



## **German Corporate Governance Code**

SAF-HOLLAND S.A. is a Luxembourg société anonyme (S.A.) which is listed solely on a stock exchange in Germany. Therefore, we are not required to adhere to the Luxembourg corporate governance regulation applicable to companies listed in Luxembourg. Furthermore, we are not required to comply with the respective German corporate governance regulation applicable to listed German stock corporations.

Nevertheless, we have decided to follow, to a certain extent, the proposed principles of good corporate governance as SAF-HOLLAND S.A. regards the German Corporate Governance Code to be an important foundation for responsible corporate governance. However, certain rules will apply to our Company only to the extent that they are consistent with Luxembourg corporate law and our corporate structure. In particular, the Luxembourg single board structure is contrary to the dual board system prescribed by law for German stock corporations.

In February 2002, the German Corporate Governance Code (the “Code”) was adopted by the Government Commission responsible and continually updated with the goal of establishing principles for good corporate governance and bolstering trust in German companies. The Code is designed to make the German Corporate Governance system transparent and understandable. Its purpose is to promote the trust of international and national investors, customers, employees, and the general public in the management and supervision of listed German stock corporations.

**Declaration of compliance by SAF-HOLLAND S.A. with the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (Aktiengesetz)**

The Board of Directors of SAF-HOLLAND S.A. declares that it complied, subject to the particularities of its legal structure, with the June 6, 2008 version of the recommendations of the Government Commission's German Corporate Governance Code announced by the Federal Ministry of Justice, with the following exceptions:

- Clause 2.3.2 of the Code: The Company will, for the time being, not in all cases send notification of the convening of the Annual General Meeting together with the convention documents to all domestic and foreign financial services providers, shareholders, and shareholders' associations by electronic means.
- Clause 3.8 of the Code: The liability insurance policies taken out for the Board of Directors and the members of management do not provide for a deductible.
- Clauses 4.2.3, 4.2.4, 4.2.5, and 5.4.6 of the Code: The total compensation of each member of the Board of Directors and the Management Board will neither be disclosed on an individual basis nor divided into non-performance-related, performance-related, and long-term incentive components. With the exception of one member, the members of the Board of Directors do not receive performance-related compensation. Accordingly, no disclosure in this regard will be made as part of the corporate governance report. The remuneration report will also not include information on the nature of the fringe benefits for the members of the Board of Directors and the Management Board provided by our Company. Payments made by the enterprise to the members of the Board of Directors or advantages extended for services provided individually, in particular advisory or agency services, will be not listed separately in the Corporate Governance Report. Contracts for members of the Board of Directors have a term of two to four years and those of the Management Board a maximum of three years, and as such, payments in the of case service in the boards ending prematurely will not exceed four years' compensation. As a result, the pay-

ments may exceed the severance cap of two years' compensation. However, payments always relate to the remaining term of the employment contract. In the case of service in the Management Board or Board of Directors ending prematurely as a result of a change in control, the contractual obligation of the Company may surpass 150% of the severance cap of two years' compensation.

- Clause 5.3.3 of the Code: The Board of Directors forms only with respect to its independent directors a nomination committee which proposes suitable candidates to the Board of Directors for recommendation to the Annual General Meeting.
- Clause 6.6 of the Code: Beyond the statutory obligation to report and disclose dealings in shares of the Company, no disclosure will be made in the corporate governance report of the ownership of shares in our Company or related financial instruments by the members of the Board of Directors or members of management if these directly or indirectly exceed 1% of the shares issued by our Company. If the entire holdings of all members of the Board of Directors or members of management exceed 1% of the shares issued by our Company, separate disclosure broken down by members of the Board of Directors or the members of management will not be made. Disclosure will be carried out according to the provisions of the Luxembourg act dated December 4, 1992 relating to the information to be published when acquiring or disposing of an important participation in a listed company, as amended.
- Clause 7.1.2 of the Code: The consolidated financial statements of our Company will, for the time being, not be made publicly accessible within 90 days of the end of the financial year and interim reports will not be made publicly accessible within 45 days of the end of the reporting period. However, these financial statements will be made available pursuant to the provisions of the Exchange Rules of the Frankfurt Stock Exchange, as amended (consolidated financial statements within four months, quarterly reports within two months of

the end of the reporting period), and the provisions of the German Securities Trading Act (Wertpapierhandelsgesetz), as applicable.

The Board of Directors of SAF-HOLLAND S.A. will also comply, subject to the particularities of its legal structure, with the June 18, 2009 version of the recommendations of the Government Commission's German Corporate Governance Code announced by the Federal Ministry of Justice, with the aforementioned and the following additional exceptions:

- Clauses 4.2.3 and 4.2.4 of the Code: The Chairman of the Board of Directors will not inform the Annual General Meeting about the main features of the remuneration system and any changes to it. The same applies to commitments and payments granted to a member of the Management Board in the case of a premature or regular termination of his term as a member of the Board or if these adjusted over the course of the fiscal year.
- Clause 5.1.2 of the Code: The age limit for members of the Management Board is 65 years. The Company reserves the right to make exceptions.
- Clause 5.4.1 of the Code: The Company will take all criteria listed in the Code relating to proposals for election to the Board of Directors into consideration. The age limit for members of the Board of Directors may not exceed 68 years at the time of the election. The Company reserves the right to make exceptions.
- Clause 5.4.4 of the Code: Members of the Management Board may become members of the Board of Directors of the Company before a two year period after the end of their appointment.



All the aforementioned disclosures are to be included in the corporate governance report.

Luxembourg, February 2010

Bernhard Schneider

Rudi Ludwig

Chairman of the Board of Directors

Chairman of the Management Board