

## **Declaration on Compliance**

### **Corporate Governance Practices**

Business practices of Eckert & Ziegler AG and its subsidiaries are based on the legal and official regulations of the countries in which they operate. Adherence to legal and ethical standards is self-evident for the entire company group.

The company's employees are expected to carry out their everyday work responsibly and in a law abiding way. Infringements are not tolerated, and are penalized where applicable.

### **Working procedure for Executive and Supervisory Boards**

Corporate governance at Eckert & Ziegler AG is primarily determined by the German Stock Companies Act and the current version of the German Corporate Governance Code.

The company is subject to the so called 'dual management system' in compliance with legal regulations of the afore-mentioned Companies Act. This is characterized by strict division of personnel between the [Executive Board](#) as a management body and the [Supervisory Board](#) as a monitoring body. The Executive and Supervisory Boards work together closely in the interest of the company.

The Executive Board manages the company with the aim of creating sustained value. It develops company strategy and ensures execution of such strategy in coordination with the Supervisory Board. The Executive Board of the company currently consist of three members. Members of the Executive Board jointly share responsibility for managing the company. Irrespective of the overall responsibility of all Executive Board members, each individual Executive Board member is personally responsible for the management of the respective business section assigned to him.

Principles for cooperation within the Executive Board are specified in the Internal Rules of Procedure for the Executive Board. These rules especially regulate the individual Executive Board members' responsibilities for their respective departments, issues reserved for the Executive Board, passing of resolutions, specifically required resolution majorities as well as the rights and duties of the Chairperson of the Executive Board.

The Executive Board informs the Supervisory Board regularly, punctually and comprehensively concerning all aspects of business development important for the company group, significant business events and the current revenue situation, including the risk

situation and risk management. Deviations to previously developed plans and goals are explained and substantiated.

Details of the remuneration system of the Executive Board are described in the Remuneration Report which is part of the Annual Report and is publicly available on the company's website.

The Supervisory Board advises the Board of Executive on managing the company and monitors its activities. It appoints and releases Executive Board members, determines the remuneration system for Executive Board members and defines their respective total remuneration. It participates in all decisions that are of fundamental significance for the company. The Supervisory Board consists of six members, all of whom must be representatives of the shareholders. Principles of cooperation within the Supervisory Board are specified in the Internal Rules of Procedure of the Supervisory Board. These internal rules also allow for the formation of committees. Further details on the work carried out by the Supervisory Board can be found in the current Supervisory Board Report.

### **Declaration on the Corporate Governance Code**

The company sees responsible and transparent Corporate Governance as the basis for long term economic success. The model for this is the current version of the German Corporate Governance Code, issued by the government commission. In addition to outlining legal regulations, the German Corporate Governance Code contains internationally and nationally recognized standards of good and responsible corporate management.

As a company listed on the stock exchange, Eckert & Ziegler AG is obliged to submit an annual declaration on the German Corporate Governance Code pursuant to § 161 of the German Stock Companies Act. This declaration must state that the German Corporate Governance Code has been, and continues to be, complied with, and which recommendations have not been, or are not being, applied.

After careful inspection, the Executive Board and Supervisory Board submitted the following declaration on the Corporate Governance Code on behalf of the company on 03. December 2010, pursuant to § 161 of the German Stock Companies Act:

Eckert & Ziegler Strahlen- und Medizintechnik AG will comply with the recommendations of the German Corporate Governance Code – in the version dated 26. May 2010 – with the following exceptions:

- **Deductible for D&O Insurance:** The D&O insurance contracted for the Supervisory Board provides for no deductible amount.

A deductible is not agreed for the D&O insurance policy for the Supervisory Board (liability insurance for members of the bodies) since there is no evidence that this would fundamentally lead to greater motivation and a greater sense of responsibility on the part of its members. On account of the relatively low level of compensation of the Supervisory Board, the Executive Board and Supervisory Board do not consider a deductible appropriate.

- **Formation of Committees:** The Supervisory Board has not formed any committees, especially not an auditing committee or a nomination committee.

On account of the small number of Supervisory Board members and the specific circumstances of the company, the Supervisory Board does not consider the formation of committees to be urgent, especially the formation of an auditing committee or a nomination committee. All tasks and duties of such committees are performed by the Supervisory Board as a body with overall responsibility.

- **Age limits for members of the Executive Board and Supervisory Board:** No age limits have been specified for members of the Executive Board or for members of the Supervisory Board.

The Executive Board and the Supervisory Board are of the opinion that a general age limit is not an appropriate criterion for appointing members of these boards. When appointing members of the Executive and Supervisory Boards, it is far more important to establish whether such members have the respective expertise, skills and professional experience required.

- **Supervisory Board compensation:** Members of the Supervisory Board do not receive any performance-related compensation.

The Executive Board and the Supervisory Board are of the opinion that compensation linked to the company's results is not compliant with the Supervisory Board's legally de-fined function as an independent monitoring body and the resultant requirement of neutrality.

Since its Declaration of Compliance made on 3rd December 2009, Eckert & Ziegler Strahlen- und Medizintechnik AG has also fully complied with the recommendations of the German Corporate Governance Code – i.e. the version dated 18th June 2009 – with the exception of deviations specified in said declaration. The aforementioned explanations provide the reasons for such exceptions.

The [declaration on the Corporate Governance Code](#) is also publicly available on the company's website.

### **Share Ownership for members of the Executive Board and the Supervisory Board**

Pursuant to § 15a German Securities Trading Act (WpHG), members of the Executive Board and the Supervisory Board and persons closely related to them are obliged to publish their own transactions with shares in the company and pertinent financial instruments, if the value of such transactions exceeds the amount of 5,000.00 EUR in a calendar year. Notifications submitted to the company in the business year 2010 concerning such [transactions](#) are published on the company's website.

On 31st December 2010, direct or indirect total company share ownership for all Executive and Supervisory Board members amounted to more than 1 %. On 31st December 2010, members of the Executive Board owned 1,710,743 shares, i.e. a total of 32.32 % of voting rights. On 31st December 2010, members of the Supervisory Board owned 51,629 shares, i.e. a total of 0.98 % of voting rights.

On 31st December 2010, Dr. Andreas Eckert indirectly held 1,674,986 shares through Eckert Wagniskapital und Frühphasenfinanzierung GmbH, Panketal, and directly held 12,001 shares, i.e. a total of 31.87 % of voting rights.