

The German Government Commission of the German Corporate Governance Code (*Regierungskommission Deutscher Corporate Governance Kodex*) established by the German Federal Ministry of Justice in September 2001, approved the German Corporate Governance Code on 26 February 2002 (the "**Code**"), and most recently adopted various amendments to the Code on 5 May 2015. The Code contains recommendations and suggestions for the management and supervision of German listed companies. In this respect, it is based on internationally and nationally accepted standards for good and responsible corporate management. The Code is intended to make the German corporate governance system transparent and comprehensible. The Code includes recommendations (so-called "shall provisions") and suggestions (so-called "should or can provisions") on corporate governance in relation to shareholders and the General Shareholders' Meeting, the Management Board and the Supervisory Board, transparency, accounting and auditing of financial statements. The Code is available at: [www.corporate-governance-code.de](http://www.corporate-governance-code.de).

There is no obligation to comply with the recommendations or suggestions of the Code. However, Section 161 of the German Stock Corporation Act (*Aktiengesetz*) obliges the Management Board and the Supervisory Board of a listed company to declare annually either that the recommendations of the Code were and are being complied with, or to declare which recommendations were not and are not applied. This declaration is to be made accessible to shareholders.

The Company currently complies, and intends to comply in the future, with the recommendations of the Code, with the following exceptions:

- Section 3.8 of the Code: 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 Management Board and 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 policy for the members of the Management Board provides for a deductible of 10%, with a maximum payment of 1.5 times the fixed annual compensation.
- Section 4.1.5 of the Code: Composition of top level management: As a precautionary measure, we point out that the Management Board has not set any targets for a women's quota for the two top tiers of management below the Management Board for the Group. As the Company itself does not have management levels below the Management Board, no quota targets have to be set in accordance with the Act for equal participation of women and men in managerial positions in the private sector and in public service (*Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst*). On a Group level we do not deem a quota necessary as we ensure that candidates have the skills, knowledge and experience that are required for the work on a management level. Management Board and Supervisory Board consider criteria such as a candidate's gender as less decisive, even though they expressly welcome diversity.
- Section 4.2.1 of the Code: Structure of the Management Board: The current Management Board does not have a speaker or chairman. All current members of the Management Board have been with the Group for a number of years and have jointly led it in the past. As our Management Board comprises three members, an efficient decision making process as well as a mutual stand in across departments are ensured. As a result, the Supervisory Board does not deem a chairman or speaker useful.
- Section 4.2.3 of the Code: Calculation of severance payment cap: The calculation of the severance payment cap is neither based on a Management Board member's total remuneration in the current year nor on the total remuneration for the forthcoming year. It is solely based on the current 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. The Supervisory Board does not deem it sensible to include components into severance payments, which are not under the influence of the individual board member.
- Section 4.2.5 of the Code: Use of table templates: For the disclosure of the total remuneration of the members of the Management Board, the Company does not make use of the Code'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 Code requires.

- Section 5.1.2 of the Code: Composition of Management Board: When appointing members of the Management Board, the Supervisory Board will follow the requirements of the German Stock Corporation Act by ensuring that candidates have the skills, knowledge and experience that are required for the work of the Management Board. However, the Supervisory Board considers criteria such as a candidate's gender as less decisive, even though it expressly welcomes diversity.
- Section 5.3 of the Code: Supervisory Board committees: As the Supervisory Board consists of three members, committees would not provide for more efficiency. We consider the number of Supervisory Board members to be adequate in light of the size of the Company.
- Section 5.4.1 of the Code: 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.
- Section 7.1.2 of the Code: Publications: The consolidated financial statements and interim financial reports are published in accordance with the statutory periods and those imposed by Deutsche Börse AG for the Prime Standard. As a fast growing company, Aumann AG is required to consolidate a number of individual companies as well as regularly performing 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.