



# **Rules of Procedure**

**for the Supervisory Board  
of GESCO AG, Wuppertal, Germany**

Version dated 12 December 2011  
(replaces the version dated 3 May 2011)

## **Section 1 Tasks of the Supervisory Board**

- (1) The Supervisory Board advises the Executive Board on issues of company management and monitors their corporate governance. It works together closely with the Executive Board for the good of the company.
- (2) The Supervisory Board performs its tasks in accordance with the applicable legal provisions, the Articles of Association of Gesco AG and these rules of procedure. Its members are bound by directives and instructions.
- (3) The Supervisory Board regularly reviews the efficiency of its activities, at least once when half the term in office of its members has elapsed.

## **Section 2 Requirements for members of the Supervisory Board**

- (1) The members of the Supervisory Board must collectively have the knowledge, abilities and technical experience required to properly complete their tasks. The Supervisory Board must have a number of independent members that is sufficient in its estimation.
- (2) The members of the Supervisory Board shall ensure that they have sufficient time available to fulfil their mandate. Insofar as they simultaneously serve as the member of the executive board of a listed company, they shall not hold more than three additional supervisory board mandates in listed companies external to the Group or in supervisory bodies of companies with comparable requirements aside from the supervisory board mandate for Gesco AG.
- (3) No more than two Supervisory Board members may be former members of Gesco AG's Executive Board. Supervisory Board members may not hold positions in governing bodies or consulting functions for significant competitors of Gesco AG or significant competitors of its Group companies.
- (4) The Supervisory Board shall establish concrete targets for its composition, under consideration of the company-specific situation of the Group with its SME orientation, that also take adequate diversity into account. As a rule, a Supervisory Board member's term in office finishes with the end of the regular term in office, which follows completion of the 70th year of life.

## **Section 3 Obligation to confidentiality**

- (1) Each member of the Supervisory Board is obliged to maintain secrecy regarding confidential information and company secrets, especially business and trade secrets, of which they become aware in their position as a member of the Supervisory Board. This applies in particular to confidential reports and deliberations. This obligation continues to apply after the end of the Supervisory Board member's term in office.
- (2) When a member of the Supervisory Board resigns from office, all confidential documentation related to administration must be handed over to the company which is represented by the Executive Board. The company shall retain this documentation for

15 years – calculated from the resignation date of the respective Supervisory Board member – and make it accessible in readable form to the respective Supervisory Board member or the consultants commissioned by the same, insofar as they are subject to a legal obligation to confidentiality, during the company's regular business hours provided a legitimate interest exists. This applies correspondingly to documentation stored in electronic form.

- (3) If a member of the Supervisory Board intends to disseminate information to third parties, which has been obtained in the position as a Supervisory Board member, this requires the prior consent of the Supervisory Board unless the information obviously does not have to be kept confidential. If employees or third parties are engaged, the members of the Supervisory Board have to ensure that a corresponding obligation to confidentiality is imposed on them.

#### **Section 4 Conflicts of interest**

- (1) Each member of the Supervisory Board is obliged to protect the company's interests. They may not pursue personal interests in their decisions nor personally take advantage of business opportunities to which Gesco AG or its Group companies are entitled.
- (2) Each member of the Supervisory Board shall disclose conflicts of interest to the Supervisory Board, in particular those that may arise on the basis of consulting or membership in a governing body for customers, suppliers, lenders or other business partners of Gesco AG or its Group companies.
- (3) The Supervisory Board in its report to the Annual General Meeting shall provide information about conflicts of interest of Supervisory Board members that have occurred and how they were handled. As soon as significant conflicts of interest of a permanent nature arise in the person of a Supervisory Board member, the member in question must resign their mandate.

#### **Section 5 Chairman of the Supervisory Board and Deputy Chairman**

- (1) The Supervisory Board elects the Chairman and Deputy Chairman from among its members according to the Articles of Association. The Deputy Chairman has the rights and obligations of the Chairman according to law, the Articles of Association and these rules of procedure only when the Chairman is prevented and nothing to the contrary is specified by law or the Articles of Association.
- (2) The Chairman of the Supervisory Board is authorised to issue the declarations of intent required to carry out the resolutions of the Supervisory Board and to receive declarations of intent on behalf of the Supervisory Board.

## **Section 6 Meetings of the Supervisory Board**

- (1) The meetings of the Supervisory Board are held at the company headquarters or another venue that shall be disclosed in the invitation. The Supervisory Board shall hold at least two meetings per calendar year.
- (2) The meetings of the Supervisory Board shall be convened by the Chairman subject to a term of notice of at least 12 days, in writing, by fax or by e-mail. The day of sending the invitation and the day of the meeting are not included in calculating the period of notice. In urgent cases the Chairman can reduce the period of notice appropriately and also convene a meeting verbally, by telephone or using other common means of communication. The invitation must include the agenda items. As a rule, any preliminary documents must be provided to the members of the Supervisory Board at least five days before the meeting. Sentence 2 applies correspondingly for calculating this five-day term. Proposed resolutions on agenda items are to be communicated in a timely manner before the meeting so that written votes can be submitted by absent members of the Supervisory Board.
- (3) Applications from members of the Supervisory Board or the Chairman that are received before the agenda is sent out must be added to the agenda. Except in urgent cases that justify later notification, amendments to the agenda must be communicated to the Chairman at least five days before the meeting. Items communicated at least five days before the meeting must be added to the agenda. Paragraph 2, sentence 2 applies correspondingly for calculating this five-day term. The Chairman shall promptly inform all members of the Supervisory Board of the amendments to the agenda.
- (4) The Chairman can cancel or reschedule a convened meeting according to their best judgement. The Chairman chairs the meetings and establishes the order of the agenda items and the type of voting. The Chairman appoints the recording clerk and decides on the inclusion of experts or persons providing information in deliberations on specific agenda items.
- (5) The members of the Executive Board take part in the meetings unless otherwise determined by the Chairman.

