

**RULES OF PROCEDURE  
for the Board of Management  
of Dürr AG  
registered in Stuttgart**

The Supervisory Board of Dürr AG has decided, in accordance with Article 7 (1) of the articles of incorporation, to amend the new version of the rules of procedure for the Board of Management of Dürr AG dated October 2, 2013. The rules of procedure now read as follows:

**1. Representation of the company**

All members of the Board of Management shall have joint power of representation, whereby they may represent the company acting jointly with another member of the Board of Management or with a registered authorized officer of the company ("Prokurist" in the meaning of Sections 48-53 of the German Commercial Code).

**2. Joint responsibility of the Board of Management, goal of the management**

2.1 The Board of Management shall conduct the affairs of the company under the joint responsibility of all its members in accordance with the provisions of law, the articles of incorporation, these rules of procedure and the employment contracts of each individual member of the Board of Management. The Board of Management shall endeavor to achieve compliance with these provisions and with the company rules valid throughout the Group.

2.2 The Board of Management shall manage the company with the goal of sustainable value creation. It shall undertake to act in the interests of the company and consider the needs of the shareholders, employees and other stakeholders.

### **3. Schedule of responsibilities**

The schedule of responsibilities for the Board of Management shall be prepared and agreed by the Board of Management and subsequently submitted to the Supervisory Board for consent.

The schedule of responsibilities (Annex 1) shall enter into force with the relevant resolution by the Supervisory Board and/or on the day specified in the resolution and shall be part of these rules of procedure.

Any amendments to the schedule of responsibilities require the Supervisory Board's consent to become effective.

### **4. Decision-making power of the Board of Management**

The Board of Management shall decide on all matters that are subject to a resolution by the Board of Management in accordance with the provisions of the law, the articles of incorporation or these rules of procedure, in particular on

- a) the annual financial statements and management report of the company and the Group as well as on the annual report and the quarterly and six-monthly reports being prepared,
- b) the convening of the annual general meeting and the proposals for resolutions to be adopted at the annual general meeting,
- c) all legal affairs and other measures requiring the Supervisory Board's consent in accordance with Clause 7,
- d) matters submitted to the Board of Management by the chairperson or another member of the Board of Management for resolution,
- e) the annual planning as well as the mid- and long-term planning of the Group; at the December meeting each year, the sales, earnings, financial, personnel and investment planning of the Group for the following fiscal year shall be submitted to the Supervisory Board for approval,
- f) the appointment and dismissal of registered authorized officers of the company.

## **5. Individual management by the members of the Board of Management**

- 5.1 Each member of the Board of Management shall take individual responsibility in managing the area he/she has been allocated in the schedule of responsibilities within the scope of the Board of Management resolutions. He/she must supervise the divisions of which he/she is in charge and ensure that the business principles defined by the Board of Management and all instructions given are fulfilled. This applies, in particular, to the regular completion of the risk management. Prior to the appointment and dismissal of any managing directors of the companies within his/her division, each member of the Board of Management shall effect a decision by the Board of Management on such personnel matters.
- 5.2 The allocation of responsibilities to the individual members of the Board of Management shall not affect the joint responsibility of all members of the Board of Management for the overall management of the business. A cooperative relationship is thus required between the members of the Board of Management – one that is based on trust and which obliges them, in particular, to keep each other informed continuously on all important transactions and events. The members of the Board of Management shall also have a general monitoring obligation, which they usually fulfill by informing the Board of Management of any serious concerns they have regarding a matter in another area, which cannot be resolved in a discussion with the respective member of the Board of Management.
- 5.3 Where the management measures taken by a member of the Board of Management concern his/her own area as well as other areas, the respective member of the Board of Management shall consult with the other members of the Board of Management concerned. If no agreement can be reached, each member of the Board of Management concerned shall undertake to effect a resolution by the Board of Management.
- 5.4 Each member of the Board of Management shall, without delay, inform the chairperson of the Board of Management of any important measures, decisions or significant transactions as well as risks and losses within his/her area.
- 5.5 Matters of overriding importance or significant economic implications or risks shall be submitted to the Board of Management for resolution. This also applies

to matters for which the chairperson of the Board of Management has made such request. The corresponding management measure must not be implemented before a relevant resolution has been adopted.

