

**RULES OF PROCEDURE  
FOR THE SUPERVISORY BOARD  
OF INDUS HOLDING AG**

# [ INDUS ]

## **Rules of Procedure for the Supervisory Board of INDUS Holding AG**

At its meeting on 26 March 2020, the Supervisory Board of the company adopted the following Rules of Procedure:

### **Section 1 General**

1. The Supervisory Board conducts its business in accordance with the provisions of the law, the statutes and the present Rules of Procedure. Its members have the same rights and duties. They are not bound by instructions.
2. In performing its duties, the Supervisory Board works closely with the Board of Management in a spirit of trust to the benefit of the company.

### **Section 2 Chairman and Deputy Chairman**

1. At a meeting held immediately after the election of the Supervisory Board members representing the shareholders by the Annual Shareholders' Meeting, the Supervisory Board elects a Chairman and a Deputy Chairman from among its members, led by the oldest Supervisory Board member in terms of age, in accordance with Section 27 of the German Codetermination Act (MitbestG). Both the Chairman and the Deputy Chairman are elected for their period of membership on the Supervisory Board or for a shorter period determined by the Supervisory Board at the time of the election. The Deputy Chairman has the rights and duties of the Supervisory Board Chairman only if the latter is unable to attend. If the Chairman or his Deputy resigns prematurely from the Supervisory Board, the Supervisory Board shall immediately hold a new election for the remaining term of office of the resigning member.
2. The Supervisory Board Chairman coordinates the work within the Supervisory Board, chairs its meetings and represents the interests of the Supervisory Board externally. If the Supervisory Board Chairman holds talks with institutional investors on Supervisory Board-specific issues, he must report to the Supervisory Board at the following meeting, but in no case later than he informs the Board of Management of these talks.

### **Section 3 Convening of meetings**

1. The Supervisory Board is convened as required. However, it must hold at least two meetings per calendar half-year.
2. As a rule, the meetings shall be attended by the Supervisory Board members in person (physical meetings). Meetings within the meaning of Section 3 para. 1 sentence 2 of these Rules of Procedure and meetings at which a resolution is to be

passed on the approval of the annual financial statements must always take the form of physical meetings. Otherwise, meetings may also be held by telephone or video conference.

3. The meetings of the Supervisory Board are convened by its Chairman with an invitation period of no less than 14 days. The day on which the invitation is sent and the day of the meeting are not included in the calculation of this period. If the Chairman establishes the urgency and points this out in convening the meeting, this period may be shortened appropriately; in this case, too, there should be at least three days between the day on which the meeting is convened and the day on which the meeting is held.
4. Meetings may be convened in writing, by fax, by telephone or by other customary means of communication (e.g. by e-mail) to the contact details last notified to the Board of Management.
5. The items on the agenda must be communicated in the invitation. The draft resolutions and documents must be sent to the members of the Supervisory Board at least 7 days prior to the meeting. Paragraph 3 sentence 2 and sentence 3 shall apply accordingly. If an item on the agenda has not been duly announced, a resolution may be adopted at the meeting only if no Supervisory Board member objects prior to the adoption of the resolution. In such a case, absent Supervisory Board members must be given the opportunity, with the consent of all attending Supervisory Board members, to object to the resolution or to cast their vote in writing within a reasonable period to be determined by the Chairman. Taking into account the votes cast in writing, the resolution shall become effective only if the absent members of the Supervisory Board have not objected within the specified period. The Chairman of the Supervisory Board shall inform the members of the Supervisory Board of the result of the vote without delay.
6. No special invitation is required for the constituent meeting of the Supervisory Board (Section 2 para. 1 sentence 1 of the present Rules of Procedure). No notification of the agenda is required for resolutions to be adopted at this meeting on the election of the Supervisory Board Chairman and his Deputy as well as on the formation and composition of committees.

