

RULES OF PROCEDURE

Supervisory Board



RULES OF PROCEDURE OF THE SUPERVISORY BOARD

of the Nexus Stock Corporation

with headquarters in Donaueschingen

of 18/12/2019 and 23/01/2020

The Supervisory Board of Nexus Group unanimously approved its Rules of Procedure at its meetings on 18/12/2019 and 23/01/2020.

Clause 1 General Information

- (1) The Supervisory Board exercises its activity in accordance with legislation, the Articles of Incorporation of the company and these Rules of Procedure. Its members have equal rights and obligations. They are not bound by orders and instructions. Within the scope of these rights and obligations, the Supervisory Board also expressly understands itself as an advisory and discussion partner of the Executive Board for all essential matters of the company.
- (2) In carrying out its duties, the Supervisory Board works closely together with the Executive Board in trust for the benefit of the Company.
- (3) The Supervisory Board regularly reviews the efficiency of its activities, at least once a calendar year.

Clause 2 Chairperson and Deputy

- (1) Under the chairmanship of the oldest member of the Supervisory Board, the Supervisory Board elects the Chairperson of the Supervisory Board and his/her deputy from among its members at the first meeting after his/her election. The Deputy has the rights and obligations of the Chairperson of the Supervisory Board if he/she is prevented from doing so and the law or Articles of Incorporation of the company do not stipulate otherwise.
- (2) Elections shall be for the term of office of the elected persons or for a shorter period as determined by the Supervisory Board. If the Chairperson of the Supervisory Board or his Deputy resign from office before the end of their term, the Supervisory Board shall immediately elect a replacement for the remainder of that term.
- (3) If the Chairperson and his/her Deputy are prevented from exercising their duties, these obligations shall be assumed by the oldest member of the Supervisory Board in years of age for the duration of the prevention.

- (4) Chairperson of the Supervisory Board coordinates the work of the Supervisory Board, chairs its meetings and represents the Supervisory Board on any issues externally.

Clause 3 Convening Meetings

- (1) The Supervisory Board shall be convened as required. It must hold three meetings in the calendar six-month period, with one meeting in each calendar quarter.
- (2) A meeting shall be convened in writing by the Chairperson of the Supervisory Board or by his Deputy if he is unable to attend with a notice period of eight days. In calculating the period of time, the day of sending the invitation and the day of the meeting are not included in the calculation. In urgent cases, the Chairperson of the Supervisory Board may shorten the time limit and convene it orally, by telephone or by email. Meetings of the Supervisory Board scheduled by resolution of the Supervisory Board at the beginning of each fiscal year shall be deemed to have been convened within the meaning of sentence 1 above; in such cases, the Chairperson of the Supervisory Board shall transmit the agenda in compliance with the deadline set out in sentence 1 above.
- (3) Meetings are usually held with the personal participation of the members of the Supervisory Board (face-to-face meetings). Meetings in which decisions are to be taken on the approval of the annual financial statements and the approval of the consolidated financial statements shall always be held as face-to-face meetings. In addition, meetings can also be held by telephone, online or video conference.
- (4) The place and time of the meeting and the items on the agenda shall be announced at the time of convening the meeting. If an item on the agenda has not been duly announced, a decision may only be reached on it if no member of the Supervisory Board objects before the resolution is passed. In such a case, absent Supervisory Board members shall be given opportunity to object within a reasonably specified time set by the Chairperson for their decision or their vote to be submitted in writing, by fax, by email or by other common telecommunication means. Taking into account the votes cast in writing, the resolution will only take effect if the absent members of the Supervisory Board have not objected within the specified period or have expressly consented regardless of the period.
- (5) No special invitation is required for the constituent Supervisory Board meeting (see Clause 3 (1) sentence 1 above). The resolutions to be taken at this meeting on the election of the Chairperson of the Supervisory Board and his Deputy as well as on the establishment and composition of committees also do not require any communication of the agenda or the items on the agenda.

