



The German Government Commission of the German Corporate Governance Code (Regierungskommission Deutscher Corporate Governance Kodex) established by the German Federal Ministry of Justice (Bundesjustizministerium) in September 2001, approved by the German Corporate Governance Code (Deutscher Corporate Governance Kodex) (the "Code") and recently adopted various amendments to the Code on 7 February 2017. The Code includes statutory regulations for the management and supervision of German listed companies and contains, in the form of recommendations and suggestions, internationally and nationally acknowledged standards for good and responsible corporate governance relating to shareholders and shareholders' meetings, management and supervisory boards, transparency, accounting and the auditing of financial statements. While the recommendations or suggestions of the Code are not mandatory, the German Stock Corporation Act (Aktengesetz) requires the management and supervisory boards of a listed company to disclose each year which recommendations were and will be followed and which recommendations were not or will not be followed. This disclosure must be made permanently accessible to shareholders. However, deviations from the suggestions contained in the Code need not be disclosed.

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As of the date of this prospectus the Company is under no obligation to issue a declaration relating to the Code, accordingly the Company's Management Board and the Supervisory Board have not made a declaration pursuant to Section 161 of the German Stock Corporation Act (Aktengesetz).

However, the Company will fully comply with its obligation arising from a stock exchange listing to make a corresponding declaration pursuant to Section 161 of the German Stock Corporation Act (Aktengesetz) in the course of the financial year, to publish this declaration and to make it permanently accessible to shareholders. The Company's Management Board and the Supervisory Board identify with the objectives of the Code to foster a responsible and transparent corporate management style and control directed toward achieving a sustained increase in shareholder value. The Company therefore intends to declare in its disclosure pursuant to Section 161 of the German Stock Corporation Act (Aktengesetz) that it will comply with the recommendations of the Code with the following exceptions:

- **Section 3.8 para. 3 of the Code:**

The Code recommends that the D&O policy covering the members of a supervisory board shall provide for a deductible of at least 10% of the loss, up to at least the amount of one and a half times the fixed annual remuneration of the respective member of the supervisory board. The Company's D&O insurance does not provide for this kind of deductible with respect to the members of the Supervisory Board. The Company believes that a deductible is not suitable to influence motivation and responsibility of the members of the Supervisory Board. In addition, the deductible would not be appropriate given the lack of variable remuneration for the members

of the Supervisory Board and the corresponding lack of participation in any upside of the Company's shareholder value.

- **Section 4.1.3 sentences 2 and 3 of the Code:**

The Code recommends that the Management Board shall institute appropriate measures reflecting the company's risk situation (Compliance Management System) and disclose the main features of those measures. Employees shall be given the opportunity to report, in a protected manner, suspected breaches of the law within the company; third parties should also be given this opportunity. The Company has neither a Compliance Management System nor a system with which employees and third parties can provide appropriate protected information on suspected breaches of the law within the Company. The Company is of the opinion that both recommendations are extremely relevant and correct, which is why appropriate capacities for implementation are to be created and measures prepared during the course of the year.

- **Section 4.2.3 para. 4 and 5 of the Code:**

The Code recommends that, when contracts are entered into with members of the management board, it shall be ensured that payments, including fringe benefits, made to a member of the management board due to early termination of their contract do not exceed twice the annual remuneration (Severance Cap) and do not constitute remuneration for more than the remaining term of the employment contract. A Severance Cap will be ensured when new contracts with members of the management board are concluded. However, this does not apply to existing contracts and the renewal of contracts for which no Severance Cap was provided. In this respect, protection for these contracts is granted.

- **Sections 5.3.1 and 5.3.3 of the Code:**

The Code recommends that, depending on the specific circumstances of the company and the number of members of the supervisory Board, the supervisory board shall form committees of members with relevant specialist expertise. As the Company's Supervisory Board consists of only three persons in accordance with the Articles of Association, no committees are formed.

- **Section 5.4.1 para. 2 of the Code:**

The Code recommends that the supervisory board shall determine concrete objectives regarding its composition, and shall prepare a profile of skills and expertise for the entire Board. Within the company-specific situation the composition of the supervisory board shall reflect appropriately the international activities of the company, potential conflicts of interest, the number of independent members of the supervisory board within the meaning of Section 5.4.2, an age limit and a regular limit to supervisory board members' term of office, both to be specified, as well as diversity. The Supervisory Board has not passed a resolution specifying concrete objectives regarding its composition. While the Company believes that the current composition of the Supervisory Board complies with the criteria listed in Section 5.4.1 para. 2 of the Code, any proposals for board appointments at the Company are always submitted with a view towards selecting candidates with the highest qualification and personal experience complementing the overall composition of the board. Therefore, the Company is of the opinion that any fixed objectives regarding its composition are unsuitable for the purpose of electing an efficient and qualified Supervisory Board.

- **Section 5.4.6 para. 1 sentence 2 of the Code:**

The Code recommends that the status as chair or deputy chair of the supervisory board, as well as chair or membership of a committee, shall be taken into consideration when the remuneration of Supervisory Board members is specified by resolution of the general meeting or in the articles of association. Although the remuneration of the members of the Supervisory Board currently

takes into account the chairmanship and deputy chairmanship of the Supervisory Board and the chairmanship of committees, it does not take into account the sole membership of committees. In view of the size of the Supervisory Board of three members, the Company does not consider this necessary.

- **Section 7.1.2 sentence 3 of the Code:**

The Code recommends that the consolidated financial statements and the group management report shall be made publicly accessible within 90 days from the end of the financial year, while mandatory interim financial information shall be made publicly accessible within 45 days from the end of the reporting period. In accordance with the legal requirements for the publication of the consolidated financial statements within the first four months of the financial year, the Company complies with the legal requirements and will publish the declaration on the Code together with the consolidated financial statements.

May 2018