

## **Declaration of Compliance with the German Corporate Governance Code for the 2018 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 2017, with the exceptions noted in the Declarations of Compliance for those years. In Financial Year 2018, the Company will comply with the recommendations of the Code as amended on 7 February 2017 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 Management Board provides for adequate measures adjusted to the situation of risk of the company with regard to Compliance; the Company, however, does not disclose the main features of such measures as the company generally treats for the company's benefit all matters of the internal organization of the company confidential (4.1.3 of the Code). Both, the employees as well as third parties may at any time inform the Management Board, the Supervisory Board, the Works Council or other persons of trust with regard to legal or compliance violations in the Company; however, from the Management Board's point of view in this respect no particularly protected way of communication is necessary since such information will in any case be treated with the necessary confidentiality and be pursued appropriately (4.1.3 of the Code).
- 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 and presenting respective proposals to the Annual General Meeting.
- 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 and consolidated management report within 90 days of the close of each financial year and its obligatory financial information during the financial year within 45 days of the close of each reporting period (7.1.2 of the Code). The Company's consolidated financial statements and consolidated management report will be published within four months of the close of each financial year and obligatory financial information during the financial year will be published 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, 2 March 2018

The Management Board:

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Johannes Heckmann

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Günther Spitzer

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Dr. Michael Klimes

The Supervisory Board:

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Gerhard Witzany

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Dr. Dieter J. Braun

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Prof. Dr.-Ing. Jürgen G. Heinrich