Clause 4 Meeting Chairs and Conduct of Meetings

- (1) The Chairperson of the Supervisory Board chairs the meeting. In the event of inability to attend, the Deputy Chairperson shall chair the meeting.

- (2) The chair determines the order in which the items on the agenda are dealt with and the type of voting. He/she may postpone the treatment of individual items on the agenda until the next meeting.
- (3) The chair shall ensure the proper conduct of the meeting.
- (4) The members of the Executive Board are to attend the meetings of the Supervisory Board. This does not apply if the Supervisory Board decides in individual cases to negotiate in the absence of the Executive Board.
- (5) The chair may call in experts and information staff to advise on individual items on the agenda.
- (6) The chair determines the working language of the session. He/she must contract a simultaneous interpreter, even if only one member of the Supervisory Board is not competent in the working language.

Clause 5 Passing Resolutions

- (1) Resolutions of the Supervisory Board are usually taken at meetings. Sessions within the meaning of Clause 3 (1) sentence 2 shall be held as a meeting with the personal participation of the members of the Supervisory Board (face-to-face meeting); in addition, meetings or resolutions may be held outside sessions by order of the Chairperson of the Supervisory Board in writing, by fax email or telephone as well as in the context of telephone, online or video conferences – even in a combination of the above possibilities – if no member of the Supervisory Board objects to this procedure. For voting outside meetings, the rules concerning the chair and the passing of resolutions in meetings shall apply mutatis mutandis.
- (2) The Supervisory Board has a quorum if at least half of its members are involved in passing the resolution. A member also participates in passing a resolution if he abstains from voting. Resolutions passed concerning agenda items not included in the invitation are only permissible if no Supervisory Board member objects.
- (3) Absent members of the Supervisory Board may participate in resolutions of the Supervisory Board by having written votes (by fax or email) submitted by other members of the Supervisory Board. Subsequent voting by a member absent at the time of passing a resolution shall be possible only within a reasonable period to be determined by the chair and only if this has been approved by all members present.
- (4) Resolutions of the Supervisory Board shall be passed with a majority of the votes cast unless otherwise stipulated by law. This also applies to elections. Abstentions are not counted as votes.
- (5) If a vote by the Supervisory Board results in a tie, a new debate will only take place if the majority of the Supervisory Board so decides. Otherwise, a new vote must be held. The Chairperson of the Supervisory Board shall have two votes in this new vote on the same subject, even if it results in a tie.

- (6) Minutes shall be taken on the sessions and resolutions of the Supervisory Board, which shall be signed by the chair or, in the case of votes outside of face-to-face meetings, by the chair of the vote. The minutes shall contain the location and date of the meeting, the participants, the items on the agenda, the main content of the discussions as well as the resolutions. The minutes must be sent to all members of the Supervisory Board in copy without delay.
- (7) Minutes pursuant to paragraph 6 above shall be deemed approved if no member of the Supervisory Board who participated in the resolution has objected in writing to the Chairperson within one month of dispatch.
- (8) The Chairperson of the Supervisory Board, or in his absence his Deputy, is authorized to make declarations of intent by the Supervisory Board and its committees on behalf of the Supervisory Board.

Clause 6 Rights and Obligations of the Supervisory Board Members

- (1) The members of the Supervisory Board shall maintain secrecy vis-à-vis third parties regarding the facts which became known to them during their activities as members of the Supervisory Board and the disclosure of which could adversely affect the interests of the company or an affiliated company, in particular regarding confidential reports and confidential advice received. This confidentiality obligation shall continue to exist after termination of board membership. In particular, the voting, the course of the debate, the opinions and personal statements of the individual members of the Supervisory Board are subject to the obligation of confidentiality.
- (2) If a member of the Supervisory Board intends to disclose information whose disclosure is not obviously permissible to third parties, the Chairperson of the Supervisory Board must be informed in advance. If the latter does not agree to the disclosure, he/she must inform the other members of the Supervisory Board thereof and obtain an immediate opinion of the Supervisory Board. Until such time as this statement is made, the member of the Supervisory Board in question must remain silent about the facts that have become known to him by his membership on the board. Each member of the Supervisory Board ensures that employees engaged by him comply with the confidentiality obligation in the same way.
- (3) Each member of the Supervisory Board is committed to the corporate interests of the company and the Nexus Group. When members of the Supervisory Board make decisions, they must not pursue personal interests or make use of business opportunities available to the company for their own benefit. Each member of the Supervisory Board must disclose conflicts of interest to the Supervisory Board, in particular those that could arise as a result of advice or management functions with customers, suppliers, lenders or other business partners.

