

## **Corporate Governance - Statement of Compliance from July 2010**

With a few exceptions, ARQUES Industries AG complies with the recommendations of the German Corporate Governance code as issued in 2002 and most recently updated on June 18, 2009. ARQUES Industries AG views corporate governance as a process that is being constantly refined and enhanced.

### **Statement of Compliance**

The Statement of Compliance with the German Corporate Governance Code pursuant to Section 161 AktG has been made permanently available to the shareholders: "The Executive Board and Supervisory Board of ARQUES Industries AG state their compliance with the recommendations of the German Commission on corporate management and supervision as amended on June 18, 2009, and published in the electronic version of the Federal Gazette (Bundesanzeiger), with the exception of the points outlined below. The deviations are explained in the following statement."

### **Succession planning**

Contrary to Section 5.1.2, no age limit has been specified for the members of the Executive Board. Given the terms and conditions of the Executive Board contracts, succession does not appear necessary at the present time.

Contrary to Section 5.1.3, the Supervisory Board has not established any bylaws for itself. The company believes that German companies law and the Articles of Incorporation of ARQUES Industries AG adequately regulate the functioning, areas of activity and procedures of the Supervisory Board.

Contrary to Section 5.4.1, no age limit has been specified for the members of the Supervisory Board. The company believes that an age limit as such does not represent a sensible / appropriate criterion for excluding a person from exercising the functions of a member of the Supervisory Board, not least as this could appear to be discriminatory. Nominations proposed to the annual shareholders' meeting are based primarily on the knowledge, skills and professional experience of the candidates in question.

### **Supervisory Board compensation**

Contrary to Section 5.4.6 of the Code, the members of the Supervisory Board are paid a fixed salary. The compensation does not include a profit-based component. The company believes that paying a fixed salary helps to reinforce the independence of the members of the Supervisory Board, avoid potential conflicts of interest and still ensure that the Supervisory Board discharges its obligations in full.

### **Supervisory Board committees**

Contrary to Sections 5.3.1 and 5.3.3, the Supervisory Board has not established any committees with the exception of the Audit Committee. Section 5.3.1 of the Code recommends that suitably qualified committees be set up with a view to increasing the efficiency of the Supervisory Board's work. The current composition of the Supervisory Board ensures that it works efficiently and that both strategic topics and detailed questions are discussed at length. In addition, the establishment of committees is not expected to increase efficiency any further, given the size of the Supervisory Board. A decision was made not to establish a nomination committee as only representatives of the shareholders sit on the Supervisory Board.

### **Publication**

The consolidated financial statements are not currently made publically accessible within 90 days of the end of the financial year (Section 7.1.2 of the Code). The annual financial statements for 2009 could not be published within the 90-day period as transactions affecting the financial statements had not yet been completed. The company aims to implement this recommendation with effect from the consolidated financial statements for fiscal 2010.

Munich, July 2010