

## **Declaration of Compliance with the German Corporate Governance Code for the 2017 Financial Year**

The Management Board and Supervisory Board of Nabaltec AG, with registered office in Schwandorf, hereby declare as follows pursuant to § 161 of the German Stock Corporation Act:

Since filing its first Declaration of Compliance on 26 March 2007, Nabaltec AG has complied with the recommendations of the German Corporate Governance Code (the Code) in Financial Years 2007 to 2016, with the exceptions noted in the Declarations of Compliance for those years. In Financial Year 2017, the Company will comply with the recommendations of the Code as amended on 5 May 2015 and published in the Bundesanzeiger [Federal Gazette], with the following exceptions:

- A directors and officers (D&O) policy is in place for members of the Supervisory Board, but no deductible has been stipulated for insured persons (3.8 of the Code). The Management and Supervisory Boards do not believe that such a deductible would have the effect of improving the motivation and sense of responsibility of the Supervisory Board members in performing their assigned functions.
- The compensation report contains no disclosures with respect to the benefits granted to each Management Board member (including fringe benefits and attainable maximum/minimum compensation), the accrual of the compensation and the cost for pensions and other benefits (4.2.5 of the Code), since the company properly discloses the information required by law and since the interest of the shareholders in transparency is adequately satisfied, in the view of the Supervisory Board, by publication of the disclosures in the notes and management report.
- There is no defined age limit for Management Board members (5.1.2 of the Code), in order to give the Company access to the expertise of older and more experienced Management Board members and in order to avoid precluding the optimal composition of the Management Board based on nothing more than formal considerations.
- The Supervisory Board does not form any committees, and in particular, does not have a committee on auditing or nomination (5.3.1, 5.3.2 and 5.3.3 of the Code). The Supervisory Board numbers three persons, which is adequate for the size of the Company. Since any Supervisory Board committee would also require at least three members, the Supervisory Board currently deems the formation of committees to be neither necessary nor expedient, and since it works effectively in the general committee.
- The Supervisory Board has not defined concrete objectives with regard to a regular limit on the length of membership in the Supervisory Board or an age limit for Supervisory Board members because the selection of Supervisory Board members is based primarily on their qualifications, professional suitability and experience (5.4.1 of the Code). The Supervisory Board considers the introduction of a regular limit on the length of membership or an age limit to be a merely formal criterion which is not necessary and suited for the Supervisory Board to perform its deliberative and supervisory tasks in a comprehensive manner. Rather, the expertise of particularly experienced Supervisory Board members is to be available to the Supervisory Board and the company regardless of a formal term limit or age limit. Since qualifications, professional suitability and

experience are to be paramount, no specific targets have been defined with regard to diversity in the Supervisory Board. Diversity is to be adequately taken into account by the Supervisory Board when searching for successors for departing Supervisory Board members.

- The Supervisory Board shall not announce proposed candidates for Supervisory Board chairman (Section 5.4.3 of the Code) so as not to anticipate the discussion in the Supervisory Board following the upcoming reelection of the Supervisory Board at the next shareholder meeting.
- The position of deputy chairman of the Supervisory Board does not affect compensation. Supervisory Board compensation is not itemized and disclosed by name in the notes or the management report (5.4.6 of the Code). The Management and Supervisory Boards deem the current level of compensation for members of the Supervisory Board, which is defined by the general meeting, to be reasonable, and disclosure of total Supervisory Board compensation in the consolidated notes to be sufficient.
- The Company will not publish its consolidated financial statements within 90 days of the close of each financial year and interim reports within 45 days of the close of each reporting period (7.1.2 of the Code). The Company's consolidated financial statements will to be published within four months of the close of each financial year and interim reports within two months of the close of each reporting period. In other words, the Company will voluntarily comply with the statutory deadlines for the regulated market and the stock exchange rules for the Prime Standard segment which are deemed reasonable by the Management Board and Supervisory Board.

Schwandorf, 3 March 2017

The Management Board:

The Supervisory Board:

Johannes Heckmann

Dr. Leopold von Heimendahl

Günther Spitzer

Dr. Dieter J. Braun

Dr. Michael Klimes

Prof. Dr.-Ing. Jürgen G. Heinrich