

Corporate Governance Statement 2010

Corporate Governance Statement for Fiscal 2010 according to Art. 289a German Commercial Code (HGB)

For RENK, corporate governance and control are designed to ensure, in line with social market economy principles, its continuance as a going concern by adding the necessary sustainable shareholder value.

A prime driver of these efforts is the corporate governance system, which is defined by current legislation, RENK's articles of incorporation (bylaws) and in-house rules, as well as by nationally and internationally accepted standards of sound and responsible corporate management.

The German Corporate Governance Code (the "Code") describes the regulations applicable to RENK under stock corporation law and provides recommendations and suggestions on how to practice good corporate governance according to generally accepted standards.

(1) Corporate governance at RENK

RENK AG's Executive and Supervisory Boards have thoroughly dealt with corporate governance system details and are aware that sound and transparent corporate governance is essential to responsible and farsighted corporate management.

Declaration of conformity with the Code

In December 2010, RENK AG's Executive and Supervisory Boards issued the following declaration of conformity:

"RENK AG adopted the recommendations of the German Corporate Governance Code Government Commission subject to its declaration of conformity of December 11, 2009, and will implement the recommendations of the Code as amended up to May 26, 2010, with the following exceptions:

Besides the existing Presidential Committee (in charge of Executive Board staffing issues), no further Supervisory Board committees are or will be established (§ 5.3.1–3 of the Code). With a membership of only six, neither efficiency nor any other reasons would support the formation of such additional committees from among the Supervisory Board members.

Presidential Committee chairmanship and membership will not be remunerated (§ 5.4.6 of the Code) since committee work has not and will not within the foreseeable future be of any significant extent."

We consider it highly important to subject RENK's corporate governance practice to ongoing reviews and update it wherever required.

Certain major recommendations and suggestions of the Code are commented on in detail below:

Promotion of stockholder rights

On our website at www.renk.eu under Investor Relations, and through published financial re-ports, we offer our stockholders and other interested parties the opportunity to obtain anytime an updated and authentic portrayal of RENK and its corporate governance practices. Also published here are ad-hoc notifications and press releases.

Promptly on disclosure (cf. § 6.3 of the Code), RENK AG publishes on its website annual and interim reports, a financial diary with all upcoming events of financial relevance, as well as the Annual Document whose publication is required by the provisions of Sec. 10 German Securities Prospectus Act ("WpPG") and where all relevant corporate information of the preceding calendar year is compiled.

In line with applicable legislation, we ensure that all our stockholders have equal access to in-formation.

General meeting

The (annual) general meeting of stockholders is the platform for all RENK stockholders to exercise their voting rights, obtain information, as well as to dialogue with the Executive and Supervisory Boards.

The law confers upon the annual general meeting as corporate body the right to vote and decide on such matters as the appropriation of net earnings, the official approval of the acts and omissions of the Executive and Supervisory Boards, as well as the election of Supervisory Board members and of the statutory auditor. Moreover, the general meeting of stockholders votes on amendments of the articles of incorporation, bylaws and capital moves.

Altogether 210 stockholders attended the annual meeting 2010, representing 83.8 percent of RENK AG's voting stock. For participation, stockholders are required to prove that they are authorized to vote by (i) substantiating as of the commencement of the 21st day prior to the annual general meeting (record date) that they own RENK stock, as well as (ii) registering within the statutory minimum period. The detailed requirements are specified in the invitation to the general meeting. We offer interested stockholders the option of appointing RENK staff as voting proxies; equally acceptable as voting proxy is any bank or stockholders association to which a due power of attorney has been issued.

As a rule, the Supervisory Board Chairman presides over the general meeting and ensures that all business on the agenda is smoothly transacted.

RENK's annual report (including the full financial statements) is available at the AGM and the Company will also send a copy on request. In addition, we publish on our web-

site the speech of the Executive Board Spokesman (in German language). The individual depository bank forwards the invitation to the general meeting along with the agenda to each stockholder. This invitation is also published in the digital version of the German Federal Gazette and on our website, as are any AGM-related reports and documents.