#### **Section 4 Chairman of the meeting**

1. The Chairman of the Supervisory Board chairs the meeting.
2. The chairman of the meeting shall determine the order in which the items on the agenda are addressed as well as the manner of voting. He may postpone the discussion of individual items on the agenda to the next meeting, provided that no Supervisory Board member objects at the meeting.
3. The chairman of the meeting shall ensure that the meeting proceeds in an orderly manner.

4. The members of the Board of Management also attend the meetings, unless the Supervisory Board Chairman determines otherwise. The Supervisory Board shall meet regularly also without the Board of Management.
5. The chairman of the meeting may appoint a minute-taker who is not a member of the Supervisory Board and who is bound to secrecy. He may call in experts and informants for advice on individual items on the agenda. In addition, experts and informants may be consulted in individual cases if the Supervisory Board so resolves at the request of a member of the Supervisory Board.

## **Section 5 Resolutions**

1. Resolutions are usually passed by the Supervisory Board at physical meetings. Subject to the provision in Section 3 para. 2 sentence 2 of these Rules of Procedure, resolutions may also be passed outside of physical meetings in writing, by fax, by telephone or by means of electronic media (in particular by video conference) and also in combination of all of the aforementioned means of resolution by order of the Chairman. The remaining members of the Supervisory Board have the right to object to the manner of voting only in justified exceptional cases. For voting outside of physical meetings, the provisions on the chairman of the meeting and the adoption of resolutions at physical meetings shall apply *mutatis mutandis*.
2. The Supervisory Board has a quorum if all its members have been invited and at least half of the members of which it must be composed according to the statutes participate in the adoption of the resolution. Connection by telephone or video conference shall also be deemed to constitute participation. A member shall be deemed to participate in a resolution also if he abstains from voting.
3. Absent members of the Supervisory Board may participate in votes of the Supervisory Board at a physical meeting by having their votes which they submitted in writing, by fax or by electronic means of telecommunication handed over by other Supervisory Board members. The subsequent casting of a vote by a member who is absent when the resolution is adopted shall be possible only within a reasonable period to be determined by the chairman of the meeting and only if it has been approved by all members present.
4. Unless otherwise stipulated by law, resolutions of the Supervisory Board are passed by a simple majority of the votes cast. Abstentions shall not be regarded as votes cast. If a vote results in a tie, the Supervisory Board Chairman shall have two votes in the event of a new vote on the same item if that vote also results in a tie. Section 108 para. 3 of the German Stock Corporation Act (AktG) shall apply also to the casting of the second vote. Otherwise, Section 5 para. 3 sentence 1 of the present Rules of Procedure shall apply accordingly. The Deputy Chairman is not entitled to the second vote.

5. If not all of the members of the Supervisory Board are present at a meeting and if the absent members of the Supervisory Board do not participate as described in Section 5 para. 3 sentence 1 of these Rules of Procedure, the adoption of the resolution shall be postponed if so requested by at least two attending members of the Supervisory Board. In the event of a postponement, a new resolution shall be passed within the next four weeks if no extraordinary Supervisory Board meeting is convened. A further postponement because of a minority request is not permitted.
6. The provisions of Section 5 para. 5 of these Rules of Procedure shall not apply if the same number of shareholder representatives and employee representatives on the Supervisory Board participate in the resolution.
7. Minutes are to be taken of the meetings and resolutions of the Supervisory Board, which are to be signed by the chairman of the meeting or, in the case of votes outside of physical meetings, by the voting administrator. The minutes shall state the place and date of the meeting or resolution, the participants, the items on the agenda, the essential contents of the discussions and the resolutions adopted by the Supervisory Board. The minutes shall be sent to all members of the Supervisory Board or be made available electronically without delay. The minutes shall be deemed approved unless, within two weeks of their dispatch, a written objection is submitted to the Supervisory Board Chairman by a member of the Supervisory Board present at the meeting or by a member of the Supervisory Board who was not present at the meeting but who took part in voting at the meeting by casting a vote. If, in exceptional cases, resolutions are already drawn up and signed by the Supervisory Board Chairman during a meeting, objection is admissible only during the meeting.
8. The Supervisory Board Chairman is authorized to make the declarations of intent required to implement the resolutions of the Supervisory Board on behalf of the Supervisory Board.

