees will also be disclosed to the shareholders by the Company without delay.
- 6.2 Any information which the Company discloses abroad in line with corresponding capital markets law provisions will also be disclosed in Germany and the UK without delay.
- 6.3 As part of regular information policy, the dates of essential regular publications (including the Annual Report and the half-year and quarterly financial reports (the half-year and quarterly financial reports together the "**Interim Financial Reports**") and the date of the (Annual) General Meeting will be published sufficiently in advance in a "financial calendar".

- 6.4 The Company has adopted a Code of Dealing in which it complies with the following:
- (a) Employees of ZEAL Network SE and/or group companies of ZEAL Network must not engage in any transaction in relation to the Company's registered shares, Clearstream Interests, financial instruments issued by the Company or other financial instruments (e.g., derivatives) which price fixing is directly or indirectly depended on such financial instruments, during a quiet period as further defined below ("**Quiet Period**").
  - (b) Quiet Periods are:
    - (i) As of the end of the first, second and third quarter (each a "**Reporting Quarter**") until the beginning of the second trading day after publication of the financial results of the respective Reporting Quarter.
    - (ii) As of the end of each respective financial year of ZEAL Network SE (the "**Reporting Financial Year**") until the beginning of the second trading date after publication of the financial results of the respective Reporting Financial Year.
    - (iii) Each period during which a release from the obligation to publish an inside information pursuant to sec. 15 para. 3 German Securities Trading Act has been resolved upon and such release has been disclosed to the respective employee.
  - (c) Prior to each transaction and/or recommendation in relation to the registered shares, Clearstream Interests of ZEAL Network SE or any other financial instruments in relation thereto, each employee is under the obligation to inquire whether a Quiet Period is applicable. A financial calendar setting out dates of publication of Interim Financial Reports or the annual financial reports being part of the so-called periodic information to be disclosed to the public is published on the Company's website under the heading "Investor Relations", "Dates and Events", "Financial Calendar".

## 7. REPORTING AND AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

### 7.1 Reporting

- (a) Shareholders and third parties are mainly informed by the Annual Report including, in particular, the (i) Annual Financial Statements of ZEAL Network SE, (ii) Annual Consolidated Financial Statements of ZEAL Network SE and its subsidiary undertakings, (iii) Directors' Report, (iv) Strategic Report; (v) Directors' Remuneration Report, (vi) Corporate Governance Report; (vii) Auditor's report on the foregoing, and (viii) legal declarations of the members of the Boards and the Auditors. During the financial year they are additionally informed by means of the Interim Financial Reports.
- (b) The Company will prepare the Company's Financial Statements and the Consolidated Financial Statements in accordance with the applicable International Accounting Standards as adopted by the European Union from time to time.

- (c) The Annual Reports as well as Interim Financial Reports will be submitted and published in the English language only.
- (d) All Financial Statements must be prepared by the Executive Board and examined by the Auditors and Supervisory Board. The Supervisory Board or its Audit Committee will discuss with the Executive Board any Interim Financial Reports prior to publication. In addition, the Financial Reporting Enforcement Panel and BaFin in Germany as well as the Financial Reporting Council (Conduct Committee) in the United Kingdom are authorised to check that the Consolidated Financial Statements and Interim Financial Reports comply with the applicable accounting regulations. The Consolidated Financial Statements will be publicly accessible within 90 days of the end of the financial year; Interim Financial Reports will be publicly accessible within 45 days of the end of the reporting period.
- (e) The Corporate Governance Statement will contain information on stock option programmes and similar securities-based incentive systems of the Company, unless this information is already provided in the Consolidated Financial Statements or the Directors' Remuneration Report.
- (f) Notes on the relationships with shareholders considered to be "related parties" pursuant to the applicable accounting regulations will be provided in the Consolidated Financial Statements.

## 7.2 Audit of Annual Financial Statements

- (a) Prior to submitting a proposal for election, the Supervisory Board or, respectively, the Audit Committee will obtain a statement from the proposed Auditor stating whether, and where applicable, which business, financial, personal and other relationships exist between the Auditor and its executive bodies and head auditors on the one hand, and the Company and the members of its executive bodies on the other hand, that could call its independence into question. This statement will include the extent to which other services were performed for the Company in the past year, especially in the field of consultancy, or which are contracted for the following year.
- (b) The Supervisory Board will 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 partiality occurring during the audit, unless such grounds are eliminated immediately.
- (c) The Supervisory Board commissions the Auditor to carry out the audit and concludes an agreement on the latter's fee.
- (d) The Supervisory Board will arrange for the Auditor to report without delay on all facts and events of importance for the tasks of the Supervisory Board which arise during the performance of the audit.
- (e) 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.

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