

## Declaration of Compliance 2017

“Since the Declaration of Compliance last submitted in September 2016, technotrans AG has complied with the recommendations of the German Corporate Governance Code (DCGK) in the version dated May 5, 2015 (announced in the Federal Gazette on June 12, 2015) with the exception of the following departures, and will in the future equally comply with the recommendations of DCGK in the version dated February 7, 2017 (announced in the Federal Official Gazette on April 24, 2017), with the declared exceptions:

### Article 4.2.5 (Disclosure of Board of Management remuneration)

The German Corporate Governance Code recommends that the benefits granted plus fringe benefits, the maximum and minimum attainable remuneration for variable remuneration components as well as the fixed remuneration, short-term and long-term variable remuneration received, together with the benefit expenses for occupational pensions and other maintenance benefits, be presented in the Remuneration Report for every Board of Management member, and that template specimen tables be used for this information.

technotrans AG discloses the remuneration of each individual Board of Management member in agreement with the applicable statutory requirements, broken down into non-performance-related and performance-related pay. The Board of Management and Supervisory Board do not believe that changing the form of presentation for Board of Management remuneration will improve quality and ease of understanding. For that reason, no further sub-classification is practised, nor are the specimen tables used.

### Article 5.1.2 (Composition of the Board of Management)

The German Corporate Governance Code recommends that the Supervisory Board also heed diversity in the composition of the Board of Management, with the company taking the recommendation to mean that women are to be adequately represented.

The Supervisory Board considers that belonging to a particular gender is not an attribute that would particularly qualify a female or male candidate

for a particular position, and therefore disregards this criterion when selecting the most suitable candidate for a position. When deciding on the appointment of new members of the Board of Management, in future the emphasis will be on the qualifications of the candidates and not on their gender. The Supervisory Board also takes this as its basis in specifying the targets for the proportion of women on the Board of Management in accordance with Section 111 (5) of the German Stock Corporation Act.

#### **Article 5.4.1 (Objective for the composition of the Supervisory Board)**

The German Corporate Governance Code contains the recommendation that the Supervisory Board should state specific objectives for its composition and draw up a skills profile for the overall board. With regard to its composition, within the context of the specific situation of the company it should take suitable account of the international operations of the company, potential conflicts of interest, the number of independent Supervisory Board members, a possible age limit for Supervisory Board members, and diversity. In its current version the Code also contains the recommendation, within the context of its objective, to specify a cap on how long a person may serve on the Supervisory Board alongside the above criteria. In addition, proposals by the Supervisory Board to the Annual General Meeting should take account of these goals while also seeking to reflect the skills profile.

The implementation status is to be published in the Corporate Governance Report. This report should also provide details of what the Supervisory Board believes to be an appropriate number of independent members.

For its proposals to the Annual General Meeting for the election of new Supervisory Board members, the Supervisory Board should ensure that the candidate in question can set aside the anticipated time required. The proposal of a candidate should also be accompanied by a CV providing information on relevant knowledge, skills and experience; this should be supplemented with an overview of the principal activities alongside the non-executive directorship and an updated version be published for all Supervisory Board members every year on the website of the company. In its election proposals to the Annual General Meeting, the Supervisory Board should disclose the personal and business relationships of every candidate with the business, with the corporate bodies of the company and with a shareholder holding a material stake in the company.

technotrans AG has for many years imposed an age limit of 67 (at the time of election) to membership of its Supervisory Board. The Supervisory Board has in addition drafted an objective and a skills profile, in which it considers both the composition of the overall board and the skills of the individual members. It thus addresses such issues as the desirability of an international composition, diversity and independence, but also how much time each Supervisory Board member has available. Notwithstanding this, the Board of Management and Supervisory Board are of the opinion that the intention pursued by the Code can also be achieved without the need to state specific goals, for example in the area of diversity or in terms of a limit on how long a person may serve on the Supervisory Board, and that defining further goals would actually hinder the Supervisory Board in selecting suitable members. In that respect the Supervisory Board only meets the recommendations of Article 5.4.1 of DCGK with restrictions, despite the skills profile it has approved and the associated objective.

The Supervisory Board will, however, largely observe the criteria stated in the recommendation of the Code when proposing persons to the Annual General Meeting for election.

With regard to time available and the new recommendation to publish the CVs of the candidates and Supervisory Board members, technotrans AG will likewise observe the recommendations in Article 5.4.1 of DCGK in future. Personal and business relationships will equally be disclosed in the future.

With regard to the “diversity” criterion, which the company also takes to include the appropriate representation of women, the Supervisory Board will however not primarily consider gender and – regardless of their gender – will continue to focus on the knowledge and specialist qualifications of the candidates. The Supervisory Board also takes this as its basis in specifying the targets for the proportion of women on the Supervisory Board in accordance with Section 111 (5) of the German Stock Corporation Act. In light of the circumstances presented above, the Supervisory Board also declines to stipulate a limit on how long a person may serve on the Supervisory Board. Here, too, the interests of the company are best served by basing membership of the Supervisory Board solely on the knowledge and specialist qualifications of its members.

The Supervisory Board will in future report on the implementation status of its objective and its assessment of the independence of the Supervisory Board members in the Corporate Governance Report.

#### Article 5.4.6 (Remuneration of the Supervisory Board members)

In the event that performance-related remuneration is promised, the German Corporate Governance Code envisages that this be tied to sustainable corporate performance.

In accordance with the Articles of Incorporation the members of the Supervisory Board receive a variable remuneration component that does not expressly reflect sustainable corporate performance.”

Sassenberg, September 2017