



## Corporate Governance

### Declaration of Compliance 2009

#### **Joint Declaration of the Executive and Supervisory Board of STADA Arzneimittel AG concerning the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (AktG)**

STADA Arzneimittel AG complies with the recommendations of the German Corporate Governance Code in the version of June 18, 2009 (published on August 5, 2009 in the electronic Federal Gazette) with the following exceptions:

#### **Section 3.8: D&O insurance - deductible for supervisory board members**

The D&O insurance policy covering board members and top management, which is part of a common group insurance policy, does not contain a deductible for supervisory board members since it is not customary in international practice to have such a deductible for top management, and in the opinion of the Supervisory and Executive Board, supervisory board members should not be placed in a worse position than the Company's top management.

#### **Section 4.2.3: Arrangements for payments in the case of early termination of Executive Board mandate**

The regulations in existing Executive Board contracts with regard to payments in the case of early termination of the Executive Board mandate do not comply with the Corporate Governance Code. For the future, the Supervisory Board will also not rule out completing Executive Board contracts with regulations which, in this regard, do not comply with the Corporate Governance Code. It is the position of the Supervisory Board that, for the completion of Executive Board contracts, detailed individual regulations may not be prejudged, but rather that the Supervisory Board must be able to take advantage of the full legal framework in the configuration of Executive Board contracts in order to achieve a situationally optimal filling of Executive Board positions.

#### **Section 5.3.3: Nomination Committee for Supervisory Board elections**

In view of the size of STADA's Supervisory Board, with six shareholder representatives, the Supervisory Board believes that such an additional committee is structurally superfluous; the additional compensation, which pursuant to the articles of incorporation would be payable to Supervisory Board members involved in such a committee, is thus avoided.

#### **Section 5.4.1: Age limit for members of the Supervisory Board**

The Supervisory Board's rules of order do not provide for an age limit because such an age limit would shorten the voting rights of the shareholders in the Annual Shareholders' Meeting.

#### **Section 6.6: Shares held by members of the Executive Board and Supervisory Board**

The purchase and sale of STADA shares and options by members of the Executive Board and Supervisory Board and by closely related persons mentioned in the law are reported to the Company itself and to the German Federal Financial Supervisory Authority (BaFin) in accordance with legal requirements and are published on the Company's website in accordance with legal requirements. However, the shares and the options to purchase and sell such shares held by individual members of the Executive Board and Supervisory Board are not published in the Notes to the Company's financial statements. The Supervisory Board and the Executive Board are of the opinion that compliance with the legal requirements provides sufficient transparency.

#### **Since the last joint declaration in Q4 2008, STADA Arzneimittel AG complied with the recommendations of the German Corporate Governance Code with the following exceptions:**

#### **Section 3.8: D&O insurance - deductible for board members**

The D&O insurance policy covering board members and top management, which is part of a common group insurance policy, does not contain a deductible for board members since it is not customary in international practice to have such a deductible for top management, and in the opinion of the Supervisory and Executive Board, board members should not be placed in a worse position than the Company's top management.

#### **Section 3.10: Corporate Governance Report**

The reporting obligation in accordance with Section 3.10 of the Corporate Governance Code and the reporting requirements set out in § 161 of the German Stock Corporation Act (AktG) partially deviate from one another in terms of content. The Executive Board and Supervisory Board have decided to orient the Company's reporting on Corporate Governance in line with the legal requirements.

**Section 4.2.3: Arrangements for payments in the case of early termination of Executive Board mandate**

The regulations in existing Executive Board contracts with regard to payments in the case of early termination of the Executive Board mandate do not comply with the Corporate Governance Code. For the future, the Supervisory Board will also not rule out completing Executive Board contracts with regulations which, in this regard, do not comply with the Corporate Governance Code. It is the position of the Supervisory Board that, for the completion of Executive Board contracts, detailed individual regulations may not be prejudged, but rather that the Supervisory Board must be able to take advantage of the full legal framework in the configuration of Executive Board contracts in order to achieve a situationally optimal filling of Executive Board positions.

**Section 4.2.5: Remuneration Report as part of the Corporate Governance Report**

The Company publishes annually in the Notes of the Annual Report both the legally required information as well as the information required by the Corporate Governance Code regarding the remuneration of the Executive Board and Supervisory Board. The Company forgoes a repetition of this information within the framework of a Remuneration Report in the Corporate Governance Report in order to avoid being redundant.

**Section 5.3.3: Nomination Committee for Supervisory Board elections**

In view of the size of STADA's Supervisory Board, with six shareholder representatives, the Supervisory Board believes that such an additional committee is structurally superfluous; the additional compensation, which pursuant to the articles of incorporation would be payable to Supervisory Board members involved in such a committee, is thus avoided.

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For STADA, the recommendations of the Corporate Governance Code serve as a general basis for the Company's activity. In daily practice, however, individual situations may occur in which the application of the Code could lead to limitations in the flexibility of the Company or in the proven corporate practice. In these individual cases, contrary to the Declaration of Compliance, deviations from the recommendation of the Code may take place. STADA will, however, regularly review and, if necessary correct compliance with the Code and the above mentioned exceptions.

Bad Vilbel, November 5, 2009



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Vorsitzender des Aufsichtsrats



Hartmut Retzlaff  
Vorstandsvorsitzender