Clause 7 Legal Transactions Requiring Consent

The Supervisory Board shall determine by resolution of the Supervisory Board the provisions of the Supervisory Board pursuant to Clause 8, paragraph 4 of the Articles of Incorporation, i.e., Section 111 (4) of the German Stock Corporation Act (AktG), for transactions that require approval. The provision in accordance with sentence 1 above shall be made in accordance with requirements deemed necessary by the Supervisory Board; in any case, however, the review of the existing provisions shall be an agenda item of a constituent Supervisory Board meeting. The determination of transactions requiring approval requires a resolution of the entire Supervisory Board in any case. The transactions, which require approval when voting on these Rules of Procedure, are set out in **Appendix 1** to these Rules of Procedure.

Clause 8 Committees

(1) The Supervisory Board may, if it considers it necessary, form the following committees from among its members, although it may also refrain from forming any of the following committees:

(a) Human Resources Committee

(b) Audit Committee

(c) Nomination Committee

Additional committees shall be set up as necessary. Unless legally binding decision-making powers have been conferred on a committee, the committees do not have their own decision-making powers, but instead prepare the decisions of the Supervisory Board.

(2) The members of the committees shall be elected by a simple majority of the votes cast. Their term of office corresponds to their term of office as members of the Supervisory Board unless a shorter term of office is stipulated at the time of election.

(3) All committees are composed of three members. By way of derogation, non-voting committees may be composed of two members if the subject matter of the committee so requires.

(4) Elections to fill the committees referred to in paragraph 1 above shall be held regularly at the constituent meeting of the Supervisory Board. If the election of members of the committees does not take place at a constituent meeting or if one of the members of the committee ceases board membership during the term of office, the Supervisory Board shall, without delay and at the latest at its next meeting, hold elections to appoint or supplement the committees concerned, but the Nomination Committee shall not be appointed until 30 June of each calendar year preceding the calendar year in which the Annual General Meeting decides on the reappointment of members of the Supervisory Board. He may be appointed at a later date if a member of the Supervisory Board resigns after 30 June of a calendar year before the ordinary end of his term of office.

(5) The committee may elect a chairperson from among its members unless the law, the Articles of Incorporation of the company or these Rules of Procedure stipulate otherwise.

- (6) The committees are only competent to take decisions if at least two members participate in the decision-making process. If the Chairperson of the Supervisory Board is a member of a committee, Clause 5 (5) above shall apply mutatis mutandis.
- (7) The members of the Executive Board shall participate in the meetings of the committees unless a meeting without the participation of members of the Executive Board is determined by a decision of the committee or an order of the chairperson of the committee.
- (8) In all other respects, the provisions of the Articles of Incorporation and these Rules of Procedure relating to the Supervisory Board shall apply mutatis mutandis to the Supervisory Board committees within the context of statutory provisions. The chairperson of the committee shall replace the Chairperson of the Supervisory Board.
- (9) The relevant committee chairpersons must submit regular reports to the Supervisory Board detailing the work of the committees.

Clause 9 Human Resources Committee

- (1) The Human Resources Committee shall be comprised of three members of the Supervisory Board, who shall be elected by the members of the Supervisory Board by a majority of the votes cast. The Chairperson of the Supervisory Board should normally be the Chairperson of the Human Resources Committee.
- (2) The Human Resources Committee has the task of preparing all resolutions of the Supervisory Board with regard to the appointment of the Supervisory Board and the members of the Supervisory Board and the contractual employment arrangements to be made as well as all other declarations to members of the Supervisory Board and of making declarations relating thereto.