- 5.6 Measures and transactions of the type specified in Clauses 5.3 and 5.5 may be conducted by a member of the Board of Management without the prior consent of the Board of Management or – in the case of Clause 5.3 (1) – without prior consultation with other members of the Board of Management concerned if, after due assessment of the circumstances, immediate action is required to prevent serious harm to the company. Such action must not exceed what is strictly necessary in order to prevent harm. The chairperson of the Board of Management must be informed of such measure and the necessary approval must be obtained if required.

## **6. Chairperson of the Board of Management**

- 6.1 The chairperson of the Board of Management shall perform the tasks set out in the schedule of responsibilities as well as coordinate all areas of responsibility, tasks and activities of the members of the Board of Management. He/she shall endeavor to ensure that the activities of the Board of Management are aligned to the goals set by the resolutions of the Board of Management. He/she may request information from the members of the Board of Management on individual matters relating to their respective areas at any time and may require that he/she be informed in advance about certain types of transactions.
- 6.2 The chairperson of the Board of Management shall comply with the legal obligation of submitting reports to the Supervisory Board (Section 90 of the German Stock Corporation Act).
- 6.3 The chairperson of the Board of Management shall regularly inform the chairperson of the Supervisory Board on the general course of business and the state of the company and the Group. This information shall be provided verbally or by telephone or, where requested, in writing or by e-mail.  
Prior to the appointment or dismissal of members of the Board of Management and managing directors of affiliated companies as listed in Annex 2, the chairperson of the Board of Management shall inform the chairperson of the Supervisory Board accordingly.

All members of the Board of Management must support the chairperson of the Board of Management in fulfilling this task.

- 6.4 The chairperson of the Board of Management shall, without delay, either verbally, by e-mail or in writing, report to the chairperson of the Supervisory Board on any matters of the company or its affiliated companies that may significantly impact the company's situation.

## **7. Legal transactions requiring approval**

- 7.1 The Board of Management requires the Supervisory Board's prior approval for the following legal transactions and other measures concerning the company or its affiliated companies:

- a) the adoption of the annual business planning of the Group; the mid- and long-term planning of the Group shall be submitted to the Supervisory Board for acknowledgment (see Clause 4 lit. e),
- b) the acquisition and sale of shareholdings in other companies, where the addition or disposal exceeds 10 million euros in each case,
- c) the exceedance by more than 10 million euros of the Group investment plan adopted by the Supervisory Board; this shall not apply to investments falling within the scope of lit. b) or f),
- d) the establishment and amendment of principles relating to post-employment benefits and the granting of profit-sharing or subscription rights or similar forms of participation for employees of the company or affiliated companies,
- e) the conclusion of inter-company agreements by the company within the meaning of the German Stock Corporation Act and of tax group and profit and loss transfer agreements with affiliated companies,
- f) decisions on capital measures, where the value of a capital measure exceeds 10 million euros in each case,
- g) legal transactions and measures requiring a resolution at the annual general meeting,

- h) the acquisition, sale or mortgaging of real estate, where the purchase or sale price or the value exceeds 10 million euros in each case,
- i) taking out loans or other types of credit and issuing bonds outside the agreed financial plans,
- k) the granting of sureties, guarantees and promises to fulfill an obligation, unless they are granted within the scope of ongoing business operations or for the benefit of affiliated companies.

The catalogue of transactions requiring approval may be amended by a Supervisory Board resolution at any time.

- 7.2 If the prior consent of the Supervisory Board cannot be obtained without disadvantages to the company, the Board of Management shall, in any case, require the prior consent of the chairperson of the Supervisory Board. All members of the Board of Management shall be entitled to perform an activity requiring consent in accordance with Clause 7.1 even without the prior consent of the Supervisory Board or the chairperson of the Supervisory Board if, after due assessment of the circumstances, immediate action is required to prevent serious harm to the company or to an affiliated company. Such action must not exceed what is strictly necessary in order to prevent harm. The chairperson of the Supervisory Board must be informed of such measure without delay, verbally or in writing, and the necessary approval must be obtained subsequently if required.
- 7.3 The Board of Management may only engage in transactions specified in Section 32 of the German Co-determination Act 1976 – particularly in the election of Supervisory Board members – in companies that are subject to the German Co-determination Act 1976 and in which Dürr AG has at least a 25% stake, if the corresponding resolutions have been passed by the Supervisory Board.

## **8. Meetings and resolutions**

- 8.1 As a rule, the Board of Management shall pass resolutions during its meetings, the latter being scheduled to take place at least once a month and convened by

the chairperson of the Board of Management. Any member of the Board of Management may request that a meeting be convened, stating the subject to be discussed.

