

## **SIMONA AG Declaration of Conformity with the German Corporate Governance Code**

**On 24 February 2020, the Management Board and Supervisory Board issued the following Declaration of Conformity in accordance with Section 161 of the Stock Corporation Act (Aktiengesetz – AktG):**

Since the last Declaration of Conformity issued on 22 February 2019, SIMONA AG (hereinafter referred to as „SIMONA“) has complied and continues to comply with the recommendations of the Government Commission of the German Corporate Governance Code in the applicable version of 7 February 2017, with the exception of the following departures:

### **Section 3.8 paragraph 3 – D&O insurance deductible for Supervisory Board**

Explanation: The Supervisory Board discharges the duties incumbent upon it with the utmost sense of responsibility. A deductible in respect of D&O insurance would represent no improvement and would provide no additional incentive.

### **Section 4.2.3 paragraph 4 sentences 1 and 3 – Severance pay cap**

Explanation: The current Management Board contracts include no provisions for capping in respect of payments made to a Management Board member on premature termination of his/her contract. The Supervisory Board deems as inappropriate the use of such a severance pay cap.

### **Section 4.2.5 paragraph 3 – Itemised presentation of Management Board compensation**

Explanation: On 10 June 2016, the Annual General Meeting of Shareholders of SIMONA agreed by the requisite majority of three-quarters to disclose Management Board compensation in an aggregated format, divided into fixed and performance-related components, rather than disclosing each amount by name. Therefore, no itemised presentation for each Management Board member, detailing specific compensation parameters and using the recommended model tables, shall be provided by the company. This resolution applies to the financial years 2016 - 2020.

### **Section 5.3.3 – Nomination Committee within Supervisory Board**

Explanation: The Board plans to form a Nomination Committee in view of the upcoming elections of shareholder representatives to the Supervisory Board in 2021.

## **Section 5.4.1 paragraphs 2 and 3 – Diversity concept regarding composition of Supervisory Board and regular limit regarding term of office**

Explanation: The Supervisory Board supports the fundamental importance of diversity to the company with regard to its composition. However, contrary to the recommendations set out in Section 5.4.1 of the Code, the Supervisory Board has decided against specifying concrete objectives in the form of quotas or absolute figures. As regards its nominations submitted to the General Meeting, the Supervisory Board primarily takes into consideration the individual abilities, knowledge and professional experience of male and female candidates. With this in mind, no regular limit with regard to length of membership for members of the Supervisory Board has been defined. The Supervisory Board is of the opinion that, in particular, the expertise of experienced Supervisory Board members with a proven track record spanning many years and a demonstrable understanding of the industry and enterprise should be made available to the company.

## **Section 5.4.6 paragraph 1 sentence 2 – Remuneration for Chair of Supervisory Board committees**

Explanation: The Articles of Association of SIMONA include provisions outlining special compensation in respect of the role of chairperson and deputy chairperson of the Supervisory Board. Additionally, membership of Supervisory Board committees is subject to special compensation. By contrast, no separate compensation is payable in respect of the chairmanship of a committee, and such a policy is not deemed necessary at present.

## **Section 7.1.2 sentence 4, first half sentence – Publication deadline for consolidated financial statements**

Explanation: SIMONA publishes its consolidated financial statements in compliance with statutory schedules of disclosure. Owing to the procedures defined for the preparation of financial statements, the aim being to deliver the greatest possible transparency and accuracy, earlier publication would not be feasible.

**Kirn, 24 February 2020**

SIMONA AG

Supervisory Board and Management Board