Clause 10 Audit Committee

- (1) The Audit Committee consists of three members of the Supervisory Board. At least one independent member of the Audit Committee must have expertise in the areas of accounting or auditing within the meaning of Section 100 (5) of the German Stock Corporation Act (AktG). The chairperson of the Audit Committee shall have specific knowledge and experience in applying accounting principles and internal control procedures. Neither the Chairperson of the Supervisory Board of the company nor former members of the Supervisory Board of the company shall be appointed chairperson of the Audit Committee.

- (2) The Audit Committee shall have the following tasks:
 - a) The Audit Committee is responsible for the preliminary examination of the documents relating to the company's annual financial statements and the consolidated financial statements of the Nexus Group. It prepares the Supervisory Board's decision on the adoption of the company's annual financial statements and the approval of the Nexus Group's consolidated financial statements. The auditor must participate in these negotiations of the Audit Committee.

 - b) The Audit Committee shall monitor the accounting process, audit, risk assessment principles, risk management and adequacy and functionality of the internal control and audit system of both the company and the Nexus Group. In particular, the Audit Committee must consider the independence of the auditor and the additional services he provides. For this purpose, it may exercise the special rights of inspection and audit conferred on the Supervisory Board pursuant to Section 111 (2) of the German Stock Corporation Act (AktG).

 - (c) Addressing compliance issues and auditing non-financial reporting.

 - d) The Audit Committee prepares the Supervisory Board's proposal to the Annual General Meeting to appoint the auditor. After the appointment of the auditor by the Annual General Meeting, the Audit Committee issues the audit mandate for the annual and consolidated financial statements to the auditor and determines the audit priorities. The Audit Committee must take appropriate measures to verify the independence of the auditor.

Clause 11 Efficiency Audit

The Supervisory Board reviews the efficiency of its activities and the proper performance of its obligations under the law, the Articles of Incorporation or these Rules of Procedure once a year. In addition to the qualitative criteria to be determined by the Supervisory Board, the subject matter of the efficiency audits is in particular the procedures in the Supervisory Board and the flow of information between the committees and the plenary session as well as the timely and sufficient supply of information to the Supervisory Board.

Nexus AG

The Supervisory Board

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Dr. Hans-Joachim König
Chairperson of the Supervisory Board

Donaueschingen, 18 December 2019

Supervisory Board of the Nexus Stock Corporation
represented by its Chairperson, Dr. Hans-Joachim König

Appendix 1: Transactions requiring consent pursuant to Clause 7 of the Rules of Procedure

At its meetings on 18/12/2019 and 23/01/2020, the Supervisory Board decided the following pursuant to Section 111 (4) sentence 2 of the German Stock Corporation Act (AktG), in the sense of Clause 11 (1) of the Articles of Incorporation of NEXUS AG **and in** the sense of Clause 7 of the Supervisory Board's Rules of Procedure:

1. The following transactions may only be carried out by the Executive Board of the company on behalf of the company with the consent of the Supervisory Board. This excludes legal transactions and measures within the Nexus Group:
 - a) The adoption of the annual planning (budget) for the following fiscal year, including the planning of Nexus AG and the Nexus Group as well as the strategic planning, which contains the forecast for the following four financial years (five-year planning) in addition to the planning year
 - b) The acquisition and sale of companies within the context of asset deals from a purchase price of EUR **1,000,000.00** as well as without amount limitation, the acquisition, sale, encumbrance, modification or termination of participations or shares, partnership and/or business shares
 - c) The conclusion, modification, termination or other termination of joint venture agreements and other agreements relating to cooperation and/or pooling with third parties of the same market level
 - d) The conclusion of business contracts and contracts under the Law Regulating Transformation of Companies
 - e) The acquisition, sale and encumbrance of land and similar rights insofar as the relevant transaction exceeds an object value of EUR **2,000,000.00**; in the case of real estate leasing, if the total volume exceeds EUR **2,000,000.00** and the annual lease installments exceed EUR **200,000.00**; leases are not affected by this provision.
 - f) Carrying out or commissioning investment projects, in which the investment or acquisition leads to or may lead to capitalization in fixed assets and the volume of

which in individual cases exceeds EUR 2,000,000.00, regardless of whether the investments are made in a fiscal year or are spread over several fiscal years according to planning, regardless of the type of financing chosen