In addition, the members of the Board of Management must inform each other and agree on all important matters concerning the Board of Management between meetings of the Board of Management.

An invitation to a meeting of the Board of Management shall be delivered no later than three days prior to the meeting and shall contain the agenda and the proposed resolutions on the agenda items.

8.2 The chairperson of the Board of Management shall preside over the meetings. He/she shall determine both the order in which the agenda items are to be addressed and the type and order of voting. He/she can determine that persons who do not belong to the Board of Management be consulted on individual matters. The chairperson of the Supervisory Board may postpone the consultation and resolution on individual agenda items.

8.3 The Board of Management is quorate if all its members have been invited and over half its members are present at the relevant meeting. Members in attendance via telephone or video conference links are deemed to be present at the meeting. They can cast their votes in writing, by facsimile or by telephone. Votes cast by telephone shall be confirmed in writing or by e-mail. Absent members shall be informed without delay of the resolutions passed in their absence.

Matters relating to the area of an absent member shall only be discussed and voted on with his/her consent, unless urgent action is required.

8.4 By order of the chairperson of the Board of Management, resolutions may also be passed during a telephone or video conference through votes cast in writing, by telefax, e-mail or telephone, if no member of the Board of Management objects to this procedure. Votes cast by telephone shall be confirmed in writing or by e-mail.

8.5 The Board of Management is instructed to adopt resolutions unanimously if possible. If this is not possible, the Board of Management shall adopt resolutions at meetings with a simple majority of members present, and outside meetings by a

simple majority of all its members. In the event of a tie, the chairperson of the Board of Management shall have the casting vote; this does not apply if the Board of Management consists of only two members.

For matters requiring a resolution that exclusively concerns the area of responsibility of one member of the Board of Management, the relevant member of the Board of Management can request, in cases where he/she is outvoted, that the matter be resubmitted for voting at the next meeting of the Board of Management. If the member of the Board of Management solely responsible for the allocated area of business is outvoted again, the chairperson of the Board of Management shall, at the member's proposal, arrange a joint discussion on the matter between the Board of Management and the chairperson of the Supervisory Board, during which the chairperson of the Supervisory Board shall endeavor to mediate.

- 8.6 Minutes shall be kept of the meetings of the Board of Management, containing information on the place and date of the meeting, the participants, the agenda items, the main content of the discussions and the wording of the resolutions adopted. The minutes shall be signed by the person chairing the meeting and a copy sent to all members of the Board of Management.

The minutes shall be deemed approved if no member of the Board of Management raises any objections at the next meeting following receipt of the minutes. Resolutions passed by the Board of Management outside meetings shall be recorded in the minutes of the next meeting of the Board of Management.

## **9. Vacation and sick leave of members of the Board of Management**

The chairperson of the Board of Management shall ensure that absence cover arrangements are made for each member of the Board of Management on vacation or sick leave. The members of the Board of Management shall coordinate their vacation between themselves.

## **10. Conflicts of interest**

Each member of the Board of Management shall undertake to act in the best interest of the company. He/she shall not pursue personal interests when making decisions or take advantage of business opportunities to which the company is



entitled. Each member of the Board of Management must disclose to the Supervisory Board any conflicts of interest, in particular those arising from his/her collaboration with customers, suppliers, lenders or other business partners, and inform the other members of the Board of Management accordingly.

## 11. Affiliated companies

Affiliated companies and Group companies within the meaning of these rules of procedure shall also include foreign companies and those in which Dürr AG does not have a majority stake but has management control.

Bietigheim-Bissingen, September 25, 2018

Supervisory Board of Dürr AG  
represented by its chairman,  
Mr. Karl-Heinz Streibich

Annex 1: Schedule of responsibilities for the Board of Management

Annex 2: List of certain affiliated companies

***Annex 1 – the schedule of responsibilities – is not attached here. However, the allocation of responsibilities among the members of the Board of Management is shown in the information on the individual Board members.***

***Please note: This is a convenience translation. Only the German version is legally binding.***

Annex 2 to the rules of procedure for the Board of Management of Dürr AG

**List of certain affiliated companies** pursuant to Clause 6.3

Dürr Systems AG

Carl Schenck AG

Schenck RoTec GmbH

Dürr Paintshop Systems Engineering (Shanghai) Co. Ltd.

Schenck Shanghai Machinery Corp. Ltd.

Dürr Systems Inc. (USA)

Homag Group AG