

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

**On 10 March 2011, the Management Board and Supervisory Board issued the following Declaration of Conformity in accordance with Section 161 of the Stock Corporation Act (Aktiengesetz – AktG):**

SIMONA AG has complied with the recommendations specified within the German Corporate Governance Code since the Company's initial Declaration of Conformity in March 2003 and will continue to comply with the aforementioned Code, with the exception of the following departures:

- Notifications relating to the convening of a General Meeting, together with the associated documents, are not yet sent by electronic means. Within this context, the required approvals have not been granted. Regardless of whether the approval requirements are fulfilled, SIMONA is of the opinion that an additional dispatch by electronic means would not be practicable, as the names and e-mail addresses of shareholders are not known in all cases. (Section 2.3.2 of the Code)
- At present, the Management Board contracts contain no possibilities of limitation (cap) in respect of extraordinary developments. In the Company's opinion, a change of ownership in particular is considered to constitute an extraordinary development. As regards such events, the current Management Board contracts contain no provisions under which board members would have a claim for additional payments. Therefore, from SIMONA's perspective an agreement concerning caps is deemed unnecessary. (Section 4.2.3 of the Code)
- On 23 June 2006, the General Meeting of Shareholders of SIMONA AG agreed by a 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. (Section 4.2.4 of the Code)
- The Supervisory Board has not yet formed a Nomination Committee. The shareholder representatives on the Supervisory Board already discuss nominations on a separate basis. Therefore, in SIMONA's opinion the actual formation of a Nomination Committee is unnecessary. (Section 5.3.3 of the Code)

- The members of the Supervisory Board receive remuneration that is commensurate with their duties and scope of responsibility. This compensation consists of fixed remuneration as specified by the Articles of Association and does not contain a performance-related component. However, the General Meeting of Shareholders is authorised to introduce compensation for the Supervisory Board, with this form of remuneration being linked to the attainment of specific performance targets. In view of the overall compensation structure, SIMONA considers this approach to be the most suitable compensation model in respect of the Supervisory Board's activities. (Section 5.4.6 paragraph 2 of the Code)
- Consolidated financial statements and interim statements are made publicly accessible in accordance with the statutory time frames. Owing to the procedures defined for the preparation of annual financial statements, the aim being to deliver the greatest possible transparency and accuracy, SIMONA is of the opinion that earlier publication would not be feasible in terms of meeting requisite quality standards. (Section 7.1.2 of the Code)

**Kirn, March 2011**

**SIMONA AG**

**Supervisory Board and Management Board**