- h) Concluding contracts with a term of more than two years, which result in annual payment obligations of the company of more than EUR 1,000,000.00 Excluded are contracts covering the current needs of energy sources and utilities such as electricity, water and telephone.
- i) Commencing or giving up significant business areas
- j) Issuing debenture bonds
- k) Taking up of bank loans of more than EUR 500,000.00 on a case-by-case basis (including consortium agreements), with the exception of the prolongation of old credit agreements
- l) Establishing a cash pooling system of Nexus AG and its affiliates
- m) Granting of financial loans to third parties in the amount of more than EUR 500,000.00 in individual cases and/or affiliated companies within the meaning of Subsection 15 ff. of the German Stock Corporation Act (AktG) and in the amount of more than EUR 1,000,000.00 in individual cases This expressly excludes the deferral of trade receivables.
- n) Assuming guarantees, submitting comfort letters or guarantee promises as well as the assuming liability in rem for affiliated companies of the company within the meaning of Subsection 15 ff. of the German Stock Corporation Act (AktG) as well as for third parties insofar as these exceed an amount of EUR 500,000.00
- o) Collective redundancies subject to socially responsible severance plans and measures taken in the course of industrial disputes within society
- p) Agreements or decrees establishing a pension or profit-sharing scheme for all employees covered by this system or for all employees of the company

2. Insofar as transactions or measures pursuant to number 1 b) – p) above are specifically designated according to subject matter, period and amount in the annual plan approved by the Supervisory Board pursuant to number 1 a) above, these do not require further individual approval by the Supervisory Board if the Supervisory Board has expressly co-decided in its resolution on the approval of the annual plan pursuant to number 1 a) above, this in relation to the specific individual transaction or the specific individual measure.

3. Insofar as the company is entitled or obliged by its Executive Board based on provisions of the Articles of Incorporation or by law due to exercising voting rights for the company or in any other way to participate in decisions on the transactions or measures referred to in number 1 above in or through affiliated companies pursuant to Section 15 ff. of the German Stock Corporation Act (AktG), the Executive Board of the company requires the consent of the Supervisory Board with regard to these measures. This does not apply to the adoption of resolutions in the annual planning of affiliated companies insofar as this has been incorporated into consolidated annual planning pursuant to number 1 a) above.

Appendix 2: Efficiency audit of the Supervisory Board in accordance with Corporate Governance

Questionnaire on the Efficiency of the Nexus AG Supervisory Board			
Number	Questions on individual topics	Yes	No
I.	Organization of the Supervisory Board and session procedure		
A	Plenary session		
1.	Is the number of regular meetings of the Supervisory Board sufficient?		
2.	Are there any Rules of Procedure regarding the rights and obligations of the Supervisory Board?		
3.	Do you consider the Rules of Procedure of the Supervisory Board to be sufficient and practical? (If question 2 was answered with "yes")		
4.	Are transactions subject to approval specified?		
5.	Are you satisfied with the scope of the catalog of transactions requiring approval?		
6.	Are the discussions in the Supervisory Board largely without any preconceived views as to their outcome?		
7.	Are criticisms and deviating positions handled constructively?		
8.	Are spontaneous discussions with the Executive Board common?		
9.	Are discussions purposeful and result-oriented?		
10.	Do all members of the Supervisory Board participate in the discussions in the Supervisory Board?		
11.	Does the Supervisory Board advise on alternatives to the concepts of the Executive Board?		
12.	Is there effective advice from the Effective on corporate strategies?		
13.	Does the Supervisory Board adequately monitor the statutory audit and the accounting process as well as the effectiveness of the internal control system, the risk management system and the internal audit system?		
14.	Are the members' expertise and experience sufficiently utilized?		
15.	The work of the Supervisory Board does not suffer from frequent absence of individual members.		
16.	Does the Supervisory Board review the effect of its decisions for the long term?		
17.	Do the minutes adequately reflect the day of the meeting, the resolutions passed and the measures to be taken?		
B.	Board Work		
1.	Have you had any positive experiences with the board's work?		
2.	Is the number of committees appropriate?		
3.	Is the division of tasks between plenary session and committees appropriate?		
4.	Does the plenary session have sufficient decision-making powers?		
5.	Are the committees adequately staffed?		

