

## **Declaration of Conformity of EUROKAI KGaA with the German Corporate Governance Code**

The Management Board of Kurt F. W. A. Eckelmann GmbH, Hamburg, as Personally Liable General Partner and the Supervisory Board of EUROKAI KGaA have issued a Declaration of Conformity with the German Corporate Governance Code as required by Section 161 of the Joint Stock Corporation Act (AktG). In this document – taking into account the specific organisational distinctions of the legal form of a partnership limited by shares (KGaA) as set out in the following and the structuring of this legal form through the Articles of Association – they declare that with the exceptions set out below, EUROKAI KGaA (hereinafter the “Company”)

— since the last Declaration of Conformity was submitted in April 2012 up to the present complied with the recommendations of the German Corporate Governance Code (hereinafter the “Code”) in the version dated 26 May 2010 up to the publication of the new version dated 15 May 2012, and  
— currently complies with or in future will comply with the recommendations of the Code in the version dated 15 Mai 2012 as amended.

### **A. Specific organisational distinctions of the legal form of a partnership limited by shares (KGaA)**

— The Company is a Kommanditgesellschaft auf Aktien – KGaA (partnership limited by shares). In a KGaA, the duties of the management board of a joint stock company (“AG”) are the responsibility of the personally liable general partner. The sole Personally Liable General Partner of the Company is Kurt F. W. A. Eckelmann GmbH, Hamburg, whose managing directors (“Managing Directors”) are thus responsible for conducting the business of the Company.

— In comparison with the supervisory board of a German joint stock corporation, the role of a supervisory board of a KGaA is limited. In particular, the Supervisory Board is not responsible for appointing or dismissing general partners or for regulating the terms and conditions of their contracts, issuing rules of procedure for the Management Board or a determining business transactions requiring approval. For this reason, Section 7 of the Company’s Articles of Association requires that the Personally Liable General Partner obtain the prior approval of the Supervisory Board for all extraordinary transactions. To this end Section 7 of the Articles of Association contains a catalogue of business transactions requiring approval.

— The general meeting of a KGaA fundamentally has the same rights as the general meeting of an AG; it additionally resolves on the adoption of the annual financial statements of the Company. Many of the resolutions made by the General Meeting require the consent of the Personally Liable General Partner; particularly the adoption of the Company’s annual financial statements.

— Although the concrete wording of the recommendations of the Code does not in all instances take into account the specific organisational distinctions of the legal form of a KGaA, the sole Personally Liable General Partner, Kurt F. W. A. Eckelmann GmbH, and the Supervisory Board have agreed to currently and in future comply with the recommendations of the Code with the exceptions stated in Section C below.

### **B. Exceptions to the recommendations of the Code in the version of 26 May 2010 up to publication of the new version dated 15 May 2012, since the last Declaration of Conformity was submitted in April 2012 up to the present**

In the past, i. e. since the last Declaration of Conformity was submitted in April 2012, to which reference is made, up to the present, the Company has complied with the recommendations

of the Code in the version dated 26 May 2010, with the following exceptions.

Where in the following reference is made to provisions of the Code, this shall relate to the Code in the version dated 26 May 2010.

### **2.3.1 and 2.3.3**

#### **Postal Vote**

The Company has not offered a postal vote. Given the high level of attendance of the shareholders at General Meetings in the past, the Company did not anticipate any rise in attendance through the introduction of a postal vote.

### **3.8**

#### **Deductible for D&O (directors' and officers' liability insurance) policy for the Supervisory Board**

No deductible was agreed upon in the D&O policy for the Supervisory Board because neither the Personally Liab General Partner nor the Supervisory Board believed that the motivation and responsibility which the Supervisory Board brings to the fulfilment of its duties can be improved by any such deductible.

### **4.1.5**

#### **Managerial Positions in the Enterprise, Diversity**

Deviating from this recommendation, the Personally Liab General Partner and the Supervisory Board were of the opinion that while diversity should be taken into account in personnel decisions, when filling executive positions the election bodies must be free in their decision to select whoever is personally and professionally the most suitable candidate.

### **4.2.2 and 4.2.3**

#### **Compensation of the Management Board, Compensation Structure**

The Personally Liab General Partner and the Supervisory Board did not consider the recommendations of the Code to be applicable and therefore did not follow them since, as in previous years, the Management Board of the Personally Liab General Partner Kurt F. W. A. Eckelmann GmbH did not receive any compensation for its work from the Company. However it does receive remuneration at the expense of the respective subsidiaries for duties performed there.

### **5.1.2**

#### **Diversity on the Management Board**

This recommendation was considered as not being applicable because the Management Board of the Personally Liab General Partner is not appointed by the Supervisory Board of the Company, but by the Administrative Board of Kurt F. W. A. Eckelmann GmbH. The Management Board of the Personally Liab General Partner was composed of one female member (British citizen) and one male member.

### **5.2**

#### **Supervisory Board Committees**

Pursuant to Section 5.2 (2) of the Code, the Chairman of the Supervisory Board shall also chair the committee that handles contracts with members of the Management Board. This committee did not exist in the Company because the contracts with the Managing Directors of the Personally Liab General Partner are the responsibility of its Administrative Board and not of the Supervisory Board.

### **5.3.3**

#### **Nomination Committee**

The Company did not set up a Nomination Committee because the Supervisory Board is composed of only six representatives of the shareholders and in the opinion of the Personally Liab General Partner and the Supervisory Board is in a position to directly and efficiently make election recommendations to the General Meeting.

