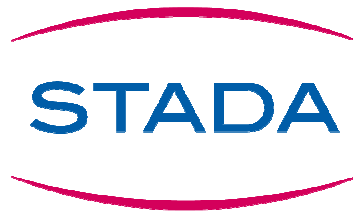


Criteria for the organization of an auditor selection procedure pursuant to the amended auditor guideline which took effect in 2014 and in accordance with the EU Regulation on auditing (AP-RiLi and EU-VO) which were passed by the German Parliament in 2016 by means of a law on the implementation of the audit-related regulations of the guideline and for the execution of the relevant requirements of the EU-VO (Audit Reform Act – AReG).

Requirements within the scope of the public selection procedure (requirements for the tender distribution)

a. Auditing competence

- i. Experience with international mandates, in particular
 - with multinational (sub) group structures
- ii. Understanding of the business model
 - Industry expertise / industry-specific experience / references, in particular
 - Experience in the pharmaceutical sector with demonstrable focus of activities in the areas of generics and OTC
 - Experience with complex invoicing structures of reimbursable active ingredients, both in sales and in procurement markets
 - Experience in dealing with complex regulatory framework conditions
 - Experience with the accounting evaluation of pharmaceutical development projects
 - Experience with complex transfer pricing models under consideration of regulatory requirements
 - Integration of industry experts and (international) specialists as well as their cooperation in national and international committees and workgroups (in particular the audit partners and the central auditing team)
- iii. Very good knowledge in the area of IFRS and Group accounting
- iv. Very good knowledge of the local accounting in material countries
- v. Experience of the specialists used
 - Expertise in the IT area and with internal control system audits
 - Competent support for audit-related issues
 - Experience with the auditing of compliance management systems, among other things
- vi. Reputation, integrity and size of the audit company
- vii. Results of the audit company and the person responsible for the order at inspections / quality controls from supervisory authorities, e.g. German Enforcement Panel (DPR), Auditor Oversight Commission (APAK or APAS)



viii. CVs of audit partners, directors and managers from important countries

b. Audit fees

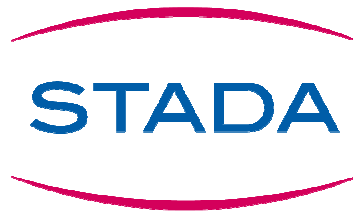
- i. Volume of worldwide audit fees including
 - Division to the individual Group companies
 - Clearly defined, transparent adjustment mechanisms in case of changes to the scope of the audit and the scope of consolidation
 - Monitoring of the worldwide audit fees
- ii. Fee development in the coming years
- iii. Amount and conditions for liability agreements

c. Audit procedure

- i. Risk-oriented audit approach
 - (Centralized) audit and review approach
 - Determination of the audit focus / scope of the audit
 - Audit approach in case of impairment tests on intangible assets including goodwill
 - If necessary consideration of a hard close
- ii. Audit tools used and their implementation

d. Organization of the audit and formal criteria

- i. Organization of the audit and coordination of the worldwide audit team
 - Procedure for the audit
 - Decision-making competence of the responsible audit partner – including in terms of the assertion of decisions with regard to Group issues
 - Organization of the national and international decision, consultation and escalation processes
 - Organization of the mandate transfer from the previous to the new auditors
 - Measures for quality assurance as well as continuing education and training
 - Organization / experience in the transfer of a mandate to the new auditors
- ii. Availability of the necessary national and international specialists / capacities
- iii. Regional availability of competent audit teams



- iv. Auditor qualification of the responsible audit partner (for the signing of the audit opinion in Germany)
- v. Concept for ensuring fast and appropriate communications including
 - Knowledge transfer with the worldwide audit team
 - Organization of the knowledge transfer within the audit team
- vi. Presentation of the value added from the audit
- vii. Information on current developments in accounting
- viii. Ensuring the independence of the auditors in compliance with regulations of the Public Accountant Act (WPO), Sections 319 ff German Commercial Code (HGB) as well as the EU Regulation
- ix. Draft of the declaration of independence pursuant to Section 7.2.1 of the German Corporate Governance Codex