

**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 26 May 2010 and released in the electronic version of the German Federal Gazette on 2 July 2010 were and are generally adhered to. The recommendations listed under Section 2.3.3 Sentence 2, 3.8 Paragraphs 3, 4.1.5, 4.2.3, 5.4.1 Paragraphs 2 and 3, 5.5.2 and 5.5.3 Sentence 1 and Section 7.1.2 Sentence 4 of the GCGC were and are not applied. Furthermore exceptions were made to Section 5.4.3 Sentence 2 of the GCGC on 26 July 2011.

The deviations from the individual recommendations were based and shall only be based on the following arguments:

**Section 2.3.3 Sentence 2 GCGC**

The Articles of Association of Bertrandt AG have no provisions for an absentee ballot, meaning that legally no absentee balloting may take place. It is also the case that participation in the annual general meeting allows shareholders to make a well-founded decision. Furthermore, the presentations from the Management Board and the Supervisory Board can be taken into consideration as well as the contributions from other shareholders or spokespersons for shareholder associations.

**Section 3.8 Paragraph 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 Paragraph 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 4.2.3 GCGC**

The total remuneration of the Management Board generally conforms to the recommendation in Section 4.2.3 of the GCGC; it includes fixed and variable portions. The principles behind compensation are also explained in more detail in the Bertrandt AG management report. However, the remuneration did not and does not contain any components with a long-term impetus and risk characteristics as defined in Section 4.2.3 Paragraph 3 of the GCGC.

Whether and how the recommendations from Section 4.2.3 Paragraph 4 of the GCGC can be legally implemented is still not entirely clear. The Company also reserves the right to deviate from Section 4.2.3 Paragraph 4 of the GCGC in order to remain competitive.

Due to competitive reasons, the release of the Management Board's compensation was only made and shall only be made to the extent legally required by the accounting regulations. The Annual General Meeting decided on 18 February 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 Remuneration Act (VorstOG).

### **Section 5.4.1 Paragraphs 2 and 3 as well as 4.1.5 GCGC**

Exceptions were made and will be made to Section 5.4.1 Paragraphs 2 and 3 as well as 4.1.5 of the GCGC. Bertrandt AG places primarily great emphasis on experience, 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.

### **Section 5.4.3 Sentence 2 GCGC**

On 26 July 2011 the Management Board has applied for judicial completion of the members of the Supervisory Board so that the employee-representative seat that has become vacant shall be newly filled. The Management Board has not – contrary to what the wording of Section 5.4.3 Sentence 2 of the GCGC might suggest – limited in time the application for judicial appointment until the next annual general meeting. At the time of the application the Company held the view that this recommendation only makes sense with respect to the share-

holder representatives on the Supervisory Board because the date of the annual general meeting is of no significance to the Supervisory Board members to be elected by employees. Furthermore, it was in the interest of the Company to avoid a re-election outside the normal cycle of employee elections to the Supervisory Board given the work and costs that carrying out such an election involves.

With enactment of 29 July 2011 the local district court of Stuttgart filled in compliance with the application of the Company the vacancy of the Supervisory Board by appointing Astrid Fleischer as a member of the Supervisory Board.

### **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**

As long as the German Corporate Governance Code is not synchronised with the regulations of the Prime Standards of the German Stock Exchange, Bertrandt AG reserves the right to deviate from Section 7.1.2 Sentence 4 of the GCGC. The Bertrandt AG did not make use of this reservation in the reporting period.

Ehningen, 19 September 2011

The Management Board

The Supervisory Board

Dietmar Bichler  
Chairman

Dr. Klaus Bleyer  
Chairman