

## De Raj Group AG

### Declaration of compliance with the German Corporate Governance Code (DCGK)

*- Courtesy Translation /*

*Only the German Version of this Declaration is the Binding Version -*

The Executive Board and the Supervisory Board of De Raj Group AG have issued the following declaration of compliance with the German Corporate Governance Code (version of 7 February 2017) in accordance with section 161 AktG:

The Management Board and the Supervisory Board of De Raj Group AG welcome and support the German Corporate Governance Code and the goals it pursues. Save for the exceptions listed below, De Raj Group AG follows the recommendations of the German Corporate Governance Code as amended on 7 February 2017 and will continue to do so in the future:

#### **D & O insurance, section 3.8 DCGK:**

D & O insurance policies for the Management Board and Supervisory Board do not provide for a deductible for members of the Supervisory Board (section 3.8 DCGK). The Company is of the opinion that it is not necessary to agree on a deductible for members of the Supervisory Board in order to encourage the members of the Supervisory Board to act more responsibly, since they are in any case obligated to act responsibly in the interests of the company, and that the agreement of a deductible could possibly deter potential candidates for the Supervisory Board from taking over the office.

#### **Compliance Management System, Whistleblower Hotline, section 4.1.3 DCGK:**

The Management Board ensures compliance with the legal provisions and company-internal guidelines and acts towards their observance by the Group companies. For this purpose, a compliance management system has been set up (section 4.1.3 DCGK).

The establishment of a whistleblower hotline was waived. Due to the size of the company, the small number of employees and the flat hierarchies, the company believes that it has a functioning compliance management system even without the establishment of a whistleblower hotline so that any compliance violations, even without such Whistleblower Hotline, will be discovered in time and avoided or eliminated.

**Diversity, section 4.1.5:**

The Management Board dispenses with fixed requirements for the consideration of diversity and the appropriate representation of women in management functions in accordance with section 4.1.5 of the Code. The Board also refrains from setting a target for the proportion of women in management positions. Rather, the Board considers it appropriate to determine the question of diversity and the representation of women in individual cases and not to make them dependent on stipulations, in particular abstract targets.

**Remuneration components of the members of the Executive Board, section 4.2.3:**

In deviation to section 4.2.3 (6) of the Code, the report provided by the Chairman of the Supervisory Board to the Annual General Meeting on the principles of the remuneration system is waived, because the principles of the remuneration system and the exact amount of the respective remuneration will be included in the Consolidated Financial Statements (Remuneration Report) for the financial year 2018.

**Disclosure of the compensation components of the members of the Management Board, section 4.2.5, last sentence:**

The disclosure of the remuneration components of the members of the Management Board in accordance with the provision in Section 4.2.5 in the 2018 Consolidated Financial Statements was not made by way of the sample tables attached to the Code. In the opinion of the Company, the remuneration structure for 2018 was not so complex that the use of the sample tables attached to the Code would have been justified.

**Diversity, age limits for members of the Board of Management and the Supervisory Board, sections 5.1.2 and 5.4.1 DCGK:**

The Supervisory Board refrains from adhering to diversity requirements in the composition of the Executive Board in accordance with section 5.1.2 of the Code and setting a target for the proportion of women on the Executive Board. Instead, the Supervisory Board considers it appropriate to determine the question of diversity and the representation of women in individual cases and not to make them dependent on abstract specifications, in particular target figures. Furthermore, the Supervisory Board refrains from working together with the Executive Board to ensure long-term succession planning, as the current age structure of the Executive Board members means there is currently no need for such planning.

There are no age limits for members of the Management Board and Supervisory Board (sections 5.1.2 and 5.4.1 DCGK). The Company is of the opinion that the determination of an age limit is not advisable, as the company should also have the knowledge and experience of older persons in the context of the Executive Board and Supervisory Board activities.

**Committees, section 5.3 DCGK:**

In view of its small number of members, the Supervisory Board refrains from forming committees (section 5.3 DCGK).

**Composition of the Supervisory Board, section 5.4.1:**

The Supervisory Board refrains from naming concrete targets for its composition in accordance with section 5.4.1 of the Code and developing a competence profile for the entire Supervisory Board. In addition, the Supervisory Board refrains from setting an age limit for Supervisory Board members, a limit for the length of service or any requirements for diversity. Rather, the Supervisory Board will align its composition with the current requirements of the company and deems a determination in advance within the framework of predefined goals, competence profiles or other requirements, such as: age limits, not advisable.

**Independence, section 5.4.2:**

The composition of the Supervisory Board focuses on personal and professional suitability. Contrary to section 5.4.2 of the Code, members of the Supervisory Board as well as all of the Supervisory Board members may also be suitable if they do not meet the criteria for independence stated therein.

**Publication of consolidated financial statements and financial information during the financial year, section 7.1.2:**

In deviation from section 7.1.2 of the Code, the consolidated financial statements and financial information are made available within the deadlines set out in the statutory disclosure provisions and not within the stricter limits of the Code of 90 days after the end of the financial year (consolidated financial statements and group management report) and 45 days after the end of the reporting period (interim financial information). The Company currently sees no improvement in capital market transparency when business figures are published faster than the law requires.

Cologne, November 2019

De Raj Group AG

The Management Board

The Supervisory Board