## **Section 7 Resolutions, quorum**

- (1) As a rule the resolutions of the Supervisory Board are passed in meetings. Absent Supervisory Board members can take part in resolutions during a meeting by having written votes submitted by another member of the Supervisory Board. A vote submitted by fax or e-mail is also considered a written vote. In exceptional cases, the Chairman may permit members of the Supervisory Board to take part in a meeting and resolution by video conferencing or telephone.
- (2) The quorum of the Supervisory Board is determined by law and the Articles of Association. A member also participates in passing a resolution when they abstain from voting. Resolutions and elections require a simple majority of the votes cast unless otherwise prescribed by mandatory law. In case of a tie vote, the Chairman decides

whether to vote on the matter again and whether renewed voting is to take place in this or in one of the next meetings of the Supervisory Board. If a renewed vote on the same item again results in a tie vote, the Chairman shall have two votes. If the Chairman abstains from voting, the Deputy Chairman has two votes in case of a tie vote.

- (3) Resolutions on agenda items that were not communicated in a timely manner may only be passed if no member of the Supervisory Board objects.
- (4) By order of the Chairman, a resolution of the Supervisory Board can also be passed outside of meetings with votes submitted in writing, by telegraph or telephone if no member of the Supervisory Board objects.

## **Section 8 Minutes**

- (1) Minutes must be prepared for the meetings of the Supervisory Board, including the venue and date of the meeting, participants, agenda items, essential content of the deliberations and the resolutions of the Supervisory Board. Minutes must be signed by the Chairman for the respective meeting and by the recording clerk and promptly sent to each member of the Supervisory Board. The originals must be stored in the company's files. Each member of the Supervisory Board may request their vote to be noted in the minutes. The resolution to approve the minutes is passed in the respective next meeting of the Supervisory Board.
- (2) Resolutions that were passed outside of meetings are to be noted in minutes by the Chairman of the Supervisory Board. Copies of the minutes must be promptly sent to each member of the Supervisory Board.
- (3) The resolutions passed by the Supervisory Board can be recorded with their wording during the meeting and immediately signed by the Chairman. Insofar as resolutions are separately recorded in this form during the meeting, an objection can only be raised during the meeting.
- (4) Copies of resolutions on measures and business of the Executive Board that require approval must be sent to the Executive Board.

## **Section 9 Committees**

No committees are to be formed as long as the Supervisory Board consists of three members.

## **Section 10 Reporting**

- (1) The Supervisory Board shall ensure that the Executive Board meets its reporting obligations according to Section 90 AktG.
- (2) Within the scope of reporting according to Section 90 AktG, the Supervisory Board in its meetings must be informed regularly about planned business policy and other fundamental company matters, in particular the assets, financial position and earnings,

the risk position, risk management and compliance. The Executive Board shall report at least once a year on fundamental matters of corporate planning, in particular investment and financial planning. Corporate planning submitted by the Executive Board before the start of each financial year includes in particular a sales budget, earnings budget, investment budget and personnel budget for Gesco AG and its Group companies for the respective upcoming financial year.

- (3) The Executive Board shall provide all members of the Supervisory Board with monthly evaluations containing the following performance figures for Gesco AG and its Group companies: sales, earnings, incoming orders and order backlog. Lasting deviations from the target figures must be explained. The Supervisory Board shall also be provided with a monthly status report on the ongoing acquisition projects.
- (4) Reports from the Executive Board to the Supervisory Board as well as documentation required to make decisions, in particular audit reports for the company's annual financial statements and consolidated financial statements as well as possible special reports, are to be sent to all members of the Supervisory Board, where possible in a timely manner before the meeting, usually in written form.
- (5) The Chairman of the Supervisory Board shall maintain regular contact with the Executive Board and consult with the Executive Board regarding the Group's strategy, business development and risk management. The Chairman of the Supervisory Board shall be informed promptly by the Executive Board of important events that are of material significance for evaluating the company's position and development and for its management. Then the Chairman of the Supervisory Board shall inform the Supervisory Board and if necessary convene an extraordinary meeting of the Supervisory Board.

#### **Section 11 Business that requires approval**

- (1) The measures and business for which the Executive Board requires the approval of the Supervisory Board must be listed in rules of procedure for the Executive Board to be passed by the Supervisory Board. The right of the Supervisory Board to pass ad hoc resolutions on reservations of approval remains unaffected by this.
- (2) If the prior approval of the Supervisory Board cannot be obtained without disadvantaging the company, the prior approval of the Chairman of the Supervisory Board is required in any case. The Chairman shall inform the remaining members of the Supervisory Board no later than in the next meeting about approval given by the Chairman.

## Section 12 Validity

These rules of procedure come into force on 1 January 2012. They remain in force until otherwise resolved by the Supervisory Board. The Supervisory Board can decide with a simple majority to deviate from these rules of procedure on a case-by-case basis.

Wuppertal, Germany, 12 December 2011

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Klaus Möllerfriedrich (Chairman)

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Rolf-Peter Rosenthal

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