6.	The Chairperson of the Supervisory Board is not at the same time Chairperson of the Audit Committee.		
II. Provision of Information to the Supervisory Board			
A. Between Executive Board and Supervisory Board			
1.	Is the information provided regularly, promptly and adequately?		
2.	Does the Supervisory Board actively request information from the Executive Board?		
3.	Is the information prepared in a comprehensible way?		
4.	Is all essential information also provided in writing?		
5.	Are the annual financial statements and audit reports available sufficiently before a resolution is passed?		
6.	Do you receive at least quarterly standardized written information on the economic situation of the company?		
B. Between Chairperson of the Supervisory Board and Plenary Session			
1.	Are you satisfied with the communication between the Chairman of the Supervisory Board and the other members of the Supervisory Board?		
2.	Does the Chairperson of the Supervisory Board inform the plenary session regularly, in a timely and sufficient manner?		
3.	Is the agenda of the meetings agreed between the Chairperson of the Supervisory Board and his Deputy?		
III. Human Resource Issues			
A. Supervisory Board			
a) Selection of shareholder representatives			
1.	Are the Supervisory Board members holding company stocks selected according to verifiable criteria, such as professional suitability, availability of time and internationality?		
2.	Is it excluded that business relationships are an important criterion for the selection of supervisory board members holding company stocks?		
b) Questions concerning the selection of all members of the Supervisory Board			
1.	Has it been ensured that the members of the Supervisory Board do not have an executive function (Executive Board or Supervisory Board) or advisory duties with major competitors?		
2.	Are there age limits?		
3.	Is it ensured that no more than two former members of the Executive Board are on the Supervisory Board?		
4.	Do the Supervisory Board have a sufficient number of independent members who are not in any business, personal or another relationship with the company or its management that creates a conflict of interest?		

5.	Were conflicts of interest disclosed to members of the Supervisory Board insofar as they were disclosed?		
6.	Does any member of the Supervisory Board have more than three Supervisory Board mandates?		
7.	Is the Supervisory Board qualified to perform its duties?		
8.	Is the aspect of diversity recommended in the German Corporate Governance Code (diversity or heterogeneity: internationality, proportion of women) adequately taken into account in the composition of the committee?		
9.	Is there at least one independent member of the Supervisory Board who has expertise in the areas of accounting and auditing (a balance sheet expert)?		
B.	Executive Board		
1.	Has it been ensured that members of the Executive Board only accept Supervisory Board mandates outside the Group with the consent of the Supervisory Board?		
2.	Is long-term succession planning carried out in collaboration with the Executive Board?		
3.	Are all questions relating to the contracts of appointment of the members of the Executive Board answered by the Supervisory Board's plenary session?		
4.	Does the plenary session of the Supervisory Board decide on the remuneration of the individual members of the Executive Board conclusively and appropriately?		
5.	Does the plenary session regularly review the remuneration system?		
6.	Are different perspectives and views dealt with in discussions?		
7.	Do you have the impression that the Supervisory Board members are sufficiently prepared for the Supervisory Board meetings?		
IV.	General questions		
	Do you have any suggestions for improvement in the work of the Supervisory Board and, if so, which?		

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