

Evotec AG
AUDIT COMMITTEE CHARTER
(revised version from 11 March 2005)

§ 1 Tasks and Responsibilities, General Principle

Good practice of Corporate Governance and the Rules of Procedure of the Supervisory Board (Board) require the set up of an Audit Committee (Committee). The primary function of the Committee is to assist the Board in fulfilling its independent oversight responsibilities with regard to financial reporting and control.

In particular, it is the Committee's responsibility to review the auditing process, audit results and reports of the Company's public accountants (Auditors) as well as their independency, and issue the audit mandates (see § 4).

In addition, to fulfill its oversight responsibility, the Committee shall review

- (a) Key messages of quarterly and annual earnings reports prior to its release, and propose the approval of the annual report to the Board,
- (b) the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures,
- (c) the Company's systems of internal controls regarding finance, accounting and legal compliance,
- (d) the Company's general accounting and financial reporting principles and processes, and approve any significant changes,
- (e) all related-party transactions at least annually, and approve any related-party transaction outside normal business scope and conditions.

§ 2 Composition and Independency

- (a) The Audit Committee shall be comprised of a Chairperson and two additional members of the Board. They shall be determined and appointed by the Board annually and according to the Board's Rules of Procedure.
- (b) All members of the Committee shall be financially literate and have a working familiarity with basic finance and accounting practices, and at least one member of the Committee shall have accounting or related financial management expertise.
- (c) At least two of the Committee members shall be independent Board members, i.e. free from any relationship that, in the opinion of the Board, would interfere with the exercise of his or her independent judgment as a member of the Committee. Also, a Committee Member may not receive any compensation except for Board or Committee service.

§3 Meetings, Resolutions and Minutes

- (a) The Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Committee shall meet quarterly with the Chief Financial Officer and the independent public accountants to review the Company's financials, and to discuss auditing matters (as described in § 4) or any other matters that the Committee or either of these groups believe should be discussed. At least once per year there should be a separate meeting between the Committee and the Auditors.
- (b) The Committee shall have the authority to retain and meet special legal, accounting or other consultants to advise the Committee. It may also request any officer or employee of the Company or the Company's outside legal counsel, investment bankers or financial analysts to attend a meeting of the Committee or to meet with any of its members. Additionally, the Committee has the authority to establish direct staff complaint procedures regarding accounting and auditing matters ("whistleblower" process).
- (c) The Chairperson calls the meetings of the Committee with minimum two week's notice. However, members of the Committee shall strive to be ready for short term meetings if required. The invitation shall specify format, time and venue of the meeting. An agenda shall be distributed at least 5 working days before the meeting. The Chairperson may delegate these tasks to the Company's management.
- (d) All meetings shall be organized such as to follow reasonable cost/benefit analyses. This includes the possibility of having telephone or video conferences, if the majority of Committee members don't disagree. The Chairperson can decide that resolutions can be also made via fax or e-mail.
- (e) The Committee shall have a quorum if at least two of its members participate in the passing of a resolution. Resolutions shall be made with simple majority of the votes cast. In the event of a tied vote, the Chairperson's vote shall decide.
- (f) Minutes of the meetings and of the resolutions of the Committee must be kept and must be signed by the Chairperson and copied to the Chairman of the Board.
- (g) The Committee shall make regular reports to the Board.

§4 Independent Public Accountants and Auditing Process

To enable the Committee to perform with regard to its responsibility towards the independent financial audits, it has the authority to

- (a) Recommend the selection of independent public accountants (Auditors) to audit the consolidated financial statements and local books and records of the Company and its subsidiaries. The accounting firm selected by the Annual General Meeting is ultimately accountable to the Committee and the Board.

- (b) Approve, in advance, the annual budget for regular audit and quarterly review services, and the retention of the Auditors for any non-audit or extraordinary audit services, individually exceeding fees of € 10000. Any deviation of more than +/-5% of the annual budget or the fees for such additional services shall require approval.
- (c) Request periodic reports from the Auditors regarding the Auditors' independence, discuss such reports with the Auditors, consider whether the provision of non-audit services is compatible with maintaining the Auditor's independence and, if so determined by the Committee, recommend that the Board take appropriate action to satisfy itself of the independence of the Auditor.
- (d) Discuss on a quarterly basis the scope and results of the quarterly reviews or annual audits, respectively, with the Auditors. This shall include their judgment about the appropriateness of the Company's accounting principles and about the effect of new regulatory and (US-GAAP or IFRS) accounting initiatives on the Company's financial statements, if any.
- (e) Review with the Auditors any management letter provided by them, and the Company's response to that letter. Also, review any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information, and review any significant disagreement among management and the Auditors in connection with the preparation of the financial statements or changes in the planned scope of the audit.
- (f) Review with the Auditors and management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee in previous meetings (see § 1 (d)), have been implemented.
- (g) Review the performance of the Auditors with management, and when circumstances warrant, recommend to the Annual General Meeting any discharge of the Auditors. Evaluate whether it is appropriate to rotate Auditors on a regular basis.

§ 5 Examination of Efficiency and Charter Changes

The Committee shall review the efficiency of its activities and the adequacy of this Charter periodically, at least annually, and propose changes to the Charter to the Board for approval.

§ 6 Liability

While the Committee has the responsibilities and authorities set forth in this Charter, it is not the duty of the Committee to plan or conduct audits, in order to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. This is the responsibility of management and the independent Auditors. Nor is it the duty of the Committee to conduct investigations, to resolve disagreements, if any, between management and the Auditors, or to assure compliance with laws and regulations and the Company's Rules of Procedure. The potential legal liability of the Committee members shall be no greater than that of other members of the Board.