

## Declaration of Conformity in accordance with §

### **161 of the German Stock Corporation Act (AktG)**

The current and all previous declarations of conformity with the German Corporate Governance Code are permanently accessible on its website [www.vtg.de](http://www.vtg.de) (These announcements can be found under Company – Investor Relations – Corporate Governance – Declaration of Conformity).

#### **Wording of the current Declaration of Conformity**

In accordance with § 161 of the German Stock Corporation Act, the Executive Board and Supervisory Board of VTG AG state:

#### **Declaration of Conformity 2016**

On February 12, 2016, the Executive and Supervisory Boards of VTG AG issued a declaration of conformity in accordance with § 161 of the German Stock Corporation Act. VTG AG complies to a large extent with the recommendations of the Commission of the German Corporate Governance Code as amended on May 5, 2015 and has largely complied with these since the issue of the last declaration of conformity on February 4, 2015, whereby until publication of the amended Code in the Federal Gazette on June 12, 2015 the previous version of the Code as of June 24, 2014 was applied. The following recommendations have not been or are not being implemented:

##### **1. Section 3.8 paragraph 3 of the Code**

The directors' and officers' liability insurance taken out by the company for the members of the Supervisory Board does not provide for any deductible for the members of the Supervisory Board since such deductible in the view of the company is not necessary to increase the feeling of responsibility and motivation of the members of the Supervisory Board in the performance of their duties.

##### **2. Section 4.2.2 paragraph 2 sentence 3 of the Code**

The recommendations regarding the vertical remuneration comparison contained in section 4.2.2 paragraph 2 sentence 3 of the Code were neither implemented nor is it intended to implement them. The Supervisory Board, in accordance with § 87 (1) sentence 1 of the German Stock Corporation Act, already by law must ensure that the total remuneration of each member of the Executive Board is in proportion to the duties and performance of the Executive Board member and the situation of the company and does not exceed the normal level of remuneration unless there are special reasons. In doing so, the Supervisory Board also takes into account the remuneration of the subordinate levels of management. The determinations required by the Code for the vertical remuneration comparison involve substantial problems of distinction. Against this background, the currently existing flexible concept of the Supervisory Board without such determinations, which takes into account the specific situation of the individual case, is considered preferable.

### **3. Section 4.2.3 paragraph 2 sentence 6 of the Code**

The contracts of the Executive Board members currently in office contain a fixed maximum amount only with regard to the fixed and variable components of the remuneration, but not with regard to the “total remuneration” (including a potential discretionary bonus). In the view of the Supervisory Board is the capping of the Executive Board remuneration aimed by the Code already sufficiently ensured by the existing arrangements. Like in the past, the Supervisory Board will continue to use its best judgment when considering a potential discretionary bonus. For this reason it is not intended to implement this part of the recommendation of the Code.

### **4. Section 4.2.3 paragraph 2 sentence 6 of the Code**

The Supervisory Board does not consider it essential for an appropriate pension scheme to define the intended level of pension benefits and therefore reserves the right to make pension commitments without such definition. Due to specified plans and assumptions the Supervisory Board nevertheless is in a position to a sufficiently accurate picture of the annual and long-term expenditure for the company.

### **5. Section 4.2.3 paragraph 4 of the Code**

Some of the existing executive board contracts do not include a “severance payment cap”. In future too, the Supervisory Board cannot rule out concluding executive board contracts with provisions that in this respect do not accord with the code. The Supervisory Board is of the opinion that, in the interest of finding the optimal candidates for membership of the Executive Board, the existing freedom in the formulation of such contracts should not be restricted in advance in terms of individual elements thereof.

### **6. Section 4.2.4 of the Code**

As a result of a resolution to this effect of the Annual General Meeting of June 5, 2014, the company has not published individual reports on the remuneration of the members of the Executive Board. In accordance with this decision the compensation of the Executive Board will not be individually disclosed also in the annual financial statements and in the consolidated financial statements of the company for the financial years through and including 2018.

### **7. Section 4.2.5 paragraph 3 of the Code**

Since in accordance with the decision of the Annual General Meeting of June 5, 2014 the compensation of the Executive Board will not be individually disclosed the remuneration report does not contain an individualized description in accordance with the requirements of section 4.2.5 paragraph 3 of the Code and the model tables provided in the appendix of the Code are not applied.

### **8. Section 5.3.2 of the Code**

The company has decided, instead of setting up an audit committee ,to entrust the Supervisory Board with all monitoring activities, since this is a central task of the Supervisory Board. Moreover, the company is of the opinion that the setting up of an audit committee with at least three members would hardly relieve the existing Supervisory Board of any work, as it has only 6 members.

### **9. Section 5.3.3 of the Code**

In view of the small size of the Supervisory Board, the company has refrained from setting up its own nomination committee. The tasks of the nomination committee as provided for in the Code have been assigned to the Executive Committee, which, as with the Supervisory Board, comprises only representatives of the shareholders.

### **10. Section 5.4.1 paragraph 2 of the Code**

The objectives, which the Supervisory Board specified for its composition, do neither provide for any age limit nor any regular limit of length of membership and do not contain concrete objectives regarding diversity. The Supervisory Board is of the opinion that age or length of membership are no suitable criteria for selecting qualified female or male candidates. Regarding its composition the Supervisory Board attaches importance to diversity and is open for the objectives insofar pursued by the Code. In the opinion of the Supervisory Board concrete objectives are however problematic; a practicable and adequately flexible selection of its members will thus be complicated.

### **11. Section 7.1.2 sentence 2 of the Code**

The Supervisory Board is of the opinion that, due to the continuous reporting received by the Supervisory Board on all important events and due to the constant development of the business, a discussion of the half-year and quarterly reports with the Supervisory Board prior to publication is not absolutely necessary in order to enable the Supervisory Board to properly exercise its function of monitoring and control.

### **12. Section 7.1.2 sentence 4 of the Code**

The company meets its publication obligations within the deadlines set out in the law and informs its shareholders in advance, at the beginning of the year, about the dates for the publication of all financial reports to be published in the course of the business year. A further shortening of the deadlines in accordance with Section 7.1.2 of the Code is not considered reasonable by the Executive and Supervisory Boards in view of additional organizational requirements and associated expenditure.