

## Declaration on Compliance

(March 20, 2018)

### Declaration on compliance pursuant to Section 161 AktG

On March 20, 2018, the Executive Board and Supervisory Board of Eckert & Ziegler Strahlen- und Medizintechnik AG submitted the following declaration on compliance following careful review of the German Corporate Governance Code as amended on May 5, 2015, and as published in the Federal Official Gazette [Bundesanzeiger] on June 12, 2015.

The declaration on compliance is permanently available to the public at

[http://www.ezag.com/startseite/investoren/gute\\_unternehmensfuehrung/entsprechenserklaerung/](http://www.ezag.com/startseite/investoren/gute_unternehmensfuehrung/entsprechenserklaerung/)

The Executive Board and Supervisory Board of Eckert & Ziegler Strahlen- und Medizintechnik AG hereby declare, in accordance with Section 161 of the German Stock Corporation Act (AktG), that Eckert & Ziegler Strahlen- und Medizintechnik AG has fully complied and shall fully comply with the recommendations of the German Corporate Governance Code (GCGC) – as amended on May 5, 2015 – with the following exceptions. Please see the explanations given in the declaration for the reasons for these exceptions.

- **Deductible for D&O insurance:** In Clause 3.8 (3), the GCGC recommends agreeing on a deductible in a D&O insurance policy for the Supervisory Board. The D&O insurance policy contracted by the company for the Supervisory Board provides for no deductible amount.

A deductible has not been agreed on for the D&O insurance policy (personal liability insurance for members of the bodies) for the Supervisory Board, since there is no evidence that it would fundamentally lead to greater motivation and a greater sense of responsibility on the part of its members. Given the comparatively low level of the Supervisory Board's compensation, the Executive Board and Supervisory Board also do not regard a deductible as appropriate.

- **Development of an expertise profile:** The Supervisory Board waives the need to develop a rigid expertise profile with respect to the composition of the Supervisory Board.

The Supervisory Board does not see any pressing need to develop an expertise profile for the composition of the Supervisory Board. The issue will nevertheless be approached. The only guideline for the appointment of Supervisory Board members must be to select those individuals from the largest possible pool of candidates who, based on their skills, abilities and technical experience, promise to make the greatest contribution to strengthening the Board and, in turn, the company's competitiveness.

- **Formation of committees:** In Clause 5.3.1, the GCGC recommends that the Supervisory Board form committees with sufficient expertise depending on the specifics of the enterprise and the number of its members. Specifically, in Clause 5.3.2, the GCGC recommends setting up an audit committee and, in Clause 5.3.3, forming a nomination committee. The Supervisory Board has formed no committees, in particular no audit or nomination committees.

In view of the low number of Supervisory Board members and the company's specific circumstances, the Supervisory Board does not regard the formation of committees, particu-

larly an audit or nomination committee, as pressing. All the duties of these committees are therefore exercised by the Supervisory Board as a body with overall responsibility.

- **Age limits for members of the Executive Board and Supervisory Board, ethnic or cultural diversity, and term limits for the Supervisory Board:** In Clause 5.1.2, the GCGC recommends, among other things, specifying an age limit for members of the Executive Board. Clause 5.4.1 (2) contains such a recommendation for the members of the Supervisory Board. Furthermore, Clause 5.4.1 (2) GCGC recommends that the Supervisory Board specify objectives for its composition that take into account, among other things, independence and aspects of diversity and contain a regular limit of length of membership. No age limits have been specified for members of the Executive Board or Supervisory Board. At the same time, the Supervisory Board has refrained from specifying concrete objectives with respect to its composition. It has not determined the number of its independent members or the level of its ethnic or cultural diversity. In addition, no regular limit of length of Supervisory Board membership has been set.

The Executive and Supervisory Boards are of the opinion that people should neither be favored nor discriminated against based on age, race, origin or gender. The only prerequisite for filling Executive and Supervisory Board positions is to select individuals from the largest possible pool of candidates who, based on their knowledge, skills and professional experience, are best able to strengthen the body and thus the competitiveness of the company. The Supervisory Board also believes that setting a regular limit regarding the length of Supervisory Board membership is not effective. Due to the complexity of the company's structure, a long term of membership promotes the understanding of how things are interrelated and thereby improves the efficiency of the Supervisory Board.

## **Information on corporate governance practices**

The Executive Board of the company pledges its absolute commitment to the legal and company-specific rules and regulations pertaining to responsible and lawful conduct. It has expressed this principle by creating a code of conduct that is binding throughout the Group (available at [www.ezag.com/de/startseite/ueber\\_uns/verhaltenskodex/](http://www.ezag.com/de/startseite/ueber_uns/verhaltenskodex/)). The Executive Board pledges on its behalf and on behalf of the company to renounce any and all business transactions in contravention of the code of conduct.

