

Declaration of Conformity with the German Corporate Governance Code

On 23 February 2017, 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 23 February 2016, 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 5 May 2015, as published by the Federal Ministry of Justice in the official section of the Federal Gazette, with the exception of the following departures:

Section 3.8 paragraph 3: A D&O insurance policy taken out for the Supervisory Board shall include a deductible of at least 10% of the loss up to at least the amount of one and a half times the fixed annual compensation.

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: In concluding Management Board contracts, care shall be taken to ensure that payments made to a Management Board member on premature termination of his/her contract do not exceed the value of two years' compensation (severance pay cap) and compensate no more than the remaining term of the employment contract; calculations shall be made on the basis of total compensation.

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 is of the opinion that a severance pay cap of this kind is not appropriate.

Section 4.2.5 paragraph 3: The company shall present in its compensation report the components of compensation, detailing specific compensation parameters and using the model tables provided, for each member of the Management Board.

Explanation: On 1 July 2011, the Annual General Meeting of Shareholders of SIMONA agreed by the requisite three-quarter majority 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.

Section 5.3.3: The Supervisory Board shall form a Nomination Committee.

Explanation: The shareholder representatives on the Supervisory Board already discuss nominations on a separate basis. Therefore, in the Supervisory Board's opinion the formation of a Nomination Committee is unnecessary given the fact that the Supervisory Board only consists of four shareholder representatives.

Section 5.4.1 paragraphs 2 and 3: The Supervisory Board shall specify concrete objectives regarding its composition, whilst considering the specifics of the enterprise and taking into account aspects relating to diversity.

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. According to this also 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: When determining the compensation of Supervisory Board members, both chairmanship and deputy chairmanship of the Supervisory Board as well as chairmanship and deputy chairmanship of committees shall be taken into consideration.

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: The consolidated financial statements shall be publicly accessible within 90 days of the end of the financial year.

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, 23 February 2017

SIMONA AG
Supervisory Board and Management Board