

Corporate Governance Principles of the Pfleiderer Aktiengesellschaft

- As of 11th December 2008 -

1. FOREWORD

The Pfleiderer Aktiengesellschaft complies with Corporate Governance, the principles of a transparent, responsible management and control of the company which is oriented towards increasing value. The Supervisory Board and Executive Board, and all managers and employees of the Pfleiderer Group, are subject to this objective. The Executive Board is responsible for group-wide compliance with the principles of corporate governance.

The Supervisory Board and Executive Board of Pfleiderer AG initially imposed the requirement on the company to comply with Corporate Governance in November 2002 and passed separate corporate governance principles for Pfleiderer AG, which have applied since 15.01.2003. Based on the revision of the German Corporate Governance Code as at 02.06.2005, the following, updated principles apply with effect from 15.12.2005:

The aim of the Pfleiderer Corporate Governance Principles is, inter alia, to increase trust among national and international investors, customers, employees and the public in the management and supervision of the company.

The Pfleiderer Corporate Governance Principles take into account the marginal conditions imposed by right and law and are expanded to include recognised national and international corporate governance and usual market uses.

The Pfleiderer Corporate Governance Principles are not codes of conduct for all time, but instead represent a continual process. They are examined and adjusted, if necessary, taking into account new statutory conditions and other knowledge and needs, as well as national and international standards. The Pfleiderer Corporate Governance Principles are published on the internet, on the Pfleiderer AG website, and in the company's annual report.

2. SHAREHOLDERS AND AGM

Pfleiderer AG has issued registered shares without a nominal value, which grant one vote per share. There are no "Golden Shares".

The company's AGM decides the use of the profits, the discharge of the Executive Board and Supervisory Board, elects the auditor and exercises all the rights assigned to it by law.

The Executive Board shall only use authorisation to increase capital with subscription rights exclusion if the capital increase does not exceed 10% of the respective authorised stock. All documents and reports are published by the company for the AGM using electronic media on the company's website, together with the agenda. In order to simplify the exercise of shareholder rights, above all the right to vote, the company supports the shareholders by making it possible for them to vote and issue power

of representation via the internet. The company shall provide the shareholders with a voting representative for instruction-based voting.

3. EXECUTIVE BOARD

The Executive Board is bound by the corporate interest and the principles of proper corporate management when exercising its tasks within the framework of the statutory provisions. The main aim of the corporate management is the sustained increase in company value. The figure for this is the EVA (Economic Value Added).

The Executive Board agrees the strategic orientation of the company with the Supervisory Board and is responsible for implementing the strategy. It ensures that the instruments used within the company are effective and efficient. To this end, it uses corresponding planning, control and risk management systems. The Executive Board is bound by legality and ensures compliance with the statutory provisions in the Pfeleiderer Group.

The Executive Board informs the Supervisory Board regularly of all relevant matters regarding planning, business development, risk situation and risk management. Deviations from the stated plans and aims are reported and explained. The Executive Board exercises the social responsibility in the Pfeleiderer Group.

The Executive Board manages the company as a whole subject to Section 77 AktG. The areas of responsibility of the individual board members are explained in the allocation of duties. The Executive Board's cooperation is regulated by rules of procedure which also determine that decisions of fundamental importance are the responsibility of the full Executive Board or from certain effects and limits must be presented to the Supervisory Board for prior consent.

The Executive Board prepares the consolidated annual report and makes it publicly available within 90 days of the end of the financial year. It facilitates the auditor or Bundesanstalt für Finanzdienstleistungen (Federal Financial Supervisory Authority) in enforcing the compliance of the consolidated annual report with the applicable accounting provisions. Interim reports are published within 45 days of the end of the reporting period.

The members of the Executive Board devote all their working efforts to the Pfeleiderer Group. When performing their tasks, they are required exclusively to consider the company's interest and do not pursue any personal interests which contradict those of the company. The members of the Executive Board do not receive payments or other benefits from third parties when performing their tasks, which are designed to have a negative impact on the interests of the company or of customers.

The Executive Board observes the applicable insider information provisions and requires senior management to observe these principles through corresponding insider information guidelines.

The remuneration for the members of the Executive Board is based on Section 87 AktG. The remuneration includes fixed and variable components. The variable components take into account performance-based elements as well as the economic situation of the Pfeleiderer Group and the success and future prospects of the Group. Stock operations according to a plan approved by the

AGM and the Supervisory Board are the variable components of the remuneration with a long-term incentivising effect.

The company's annual report provides information about the remuneration and stakes of the directors, taking into account the German Board Compensation Act. Rights from stock operations can only be exercised after a period of 3 years from the date of issue. This condition requiring freeze periods ensures that the conditions of insider information legislation are observed.

Through corresponding regulations for the senior managers entitled to receive stock options, the Executive Board of Pfeiderer AG will continue to ensure that the above principles are also applied to the remuneration for senior managers of the Pfeiderer Group.

