

**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 15, 2012 and released in the German Federal Gazette on June 15, 2012 were generally adhered to. The recommendations listed under Sections 3.8 Para. 3, 4.1.5, 4.2.3, 5.2 Para. 2 Sentence 2, 5.3.2 Sentence 3, 5.4.1 Para. 2 and 3, Section 5.4.2 Sentence 1, 5.4.6 Para. 2 Sentence 2, 5.5.2, 5.5.3 Sentence 1 und 7.1.2 Sentence 4 of the GCGC were not applied. From October 1, 2012 onwards section 4.2.3 Para. 2 and 3 was also adhered to.

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 are generally adhered to. Since June 10, 2013 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 Alt. 1 and Para. 3, 5.2 Para. 2, 5.3.2 Sentence 3, 5.4.1 Para. 2 and 3, Sections 5.4.2 Sentence 1, 5.4.6 Para. 2 Sentence 2, 5.5.2, 5.5.3 Sentence 1 and 7.1.2 Sentence 4 of the German Corporate Governance Code (GCGC) were and are not applied. With regard to the forthcoming election of the employee representatives to the Supervisory Board in the annual general meeting 2014, deviations will be made to Section 5.4.1 Para. 4 till 6 GCGC.

The deviations from the individual recommendations were based and shall only be 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**

With effect from October 1, 2012 the Supervisory Board has changed the system for Management Board compensation and oriented it towards a sustained corporate development according to §87 Para. 1 Sentence 2 of the German Stock Corporation Act. All members of Bertrandt AG's Management Board are remunerated in accordance with the new compensation system since October 1, 2012. Although the GCGC contains a recommendation for a vertical system for Management Board compensation only since June 10, 2013 the Supervisory Board already took into account such considerations in the last year.

As the legal literature and the practice discusses the details of the new Section 4.2.2 Para. 2 Sentence 3 GCGC controversially, a deviation is declared as a precautionary measure.

**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 remuneration are also explained in more detail in the Bertrandt AG management report. However, the remuneration did not contain, till the expiration of the previous business year on September 30, 2012, any components with a long-term impetus and risk characteristics as defined in Section 4.2.3 Para. 3 of the GCGC old version till June 10, 2013 .

Pursuant to the recommendation in Section 4.2.3 Para. 2 Sentence 6 Alt. 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 in the version dated June 10, 2013 additionally requires in Sentence 6 Alt.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 new version. 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 Sentence 2 GCGC old version till June 10, 2013 and Section 5.2 Para. 2 GCGC new version**

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 to Section 5.2 Para. 2 Sentence 2 of the GCGC old version and were and will be made to Section 5.2 Para.2 GCG new version.

**Section 5.3.2 Sentence 3, 5.4.1 Para. 2 till 6, 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 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.

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.

In practice and in the legal literature the recommendations of Section 5.4.1 Para. 4 till 6 GCGC are discussed controversially. With regard to the forthcoming election of the Supervisory Board in the annual general meeting 2014 Bertrandt AG precautionary declares a deviation from this section.

**Section 5.4.6 Para. 2 Sentence 2 GCGC** The remuneration of the Supervisory Board of the Company with its fixed and variable portions exists in principle, except for minor changes, for many years and proved itself.

The remuneration of the Supervisory Board will be released in an individualized manner in the Company management report. However, the remuneration does not contain any components which are aligned to a sustainable development of the Company. Therefore deviations will be made to Section 5.4.6 Para. 2 Sentence 2 of the GCGC.

**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 18, 2013 its report for the 1<sup>st</sup> quarter of the business year 2012/2013. 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 23, 2013

The Management Board

The Supervisory Board

Dietmar Bichler  
Chairman

Dr. Klaus Bleyer  
Chairman