### **5.4.1, 5.4.2 and 5.4.5**

#### **Composition of the Supervisory Board**

The recommendations under these Sections of the Code were not applied. While the Supervisory Board took the election criteria of Subsections 5.4.1, 5.4.2 and 5.4.5 of the Code into

account in its decisions, it shared the opinion of the Personally Liable General Partner that the Supervisory Board and the General Meeting should be free in their decision to propose and ultimately appoint the most suitable candidate to perform the duties of a member of the Supervisory Board. For this reason, the Supervisory Board also refrained from specifying an age limit for its members.

#### **5.4.6**

##### **Compensation of the Members of the Supervisory Board**

This recommendation was not applied because in the opinion of the Personally Liable General Partner and the Supervisory Board compensation for the chairmanship or simple membership on a committee could be waived due to the fact that meetings of the Supervisory Board and its committees are usually held close together. However, this was made subject to the proviso that a proposal for the remuneration of the chairmanship and membership on the Audit Committee was to be submitted to the then pending General Meeting of 20 June 2012, which was the case. At its session of 20 June 2012, the General Meeting agreed on a new compensation system.

#### **6.6**

##### **Disclosure of the Ownership of Shares**

Deviating from this recommendation, the Personally Liable General Partner and the Supervisory Board considered the statutory obligation to report and disclose dealings in shares of the Company without delay or the ownership of shares in the Company or related financial instruments to be adequate.

#### **7.1.2**

##### **Reporting**

This recommendation was not applied; the consolidated financial statements and interim reports were published pursuant to the statutory requirements.

### **C. Current and future exceptions to the recommendations of the Code in the current version dated 15 May 2012**

Currently and in the future the Company complies and will comply with the recommendations in the Code in the version dated 15 May 2012, with the following exceptions.

Where in the following reference is made to provisions of the Code, this shall relate to the Code in the current version dated 15 May 2012.

#### **3.8 (3)**

##### **Deductible in the D&O (directors' and officers' liability insurance) policy for the Supervisory Board**

No deductible has been agreed upon in the D&O policy for the Supervisory Board because neither the Personally Liable General Partner nor the Supervisory Board believed that the motivation and responsibility which the Supervisory Board brings to the fulfilment of its duties can be improved by any such deductible.

#### **5.2**

##### **Supervisory Board Committees**

Pursuant to Section 5.2 (2) of the Code, the Chairman of the Supervisory Board shall also chair the committee that handles contracts with members of the Management Board.

This committee does not exist in the Company because the contracts with the Managing Directors of the Personally Liable General Partner are the responsibility of its Administrative Board and not of the Supervisory Board.

#### **5.3.3**

##### **Nomination Committee**

Pursuant to Section 5.3.3 of the Code, the Supervisory Board is to form a nomination committee composed exclusively of shareholder representatives which proposes suitable candidates to the Supervisory Board for recommendation to the General Meeting.

The Personally Liable General Partner and the Supervisory Board are of the opinion that a nomination committee is not required since the Supervisory Board is composed of only six

representatives of the shareholders and is therefore in a position to directly and efficiently make election recommendations to the General Meeting.

#### 5.4.1

##### **Composition of the Supervisory Board**

Pursuant to Section 5.4.1 (1 to 3) of the Code, the Supervisory Board shall specify concrete objectives regarding its composition which shall, in particular, stipulate an appropriate degree of female representation.

Deviating from this recommendation, the Supervisory Board has not specified any concrete objectives regarding its composition because it was and is of the opinion that while the selection criteria presented in Section 5.4 of the Code should be taken into account, ultimately the Supervisory Board and the General Meeting should be free in their decision to propose and ultimately appoint the most suitable candidate to perform the duties of a member of the Supervisory Board. This has been intensively discussed by the Supervisory Board. The Board will deal with this issue again at its next meetings and will probably deviate from its current practice and in future follow the recommendation to state concrete objectives regarding its composition.

#### 6.6

##### **Disclosure of the Ownership of Shares**

Pursuant to Section 6.6 of the Code, beyond the statutory obligation to report and disclose dealings in shares of the company without delay, the ownership of shares in the company or related financial instruments by Management Board and Supervisory Board members shall 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.

Both the Personally Liable General Partner and the Supervisory Board consider the relevant statutory obligation to report and disclose dealings in shares of the Company without delay to be adequate. It therefore does not apply this recommendation.

#### 7.1.2

##### **Reporting**

Pursuant to Section 7.1.2 of the Code, the consolidated financial statements shall be publicly accessible within 90 days of the end of the financial year; interim reports (half-yearly and any quarterly reports) shall be publicly accessible within 45 days of the end of the reporting period.

The Company does not apply this recommendation, and is practically not in a position to do so. The Company is a pure financial holding company and therefore relies on the figures provided by its investment holdings, which it regularly does not receive in time to comply with the recommendation. The consolidated financial statements are published pursuant to the requirements in Section 15 of the Company Disclosure Act (PublG) and Section 325 (4) of the German Commercial Code (HGB) and the interim reports pursuant to the requirements in Sections 37 w f. of the German Securities Trading Act (WpHG).

Hamburg, Germany, April 2013

The Personally Liable General Partner  
Kurt F. W. A. Eckelmann GmbH, Hamburg

Thomas H. Eckelmann (Chairman)  
Cecilia E. M. Eckelmann-Battistello

Supervisory Board