## **Operating procedures of the Executive Board and the Supervisory Board**

In accordance with the requirements of the German Stock Corporation Act (AktG), the company operates according to a "dual management system," which is characterized by the separation of personnel between the Executive Board as the management body and the Supervisory Board as the monitoring body. The Executive Board manages the company with the aim of creating value sustainably, develops the corporate strategy and ensures that the strategy is implemented in conjunction with the Supervisory Board. By contrast, the Supervisory Board is tasked with constantly monitoring and advising the Executive Board. The Executive Board and the Supervisory Board work hand in hand in the interests of the company.

The company's Executive Board currently comprises three members. The members of the Executive Board together bear collective responsibility for the management of the business. Each mem-

ber of the Executive Board manages the area of the business assigned to him or her in his or her own authority. This does not affect the joint responsibility of all Executive Board members.

The principles of cooperation among Executive Board members are promulgated in the rules of procedure of the Executive Board. These regulate, in particular, the areas of responsibility of the individual board members; matters reserved for the full Executive Board; decision-making processes, namely required majorities for resolutions; and the rights and obligations of the chair of the Executive Board. In addition, the rules of procedure define a catalog of activities of fundamental importance for which the Executive Board requires the approval of the Supervisory Board.

The Executive Board reports to the Supervisory Board regularly, promptly and extensively regarding all aspects of business development of material importance to the Group, significant business transactions and the current earnings situation, including the risk situation and risk management. Deviations in business development from previous plans and targets are explained and substantiated.

According to the articles of association, the Supervisory Board must comprise six members who are representatives of the shareholders. The Supervisory Board is directly involved in decisions of fundamental importance to the company. This also includes the strategic orientation of the company. The Supervisory Board appoints and dismisses the members of the Executive Board, determines the remuneration system for the Executive Board members and determines each Executive Board member's total remuneration.

Procedural rules concerning the execution of meetings and resolutions of the Supervisory Board are compiled in the rules of procedure of the Supervisory Board. The chair of the Supervisory Board coordinates the work of the Supervisory Board and chairs its meetings. The Supervisory Board does not have any committees at the current time.

### **Targets for filling positions on the Supervisory Board and progress in target achievement**

Positions on the Supervisory Board should be occupied so that the members of the Supervisory Board as a whole have the knowledge, skills and specialist experience required to properly perform the tasks entrusted to it. Similarly, the Supervisory Board as a whole should have the knowledge and experience that is essential to the activities of the business. Moreover, with regard to the international activity of the company, the Supervisory Board should always be composed of multiple members who have international business experience or another international connection.

The company believes that the Supervisory Board is composed of persons offering a broad range of experience in areas of importance to the company. Besides members with technical experience in the area of accounting and auditing, the Supervisory Board currently also has members with proven expertise in the health care, natural sciences and waste management industries. Multiple members also have international business experience or another international connection through their former or current professional activities.

In addition, the Supervisory Board should include a sufficient number of independent members. A member is considered to be independent if he or she does not have any business or personal links to the company, its executive bodies, a controlling shareholder or a related company that may result in a conflict of interests. The Supervisory Board considers that two-thirds of its members should be independent. At the current time, no business or personal relationships of the aforementioned nature that could lead to a lack of independence are known.

Within the scope of Germany's Equal Participation of Women and Men in Leadership Positions Act (Gesetz zur gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen), the minimum target for the proportion of women on the Supervisory Board was defined as one-sixth of the Board's members (see below for more information).

### **Specification of targets for the proportion of women on the Executive and Supervisory Boards and in management positions**

In accordance with Section 111 (5) AktG and Section 76 (4) AktG, the Supervisory and Executive Boards respectively have resolved the following targets for the proportion of women on the Supervisory and Executive Boards and for both levels of management below the Executive Board:

#### *Targets for the Executive and Supervisory Boards*

The Supervisory Board resolved on July 31, 2017, to set the target for the proportion of women on the Executive Board of Eckert & Ziegler AG to 0 %. The deadline for achieving the target was set to June 30, 2022. The decision not to set a numerical target for the proportion of women on the Executive Board (corresponding to a quota of 0 %) was made in view of the fact that the Supervisory Board did not seek to make changes to the composition of the Executive Board of Eckert & Ziegler that are not founded solely on the personal and professional suitability for the position.

By way of a resolution on the same date, the Supervisory Board resolved a quota of 1/6 (corresponding to approximately 17 %) for the Supervisory Board. The deadline for achieving the target was also set to June 30, 2022. At present, the Supervisory Board has one female member.

#### *Targets for upper management*

With regard to the proportion of women in the two levels of management below the Executive Board of Eckert & Ziegler AG, the Executive Board resolved on August 23, 2017, to set a quota of 0 % for the first two levels of management below the Executive Board. The deadline for achieving the target was set to June 30, 2022. The first level of management below the Executive Board was defined as the group of the heads of department, and the second level of management below the Executive Board was defined as the group of the heads of subdepartments.

At present, the proportion of women at the first level of management below the Executive Board is 0 % and 37.5 % at the second level of management.

Further information on equal opportunities and diversity can be found in Eckert & Ziegler AG's sustainability report at [www.ezag.de](http://www.ezag.de) > Investors > Reports.