

Declaration of the Supervisory Board of Aumann AG on the German Corporate Governance Codex pursuant to Section 161 of the Stock Corporation Act (AktG)

On March 22nd, 2018, the Supervisory Board issued its most recent Declaration on the Corporate Governance Codex pursuant to Section 161 of the *Aktiengesetz* (AktG, Stock Corporation Act). It reads as follows:

The executive board and supervisory board of an German stock corporation listed on the stock-exchange are under obligation, pursuant to Section 161 of the Stock Corporation Act (AktG), to declare, at least once annually, whether or not the recommendations of the “Government Commission on the German Corporate Governance Codex,” as published by the *Bundesministerium der Justiz und für Verbraucherschutz* (BMJV, Federal Ministry of Justice and Consumer Protection) in the official section of the *Bundesanzeiger* (Federal Gazette), have been complied with and continue to be complied with, or to declare which recommendations have not been applied, or are not being applied, while also stating the reasons for such exceptions.

Having dealt with matters of Corporate Governance on several occasions in fiscal year 2017, the Executive Board and Supervisory Board of Aumann AG hereby declare, pursuant to Section 161 of the Stock Corporation Act (AktG), that the recommendations of the “Government Commission on the German Corporate Governance Codex,” in the version dated February 7th, 2017, and published on April 24th, 2017, have been complied with and continue to be complied with, whereby the only exceptions hereto are set forth below, along with the supporting rationale:

Exceptions:

- Section 3.8: D&O insurance: The D&O insurance policy for members of the Supervisory Board does not provide for a deductible. We are confident that our Executive Board, Supervisory Board and employees exercise their duties with the greatest care and diligence. In light of the relatively low level of fixed remuneration paid to members of the Supervisory Board, we do not consider a deductible for the Supervisory Board to be appropriate. The D&O insurance for the members of the Executive Board provides for a deductible of 10%, with a maximum payment of 1.5 times the fixed annual compensation.
- Section 4.1.5: Thus far, the company has not had any management level(s) below the Executive Board, which is why quota targets are not deemed necessary, this being in accordance with the Act on Equal Participation of Women and Men in Executive Positions in the Private and the Public Sector (*Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst*). Also when considering the possible future implementation of such a management level, the main priority for the Executive Board of Aumann AG will be to ensure that candidates have the skills, knowledge, and experience that are required for the respective activity. Nonetheless, new appointments will increasingly focus on diversity in the future.
- Section 4.2.1: Structure of the Executive Board: The current Executive Board does not have a speaker or chairman. All current members of the Executive Board have been with the company for a number of years and have jointly directed it in the past. As our Executive Board comprises three members, an efficient decision-making process as well as mutual stand-in across departments are ensured. Hence, the Supervisory Board does not deem a chairman or speaker to be mandatorily required.
- Section 4.2.3: The variable remuneration components for the Executive Board under the existing Executive Board Service Agreements are not determined on a calculation basis that spans several years and that is primarily based on future developments. Instead, the calculation basis used to determine the variable remuneration components for Executive Board members is contingent on the company’s annual result and its ability to distribute dividends. The Supervisory Board takes the view that this approach makes it possible to orient the remuneration structure towards sustainable company growth and long-term business success. The Supervisory Board does, however, intend to offer the Executive Board an additional, multi-year incentive model.
Calculation of severance payment cap: The calculation of the severance payment cap is neither based on an Executive Board member’s total remuneration in the preceding fiscal year nor on the total remuneration expected for the current fiscal year. It is solely based on the current fiscal year’s fixed income and the bonus related to dividend payments. The total remuneration package also includes an entitlement to a share of the earnings. If a severance payment is made, the Supervisory Board does not deem it sensible to integrate components into severance payments that the Executive Board has no means of influencing.
- Section 4.2.5: Use of table templates: For the disclosure of the total remuneration of the members of the Executive Board the company does not make use of the Codex’s table templates. The Supervisory Board is confident that there are other ways of disclosing all relevant information in a generally understandable format, as the Codex requires, while deviating from the table templates.
- Section 5.1.2: Composition of Executive Board: When appointing members of the Executive Board of Aumann AG, the Supervisory Board will follow the requirements of the German Stock Corporation Act (AktG) by ensuring that candidates have the skills, knowledge, and experience that are required for the work of the Executive Board. Nonetheless, new appointments will increasingly focus on diversity in the future.
- Section 5.3: Supervisory Board committees: As the Supervisory Board consists of three members, its efficiency would not be enhanced by forming committees. We consider the number of Supervisory Board members to be adequate in light of the size of the company.
- Section 5.4.1, 5.4.2 und 5.4.3: Limits on membership: An age limit is not specified for the members of the Supervisory Board. In light of the age of the Supervisory Board members and their remaining term of office, we do not believe that it is necessary to introduce such limit. Furthermore, there is no limit to the duration of board membership, which we currently do not deem to be necessary given the current shareholder structure.

Accordingly, a given candidate is proposed exclusively on the basis of his or her knowledge, skills, and professional experience. The plan is to adhere to this approach going forward, so as to ensure that the appropriate level of professional experience and competence can be maintained. The Supervisory Board takes the view that proposals regarding its composition should be decided upon on a case-by-case basis in keeping with the specific situation at hand, without any need to prepare and publish a competence profile.

As regards the disclosure of a given candidate's personal and economic ties to the company, to the corporate bodies of the company, or to a major shareholder in the company (i.e. one with more than 10% of the voting shares), it is deemed more important to ensure the legal reliability of elections to the Supervisory Board than to pursue and recommend the making of disclosures that are not legally required in connection with the proposal of candidates.

- Section 7.1.2: Publications: The consolidated financial statements and interim financial reports are published in accordance with the statutory periods and those imposed by Deutsche Börse for the Prime Standard. As a fast-growing company, Aumann AG is required to consolidate a number of individual companies as well as to regularly perform first-time consolidations and deconsolidations. Therefore, adhering to the periods proposed by the German Corporate Governance Codex would place a disproportionate burden on the company.

Beelen, March 22nd, 2018

Gert-Maria Freimuth
For the Supervisory Board