

Corporate Governance:

SAF-HOLLAND S.A. is a Luxembourg société anonyme (S.A.) being listed solely on a stock exchange in Germany. Therefore, we are not required to adhere to the Luxembourg corporate governance regime applicable to companies being listed in Luxembourg. Further, we are not required to comply with the respective German corporate governance regime applicable to German stock corporations being listed on a stock exchange.

Nonetheless, we have decided to follow, on a voluntary basis, to a certain extent, the German corporate governance rules. However, certain rules will apply to our Company only to the extent allowed by Luxembourg corporate law and subject to certain reservations stemming from our Company's corporate structure. Especially, the Luxembourg single board structure is contrary to the dual board system prescribed by law for German stock corporations.

The German Corporate Governance Code (the "Code") – adopted by the Government Commission on February 26, 2002 and last amended on June 14, 2007 – presents essential statutory regulations for the management and supervision (governance) of German listed companies and contains internationally and nationally recognized standards for good and responsible governance. The Code aims at making the German Corporate Governance system transparent and understandable. Its purpose is to promote the trust of international and national investors, customers, employees and the general public in the management and supervision of listed German stock corporations.

The Government Commission will observe the development of corporate governance in legislation and practice and will review the Code at least once a year for possible adaptation.

While the recommendations of the Code are not mandatory, the executive boards and supervisory boards of companies listed on a stock exchange in Germany have to declare once a year that the Code's recommendations have been and are being complied with or which of the Code's recommendations have not been and are not being applied. The declaration shall be made permanently accessible to stockholders, Section 161 of the German Stock Corporation Act (*Aktiengesetz*).

Based on these reservations we have decided to comply with the recommendations of the Code with the following exceptions:

- Clause 2.3.2 of the Code: The company will, for the time being, not in all cases send notification of the convening of the General Meeting together with the convention documents to all domestic and foreign financial services providers, shareholders and shareholders' associations by electronic means if the approval requirements are fulfilled.
- Clause 3.8 of the Code: The directors and Management Team members liability insurance policy taken out for the Board of Directors and the Management Team members does not provide for a deductible.
- Clauses 4.2.3, 4.2.4, 4.2.5 and 5.4.7 of the Code: The total compensation of each Board of Directors' and the Management Team member will neither be disclosed on an individual basis nor divided into non-performance-related, performance-related and long-term incentive components. With the exception of one member, the members of the Board of Directors will not receive a performance-related compensation. Accordingly, there will be no disclosure in this regard in the compensation report as part of the Corporate Governance Report. The compensation report will also not include information on the nature of the fringe benefits for the Board of Directors' and the Management Team members provided by our Company. Payments made by the enterprise to the members of the Board of Directors or advantages extended for services provided individually, in particular, advisory or agency services will not be listed separately in the Corporate Governance Report.
- Clause 5.3.3 of the Code: The Board of Directors forms only with respect to its independent directors a nomination committee which proposes suitable candidates to the Board of Directors for recommendation to the General Meeting.
- Clause 6.6 of the Code: Beyond the statutory obligation to report and disclose dealings in shares of the Company, in the Corporate Governance Report there will be no disclosure of the ownership of shares in our Company or related financial instruments by the members of the Board of Directors or the Management Team members if these directly or indirectly exceed 1% of the shares issued by our Company. If the entire holdings of all members of the Board of Directors or the Management Team members exceed 1% of the shares issued by

our Company, there will not be separate disclosure by members of the Board of Directors or members of the Management Team. Disclosure will occur according to the provisions of the Luxembourg act dated December 4, 1992 relating to the information to be published when acquiring or disposing of an important participation in a listed company, as amended.

- Clause 7.1.2 of the Code: The consolidated financial statements of our Company will, for the time being, not be publicly accessible within 90 days of the end of the financial year and interim reports will not be publicly accessible within 45 days of the end of the reporting period. However, these financial statements will be made available pursuant to the provisions of the Exchange Rules of the Frankfurt Stock Exchange, as amended (consolidated financial statements within four months, quarterly reports within 2 months after the end of the reporting period), and the provisions of the German Securities Trading Act (*Wertpapierhandelsgesetz*), as applicable.

All the aforesaid disclosures shall be included in the Corporate Governance Report.

Luxembourg, 05.03.2008

A handwritten signature in dark ink, appearing to read 'R. Bartke', is written over a horizontal line.

Dr. Rolf Bartke Chairman of the Board