

**Candidate proposals by the Supervisory Board for the election of four new  
Supervisory Board members at the Annual General Meeting of STADA  
Arzneimittel AG on 26 August 2016**

– Requirement profile for the overall composition of the Supervisory Board  
(shareholder representatives) –

By means of an ad hoc notification and a press release, both of 22 May 2016, STADA Arzneimittel AG announced that it was bringing forward the new appointments to the Supervisory Board planned for the 2018 AGM by two years, with the aim of continuing to strengthen the company's successful international growth strategy with generics and branded products by restructuring the body's personnel. The Company also announced it would guarantee an "orderly and transparent process" and carry out candidate selection "as part of a structured selection process and on the basis of a set of criteria that includes professional expertise, personal qualification and independence while taking into account the recommendations in various codes and rules of good corporate governance".

The Nomination Committee of the Supervisory Board of STADA Arzneimittel AG, with the support of an external and independent personnel consulting company Egon Zehnder, has compiled such a requirement profile that meets the demands of an internationally focused, listed undertaking for composing a best-practice supervisory board. The Supervisory Board (shareholder representatives) has resolved on this requirement profile. This clearly exceeds the requirements made by statute or corporate governance codes and differentiates between three different types of company-specific selection criteria:

- Professional criteria (education and experience) that the Supervisory Board as a whole should fulfil, but not necessarily each individual supervisory board member;
- Criteria that should apply to each individual supervisory board member;
- "Balance criteria" that help the Supervisory Board as a team to attain a particular level of effectiveness by achieving a certain "mixture".

Alongside the above, the candidate selection process considered general criteria, in particular and for example

- satisfying the requirements under the German Stock Corporate Act (*Aktiengesetz*) and the German Corporate Governance Code;
- professional excellence of the candidates;
- independence in relation to STADA Arzneimittel AG and its major stakeholders;
- sufficient availability, motivation and commitment.

In detail, the company-specific selection criteria were as follows:

**Professional criteria that should each ideally be fulfilled by at least one supervisory board member:**

1. Pharmaceutical perspective, ideally trained as a pharmacist, pharmacologist or pharmaceutical-related natural scientist or a medical doctor
2. Leadership experience in the European pharma industry
3. Understanding of eastern European markets with a focus on CIS
4. Expertise in the market for generics and biosimilar
5. Leadership experience with various distribution channels, in particular in the non-food/fast-moving consumer goods sector
6. Experience with trademarks/branding issues
7. Strong finance background (e.g. experience in accounting, auditing financial statements, financing and capital market issues)
8. Knowledge of relevant corporate law questions and important regulatory issues.

**Criteria that must apply to each supervisory board member:**

1. Very good German and English language skills
2. Integrative communication, persuasiveness, creative drive as a collective
3. Modern understanding of corporate ethics and collective responsibility.

**Balance criteria that the Supervisory Board (shareholder representatives) should fulfil as a total body:**

1. Age: the majority of the shareholder representatives should have been born in 1956 or later, if possible no member before 1951
2. Board experience: two to four of the six shareholder representatives should be or have been supervisory board members at a listed company
3. Knowledge transfer and stability: at least two shareholder representatives should have spent several years on the Supervisory Board of STADA Arzneimittel AG
4. Gender: at least two of the shareholder representatives should be male or, as the case may be, female.

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