Interaction of Executive and Supervisory Boards

In accordance with German stock corporation legislation, RENK AG has two boards in addition to the general meeting as corporate body: the Executive and Supervisory Boards closely collaborate in RENK's best interests and endeavor to add sustainable shareholder value.

The Executive Board is in charge of RENK's management and conduct of business while the Supervisory Board has overseeing and advisory functions. Both boards pursue their activities in accordance with applicable statutory regulations and their respective rules of procedure. The Executive Board briefs the Supervisory Board timely and comprehensively on all relevant strategic, planning, business trend and risk position issues. Any business subject to Supervisory Board approval is submitted to the Supervisory Board in due course. Moreover, the Executive Board promptly reports any extraordinary event to the Supervisory Board Chairman.

Executive Board

The Executive Board is RENK AG's top management body and has two members (as of December 31, 2010) who conduct RENK's business under their joint responsibility. Executive Board members are appointed by the Supervisory Board. The Executive Board's work is governed by rules of procedure.

The Executive Board determines the business goals and aims for the entire RENK Group and is accountable not only for compliance with the law, official regulations and in-house policies but also for open, fair and transparent corporate communication. A directors & officers (D&O) insurance policy has been taken out to cover liability claims, the deductible for RENK AG Executive Board members being capped at a reasonable ceiling as required by the law. The risk management system is designed to assist the Executive Board in early identifying any business and financial risks.

The Executive Board duly complies with its reporting obligations to the Supervisory Board. The acceptance by an Executive Board member of any sideline activity (including the membership in another corporation's supervisory board) is subject to Supervisory Board approval. Moreover, Executive Board members are obligated to report any conflicts of interests promptly to the Supervisory Board and to their peers on the Executive Board. In the year under review, no company of the RENK Group transacted any business with RENK AG's Executive Board members or parties related to these.

In the year under review, no clashing interests of Executive Board members were reported.

Supervisory Board

As another corporate body, the Supervisory Board performs monitoring and advisory functions at RENK AG and is generally composed of four stockholder and two employee representatives. Stockholder representatives are elected by the general meeting (according to our bylaws MAN SE has the right to appoint one of them), employee representatives by the work-force. Supervisory Board members are elected individually (i.e., not by collective slate). For details of Supervisory Board membership and its changes in 2010, see also the Supervisory Board report and the notes to the consolidated financial statements.

In the year under review, neither were any clashing interests reported by Supervisory Board members, nor did any consultancy agreement or other contract for work or services exist between a Supervisory Board member and the Company.

Memberships of Supervisory Board members in boards of other enterprises are listed in the notes to the consolidated financial statements. No Supervisory Board member holds any office on a board of, or provides any consultancy services to, major RENK competitors.

Supervisory Board members are answerable for the due and proper performance of their functions. A D&O insurance policy has been taken out to cover liability claims, the deductible for RENK AG Supervisory Board members corresponding to a reasonable amount in accordance with the recommendations of the Code (§ 3.8).

Regulatory compliance/risk management

Law abidance and compliance with inhouse guidelines and policies are of paramount importance for management, control and supervision purposes, as recommended by the Code. Accordingly, the Executive Board ensures the continual fine-tuning of the related control system and is also responsible for enforcing corporate compliance.

The Chief Compliance Officer (CCO) and the Compliance Board (consisting of the CCO and the heads of key functional areas of RENK) assist the Executive Board. Major efforts in 2010 centered on systematically briefing and training employees in preventing corruption and bribery and in adhering to antitrust regulations. For details, see the management report.

Reportable securities transactions

Sec. 15a German Securities Trading Act (“WpHG”) and the applicable provisions of the Code require any board members and equivalent individuals, as well as parties related to these (whether closely related family members, legal entities or other institutions) to report to the issuer as well as the German Federal Financial Supervisory Authority (“BaFin”) on the purchase and sale of RENK shares and financial instruments based thereon. Such reported related-party transactions (so-called directors’ dealings) are published on our website at www.renk.eu under Investor Relations. In the year under review, no such transactions were reported to RENK AG.