4. SUPERVISORY BOARD

Members of the Pfeiderer AG Supervisory Board are people with the necessary knowledge, experience and personal requirements in order to be able carry out the required advisory and control tasks for achieving the corporate goals. When making proposals for members of the Supervisory Board, it is ensured that these principles are considered. A court-appointed member of the Supervisory Board, upon request, is listed to the next AGM. Proposed candidates for the chairman of the Supervisory Board are named to the shareholders.

With regard to the make-up of the Supervisory Board, it is ensured that it has a sufficient number of independent members and that these do not have a personal or business relationship to the company or to the company's Executive Board which could result in a conflict of interests. The age limit for members of the Supervisory Board according to the rules of procedure for the Supervisory Board is 70.

The members of the Supervisory Board perform their tasks with due care and attention and conscientiously with sufficient availability.

Typically, the speaker or chairman of the Executive Board or a member of the Executive Board should not become chairman of the Supervisory Board or chairman of a committee of the Supervisory Board. Insofar as there is such an intention, this must be explained to the AGM.

The Supervisory Board performs its tasks according to rules of procedure. The chairman of the Supervisory Board coordinates the work in the Supervisory Board, leads its meetings and represents the Supervisory Board externally, is in regular contact with the chairman or speaker of the Executive Board and the other members of the Executive Board and is immediately and extensively informed of important events. The chairman of the Supervisory Board will also immediately inform the members of the Supervisory Board if required.

In order to increase its effectiveness, the Supervisory Board has formed a working committee and an audit committee. Taking into account the statutory provisions and the requirements of the rules of procedure for the Supervisory Board, the working committee can make decisions on behalf of the Supervisory Board. The chairman of the Supervisory Board is not simultaneously the chairman of the audit committee.

The chairman of the audit committee shall have specialist knowledge and experience in the application of accounting principles and internal control processes.

The members of the Supervisory Board shall maintain confidentiality in respect of their work. Each member of the Supervisory Board is bound by the interests of the company. Conflicts of interest, which could arise as a result of an advisory or management function to customers, suppliers, competitors, lenders or other business partners must immediately be disclosed to the Supervisory Board. Insofar as members of the Supervisory Board were to carry out advisory or other services for the Pfeleiderer Group, the Supervisory Board would decide this in advance.

The remuneration for the Supervisory Board and the shares owed by members of the Supervisory Board are stated in the company's annual report or in the Corporate Governance Report on an individual basis. The cooperation in the Supervisory Board between the shareholder representatives and the employee representatives aims for consensus. The Supervisory Board regularly examines the efficiency of its work.

The preparations for the election of the auditor and the focus of the audit and the agreement regarding the audit fee are the duties of the audit committee. The audit committee is also responsible for preparing the annual and consolidated report, including the management reports on the basis of the audit results, and for the discussions of the interim and quarterly reports. Before submitting the proposal for auditor, the audit committee shall obtain its declaration as to the extent of any commercial, financial, personal or other relationships between it and its management bodies and audit managers on one side and the company and its management bodies on the other.

5. COMMUNICATION AND INFORMATION

When communicating with shareholders and the public, the Executive Board shall observe the principles of transparency, timeliness, openness, comprehensibility and equality. Unless exempted from the duty of publication in individual cases, it shall immediately make public facts or insider information arising within the company's area of activity and not publicly known, in particular if this is appropriate for having a considerable impact on the share price of the company's securities because of the effects on the asset and financial situation or on the general development of the business. The main repeat publications (financial deadlines) are also published early, also via the website.

When publishing information, electronic media, notably the internet, are also used. All information is also available in English.

The Executive Board and Supervisory Board issue annual reports on the company's Corporate Governance. If there are deviations from the recommendations of the German Corporate Governance Code, these are published in the prescribed way subject to the applicable statutory provisions (Section 161 AktG). Declarations of Compliance with the code, which are no longer current, are kept on the company's website for five years.

The purchase or sale of shares in the company, or of financial instruments based on them, by management bodies of the company or by persons closely connected with these, or by other persons

with management positions who regularly have access to insider information and who are authorised to make important decisions, must immediately be reported by these to the company, insofar as the purchase and sale transactions exceed €5,000 in a calendar year. The company shall publish this information on the internet, on the company's website, in accordance with the guidelines regarding "Director's Dealing".

The holding of shares in the company, or of financial instruments based on them, by members of the Executive Board or the Supervisory Board must be declared if it is directly or indirectly greater than 1% of the shares issued by the company. If the entire holdings of all members of the Executive Board and Supervisory Board exceed 1% of the shares issued by the Company, these shall be reported separately according to Executive Board and Supervisory Board.

Neumarkt, 11th December 2008

Pfleiderer AG

The Executive Board

The Supervisory Board

Only the German version with signatures is legally binding.