#### **Section 6 Obligation to maintain secrecy / Obligation to return**

1. The members of the Supervisory Board shall maintain secrecy vis-à-vis third parties with regard to all facts of which they become aware in the course of their activities as members of the Supervisory Board, the disclosure of which could adversely affect the interests of the company or any of its affiliated companies, in particular with regard to confidential reports received as well as confidential consultations. This obligation continues to apply after the termination of their duties. The obligation to maintain secrecy applies, in particular, to the voting, the course of the debate as well as the opinions and personal statements of the individual Supervisory Board members.
2. If a member of the Supervisory Board intends to pass on to third parties information which he has received in his capacity as a member of the Supervisory Board and the disclosure of which is not obviously permissible, the Chairman of the Superviso-

ry Board must be informed in advance. If the latter does not agree to the information being passed on, he must inform the other members of the Supervisory Board of this and obtain an immediate statement by the Supervisory Board. Until this statement is made, the Supervisory Board member concerned must maintain secrecy about the facts that have come to his knowledge through his office.

3. Upon resignation from office, the members of the Supervisory Board are obliged to immediately hand over to the company, for the attention of the Chairman of the Supervisory Board, all documents, such as papers, correspondence, records and the like, which relate to confidential matters of the company and which are in their possession. This obligation also covers duplicates and photocopies. The members of the Supervisory Board have no right to retain such documents.

### **Section 7 Committees**

1. The Supervisory Board forms committees from among its members, which may call in experts as required. It appoints the Personnel Committee, the Audit Committee, the Nomination Committee and the Mediation Committee pursuant to Section 27 para. 3 of the German Codetermination Act (MitbestG) as permanent committees. Only the shareholder representatives on the Supervisory Board are entitled to elect the members of the Nomination Committee. The members of the committees are elected by simple majority of the votes cast. Unless a shorter term of office is determined upon election, their term of office corresponds to their term of office as members of the Supervisory Board.
2. Elections to the permanent committees are regularly held at the constituent meeting of the Supervisory Board. If no members of the committees are elected at a constituent meeting or if one of the committee members ceases to be a member during the term of office, the Supervisory Board must immediately hold elections to fill or supplement the relevant committees.
3. The committees have a quorum if at least three members participate in the adoption of resolutions.
4. The provisions of the statutes and of the present Rules of Procedure relating to the Supervisory Board shall apply mutatis mutandis to the Supervisory Board committees within the framework of the statutory provisions, with the Chairman of the committee taking the place of the Chairman of the Supervisory Board.
5. The committee chairmen must regularly report to the Supervisory Board on the work of their respective committee.

## **Section 8 Personnel Committee**

1. The Personnel Committee is composed of up to four Supervisory Board members. It comprises the Chairman and the Deputy Chairman of the Supervisory Board, who do not need to be elected by the Supervisory Board. The Personnel Committee is chaired by the Chairman of the Supervisory Board.
2. The Personnel Committee is mandated and authorized to perform the following tasks on behalf of the Supervisory Board:
  - a) Preparation of Supervisory Board resolutions on the appointment or dismissal of members of the Board of Management.
  - b) Preparation of Supervisory Board resolutions on the conclusion, amendment and termination of contracts with members of the Board of Management.
  - c) Preparation of Supervisory Board resolutions on the remuneration system for the Board of Management and the remuneration of the members of the Board of Management.
  - d) Conclusion of other transactions with members of the Board of Management pursuant to Section 112 of the German Stock Corporation Act (AktG) and transactions between the company and a company in which a member of the Board of Management holds a majority interest.
  - e) Approval by the Supervisory Board of transactions of an affiliated company with a member of the Board of Management or with a company in which a member of the Board of Management holds a majority interest.
  - f) Consent to activities of a member of the Board of Management pursuant to Section 88 of the German Stock Corporation Act (AktG).
  - g) Approval by the Supervisory Board of the assumption of Supervisory Board mandates and comparable functions by a member of the Board of Management outside the Group.
  - h) Approval by the Supervisory Board of transactions with relatives of a member of the Board of Management.
  - i) Granting of loans to the group of persons named in Sections 89 and 115 of the German Stock Corporation Act (AktG).
  - j) Approval by the Supervisory Board of contracts with members of the Supervisory Board pursuant to Section 114 of the German Stock Corporation Act (AktG).
3. The Personnel Committee regularly discusses long-term succession planning for the Board of Management. In doing so, the committee shall also take into account personnel planning with regard to the top management circle and the target set for the share of women on the Board of Management, as well as diversity in general.