Accounting

The Executive Board prepares RENK’s consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), and RENK AG’s separate

financial statements in conformity with German GAAP, i.e., the provisions of the German Commercial Code (“HGB”). The financial statements are reviewed and approved by the Supervisory Board. In fiscal 2010, all deadlines for publication of the consolidated financial statements and the interim reports were duly kept.

Statutory audit

In the year under review, the Supervisory Board proposed that PricewaterhouseCoopers AG, Wirtschaftsprüfungsgesellschaft (PwC), Munich, be elected as statutory auditor. The annual general meeting endorsed this proposal.

(2) Other corporate governance practices

RENK’s good reputation and the trust placed in us by our customers, investors, workforce and the general public pivot on the proper behavior of all RENK Group employees.

Therefore, RENK has adopted for its day-to-day business the MAN Group’s Code of Conduct for unconditional application and stringent implementation. A key objective of the Code of Conduct is to strictly bar the granting and acceptance of benefits from being used as a means of business target achievement. RENK has always held its own among competitors by providing products and services in sound quality and with specific customer benefits—an approach that is instilled into our employees mainly by the impeccable actions and model activities of management but also by training.

Respect for our employees—irrespective of nationality, culture, religion, gender or age—is of the utmost concern to RENK management. We treat our employees in a fair and forthright manner, with understanding and tolerance, and we expect them to replicate this attitude in their relationship with coworkers, business associates and third parties. Our responsibility to society is also reflected in wide-ranging preventive measures relating to occupational safety and the organization of work. These latter ensure best-possible job safety and a positive working environment. We expect our employees to display an entrepreneurial attitude in the way they think and act. In return, they share in our corporate success.

Another essential aspect in the way RENK is run is our responsibility to investors as quantified in the profitability benchmarks. In the continuous pursuance of these goals, it is necessary for us to strengthen our market positions in our core businesses. In doing so and in addition to the opportunities of internal expansion we repeatedly review the applicable external growth strategies such as alliance, joint venture, M&A options plus the establishment of worldwide sales bases. Within the scope of our financial resources such options are selected and seized.

(3) Functions and membership of Executive Board, Supervisory Board and committees

The Executive and Supervisory Boards had the following members at December 31, 2010:

Executive Board:

Florian Hofbauer, Spokesman, responsible for Engineering and Marketing
Ulrich Sauter, responsible for Production and Administration

Supervisory Board:

Frank H. Lutz, Chairman
Dipl.-Wirtsch.-Ing. Klaus Stahlmann, Vice-Chairman
Prof. Dipl.-Ing. (FH) Gerd Finkbeiner
Dr.-Ing. Hans-O. Jeske
Klaus Ketterle
Herbert Köhler

For the functions of the Executive and Supervisory Boards, see (1) hereinabove.

No Executive Board committees exist.

The Supervisory Board has formed a Presidential Committee (which met once in fiscal 2010) with the following members as of year-end 2010: Frank H. Lutz, Klaus Stahlmann, and Dr. Hans-O. Jeske.

The Committee's functions and responsibilities are to deal with Executive Board staffing issues, in particular, with employment and other contracts with Executive Board members, and decide on the approval of any sideline activities. Decisions are delegated to the Committee only to the extent that the law does not require the plenary Supervisory Board to vote thereon, which applies especially to decisions on the Executive Board remuneration structure, as well as—as from the enactment of VorstAG, the German Act on Reasonable Executive Board Compensation—on fixing the total remuneration of each Executive Board member. To this end, the Committee would work out, and submit to the plenary Supervisory Board, suitable proposals. In addition, the Committee would deliberate on proposals for the appointment or removal of Executive Board members and submit such proposals to the plenary Supervisory Board.

No further Supervisory Board committees exist at RENK.