

# RULES OF PROCEDURE

Executive Board



# **RULES OF PROCEDURE OF THE EXECUTIVE BOARD**

**of the Nexus Stock Corporation**

**with headquarters in Donaueschingen**

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

At its meetings of 18/12/2019 and 23/01/2020, the Supervisory Board and the Executive Board of Nexus Group unanimously approved rules of procedure for the Executive Board.

## **Clause 1                    General information**

Nexus AG is managed by one or more members of the Executive Board appointed by the Supervisory Board.

The Executive Board shall conduct the business of Nexus AG in accordance with the mandatory statutory provisions, the Articles of Incorporation and these Rules of Procedure. It collaborates with the other organs of society in a trustful manner for the benefit of the company.

The distribution of the divisions among the individual members of the Executive Board results from the business distribution plan attached as an appendix (Appendix 1), which is an integral part of these Rules of Procedure.

## **Clause 2                    Overall Responsibility, Overall and Individual Business Management**

Notwithstanding the agreed distribution of business, the Executive Board as a collegial body shall decide on all matters in which the law, the Articles of Incorporation or these Rules of Procedure provide for a decision by the Executive Board or which are of particular importance and scope to the company or its subsidiaries and affiliates. This specifically applies to:

1. All tasks that the Executive Board must perform vis-à-vis another body of the company (e.g., convening the Annual General Meeting and proposals as well as proposals of the Executive Board for resolution by the Annual General Meeting; decision about the request to call for a passing a resolution by the Annual General Meeting; submission of transactions requiring approval by the Supervisory Board; written reports to the Supervisory Board)
2. Preparation of the company's annual financial statements
3. Decisions of the Executive Board regarding:

- + Strategic and operational corporate planning (objectives, medium and long-term definition of corporate policy, sales plan, revenue and expenditure plan, financial plan, investment plan, staff planning)
  - + The corporate structure (organization and coordination of the executive departments of the company, definition of the main features of market, product, financial, investment and staff policy)
  - + Corporate control (ongoing and subsequent control of the performance and success of delegated management tasks; monitoring of business and earnings development)
4. Filling senior management positions
  5. Coordination of business units
  6. Decision on the development of fundamentally new products and processes
  7. Conclusion, cancellation and amendment of contracts of essential importance
  8. Measures of the Executive Board that require the approval of the Supervisory Board

Measures and transactions of a business area that are of exceptional importance to the company or with which an exceptional economic risk is associated require the prior approval of the complete Executive Board. The same applies to measures and transactions in which a member of the Executive Board requests the prior passing of a resolution by the complete Executive Board.

Measures and transactions without prior agreement with the members of the Executive Board involved are permitted if – in its due discretion – this is required to avoid directly threatening serious disadvantages for the company. The Chairperson of the Supervisory Board must be informed of such a process without delay.

### **Clause 3 Chief Executive Officer, Executive Board Spokesperson**

The Supervisory Board may appoint a Chief Executive Officer from among the members of the Executive Board.

1. The Chief Executive Officer represents the Executive Board and the company in public unless the members of the Executive Board decide otherwise in individual cases.
2. The Chief Executive Officer is responsible for preparing, convening, chairing and recording the Executive Board meetings and for monitoring implementation of the decisions made in the Executive Board meetings.
3. If the Supervisory Board has not appointed a Chief Executive Officer, the members of the Executive Board may appoint a spokesperson from among themselves.

### **Clause 4 Allocation of the Areas of Responsibility**

The responsibilities of the individual members of the Executive Board are specified in the attached business distribution plan (Appendix 1).

Each member of the Executive Board shall be responsible for the business areas assigned to him within the context of the resolutions of the complete Executive Board. Insofar as measures and transactions of a business area essentially relate to one or more other business areas, the responsible member of the Executive Board must first reach an agreement with the other members of the Executive Board involved. If an agreement is not reached, each member of the Executive Board is obliged to call for the passing of a resolution by the entire Executive Board.

If there are differences of opinion between individual members of the Executive Board regarding the division of responsibilities, the Chairperson of the Supervisory Board shall make the decision.

The adoption, amendment or cancellation of the business distribution plan requires a unanimous resolution of the Executive Board. If a unanimous resolution is not reached, the Supervisory Board shall make the decision.

The Executive Board informs the Supervisory Board quarterly about the company's situation.

## **Clause 5      Executive Board Meetings**

The Executive Board usually makes decisions at meetings that take place once a month. Each Executive Board member can demand that a meeting be convened with notification of the subject matter of the meeting. The request to convene a meeting is possible informally, but is to be made no later than two days before the meeting.

Persons who are not members of the Executive Board may be consulted on individual items. The Executive Board shall have a quorum if all members have been invited and at least half of the members are present at the meeting. As long as the Executive Board consists of two members of the Executive Board, the Executive Board meeting only has a quorum if both members of the Executive Board are present at the meeting.

Absent Executive Board members may cast their votes by email or other means of communication. The absent Executive Board members must be informed without delay of any resolutions adopted in their absence. Matters relating to the business area of an absent Executive Board member shall not be dealt with or resolved on without such member's approval except in urgent cases.

The resolutions of the Executive Board shall be adopted by a majority vote. In a tied vote, the vote of the Chief Executive Officer is decisive.

Minutes must be kept of the Executive Board meetings and shall contain the place and date of the meeting, the participants, the agenda and the wording of all resolutions. The minutes are to be signed by the participating Executive Board members, and a copy is sent to all Executive Board members. The minutes shall be deemed approved if no Executive Board member objects at the next meeting following the sending of the minutes. Resolutions of the Executive Board meeting taken outside meetings shall be recorded in the minutes of the next meeting of the Executive Board meeting.

**Clause 6      Legal Transactions Requiring Consent**

The Executive Board may only carry out the measures and transactions listed in Appendix 2 with the prior approval of the Supervisory Board, whereby in urgent cases the approval can be declared by the Chairperson of the Supervisory Board; the approval of the other members of the Supervisory Board is to be obtained later but without undue delay.

Nexus AG

The Executive Board

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Dr. Ingo Behrendt  
Chief Executive Officer

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Edgar Kuner  
Chief Development Officer

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Ralf Heilig  
Chief Sales Officer

Donaueschingen, 18/12/2019 and 20/01/2020

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

Donaueschingen, 18/12/2019 and 20/01/2020

**Appendix 1: Business distribution plan of the Executive Board of Nexus AG**

The Executive Board shall conduct the business of Nexus AG in accordance with the mandatory statutory provisions, the Articles of Incorporation and these Rules of Procedure. It collaborates with the other organs of society in a trustful manner for the benefit of the company.

The distribution of the divisions among the individual members of the Executive Board results from the business distribution plan, which is an integral part of these Rules of Procedure.

**The business area of the Chief Executive Officer includes the following tasks:**

- + Company development,
- + Coordination of individual business areas
- + Investor relations
- + Human resources
- + Finances, accounting, controlling
- + Legal aspects
- + Insurance policies
- + Representation to the Supervisory Board

**The business area of a Chief Development Officer includes the following tasks:**

- + Research and development
- + Product strategy
- + Data protection and compliance
- + Product management

**The business area of the Chief Sales Officer includes the following tasks:**

- + Sales department
- + Management/monitoring of international subsidiaries
- + Marketing
- + Cloud.IT/CSO/IFA AG business area

Donaueschingen, 18/12/2019 and 20/01/2020

## Appendix 2: 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:
  - 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.



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*\* 0.09 €/min. from the German landline network*