## Section 9 Audit Committee

1. The Audit Committee shall be composed of no less than three and no more than five members, of whom at least one member must have expertise in the field of accounting or auditing. The Chairman of the Audit Committee is elected by the committee members. He must have special knowledge and experience in the application of accounting principles and internal control procedures, be independent and not be a former member of the company's Board of Management. If he loses his independence, this shall not affect his committee membership, but the committee must elect a new committee Chairman without delay.
2. The Audit Committee is entrusted with the following tasks:
  - a) The Audit Committee is responsible for discussing the interim financial statements and for examining the separate financial statements and the management report as well as the consolidated financial statements and the Group management report. It prepares the decision of the Supervisory Board on the audit of the separate financial statements, the management report, the consolidated financial statements and the Group management report as well as the Board of Management's profit appropriation proposal.
  - b) The Audit Committee is responsible for monitoring the accounting process, the effectiveness of the internal control system, the risk management system and the internal audit system as well as the audit of the financial statements, in particular the selection and independence of the auditor and the additional services provided by the auditor. It is also responsible for determining the focal points of the audit.
  - c) The Audit Committee discusses the interim financial reports and the interim management reports with the Board of Management and, in the event of a review of the interim financial report, also with the auditor prior to publication.
  - d) The Audit Committee addresses compliance-related issues and reviews the non-financial report irrespective of whether it is included in the management report or the Group management report or in a separate non-financial statement or non-financial Group statement.
  - e) The Audit Committee prepares the Supervisory Board's proposal to the Annual Shareholders' Meeting for the appointment of the auditor of the annual financial statements and the auditor of the interim financial report, provided that the latter is subject to a review. Following the appointment of the auditor by the Annual Shareholders' Meeting, the Audit Committee issues the audit mandate for the separate and consolidated financial statements to the auditor and determines the focal points of the audit. The Audit Committee must take appropriate measures to monitor the independence of the auditor.



**Section 10 Nomination Committee**

1. The Nomination Committee is composed of the Chairman of the Supervisory Board and two other members elected solely by the shareholder representatives from their midst. It is chaired by the Chairman of the Supervisory Board.
2. The Nomination Committee is entrusted with the following tasks:
  - a) Proposal of suitable candidates for the Supervisory Board's resolution proposals to the Annual Shareholders' Meeting for the election of Supervisory Board members representing the shareholders, taking into account the targets set by the Supervisory Board and the approved profile of skills and expertise, potential conflicts of interest and diversity. In doing so, care must be taken to ensure an appropriate representation of men and women and that the shareholder representatives on the Supervisory Board as a whole are familiar with the sector in which the company operates.
  - b) Support of the Board of Management in a motion pursuant to section 104 of the German Stock Corporation Act (AktG) for the judicial appointment of shareholder representatives to the Supervisory Board.


**Section 11 Resolutions regarding the gender quota**

For resolutions of the group of shareholder representatives and employee representatives on the Supervisory Board regarding the fulfilment of the gender quota pursuant to Section 96 para. 2 sentence 3 of the German Stock Corporation Act (AktG), the present Rules of Procedure shall apply accordingly, unless a group establishes its own rules of procedure for these purposes.

Bergisch Gladbach, 26 May 2020

INDUS Holding AG

The Supervisory Board



Chairman