

## **DECLARATION OF CONFORMITY OF EUROKAI GMBH & CO. KGAA WITH THE GERMAN CORPORATE GOVERNANCE CODE**

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Pursuant to Section 161 of the German Stock Corporation Act (AktG), the Management Board of Kurt F. W. A. Eckelmann GmbH, Hamburg, as Personally Liable General Partner, and the Supervisory Board of EUROKAI GmbH & Co. KGaA (hereinafter "EUROKAI"), taking into account the specific organisational distinctions of the legal form of a partnership limited by shares (KGaA) as set out in the following (cf. A below), and the structuring of this legal form through EUROKAI's Articles of Association, declare that, with the exception of the deviations set out in the following (cf. B below), in the period since the last Declaration of Conformity of April 2016, EUROKAI has complied with and will continue to comply with the recommendations of the "Government Commission German Corporate Governance Code" in the version dated 5 May 2015 and published in the Federal Gazette on 12 June 2015 (hereinafter the "Code").

### **A SPECIFIC ORGANISATIONAL DISTINCTIONS OF THE LEGAL FORM OF A PARTNERSHIP LIMITED BY SHARES (KGAA)**

- EUROKAI is a Kommanditgesellschaft auf Aktien – ("KGaA" – partnership limited by shares). In a KGaA, the duties of the management board of a stock corporation ("AG") are the responsibility of the personally liable general partner. The sole Personally Liable General Partner of EUROKAI is Kurt F. W. A. Eckelmann GmbH, Hamburg, whose Managing Directors are thus responsible for conducting the business of EUROKAI. EUROKAI does not hold an interest in the Personally Liable General Partner. The sole shareholder of the Personally Liable General Partner is Familie Thomas Eckelmann GmbH & Co. KG, Hamburg, which is controlled entirely by the family of Mr Thomas H. Eckelmann.
- In comparison with the supervisory board of a German stock corporation, the role of a supervisory board of a KGaA is limited. In particular, the supervisory board is not responsible for appointing or dismissing general partners or for regulating the terms and conditions of their contracts, issuing rules of procedure for the management board or determining business transactions requiring approval. For this reason, Section 7 of EUROKAI's Articles of Association requires that the Personally Liable General Partner obtain the prior approval of the Supervisory Board for all extraordinary transactions. To this end Section 7 of the Articles of Association contains a catalogue of business transactions requiring approval. The duty of the management board of a stock corporation to report to and inform the supervisory board, as governed by Section 90 AktG, applies analogously to EUROKAI as a KGaA.

- The general meeting of a KGaA fundamentally has the same rights as the general meeting of an AG; it additionally resolves on the adoption of EUROKAI's annual financial statements. Many of the resolutions made by the General Meeting require the consent of the Personally Liable General Partner; particularly the adoption of EUROKAI's annual financial statements.
- Although the concrete wording of the recommendations of the Code does not in all instances take into account the specific organisational distinctions of the legal form of a KGaA, the sole Personally Liable General Partner, Kurt F. W. A. Eckelmann GmbH, and the Supervisory Board have agreed to currently and in future comply with the recommendations of the Code with the deviations stated in Section B below.

### **B. DEVIATIONS FROM THE RECOMMENDATIONS OF THE CODE**

The following are the only provisions of the Code that were not applied and will not be applied in the future:

#### **B. 1 Section 3.8 (3) – Deductible in the D&O (directors' and officers' liability insurance) policy for the Supervisory Board**

No deductible has been agreed upon in the D&O policy for the Supervisory Board because neither the Personally Liable General Partner nor the Supervisory Board believes that the motivation and responsibility which the Supervisory Board brings to the fulfilment of its duties can be improved by any such deductible.

#### **B. 2 Section 4.2.4, 4.2.5 (3) – Separate disclosure of the total compensation of each of the Managing Directors of the Personally Liable General Partner**

Separate disclosure of the total compensation of each of the Managing Directors of the Personally Liable General Partner in the notes or the management report is dispensed with. Section 9 of EUROKAI's Articles of Association provides that the compensation of the Managing Directors of the Personally Liable General Partner is determined by EUROKAI's Supervisory Board and is granted and paid to them directly by EUROKAI. To date no use has been made of this option. EUROKAI pays no compensation either to the Managing Directors of the Personally Liable General Partner or to the Personally Liable General Partner itself. As a precautionary measure however, in application of Sections 286 (5), 314 (2) sentence 2 of the German Commercial Code (HGB), the EUROKAI General Meeting of 10 June 2015 decided that in the annual and consolidated financial statements for EUROKAI to be prepared for the years 2015 to 2019 the disclosures required under Section 285 sentence 1 no. 9 letter a sentence 5 to 8 and under Section 314 (1) no. 6 letter a sentence 5 to 8 HGB would be omitted.

### **B. 3 Section 5.3.3 – Nomination Committee**

Pursuant to Section 5.3.3 of the Code, the Supervisory Board is to form a nomination committee composed exclusively of shareholder representatives which proposes suitable candidates to the Supervisory Board for recommendation to the General Meeting.

The Personally Liable General Partner and the Supervisory Board are of the opinion that a nomination committee is not required since the Supervisory Board is composed of only six representatives of the shareholders and is therefore in a position to directly and efficiently make election recommendations to the General Meeting.

### **B. 4 Section 5.4.1 (2) – Limit of length of membership for members of the Supervisory Board**

The Personally Liable General Partner and the Supervisory Board believe that setting such a limit would be an inappropriate restriction on the shareholders' right to elect Supervisory Board members.

### **B. 5 Section 6.2 – Disclosure of the ownership of shares**

Pursuant to Section 6.2 of the Code, beyond the statutory obligation to report and disclose dealings in EUROKAI shares without delay, the ownership of shares in EUROKAI or related financial instruments by Management Board and Supervisory Board members shall be reported if these directly or indirectly exceed 1% of the shares issued by EUROKAI. If the entire holdings of all members of the Management Board and Supervisory Board exceed 1% of the shares issued by EUROKAI, these entire holdings shall be reported separately in the Corporate Governance Report according to Management Board and Supervisory Board.

Both the Personally Liable General Partner and the Supervisory Board consider the relevant statutory obligation to report and disclose dealings in EUROKAI shares without delay to be adequate. It therefore did not apply this recommendation.

### **B. 6 Section 7.1.2 – Reporting**

Pursuant to Section 7.1.2 of the Code, the consolidated financial statements shall be publicly accessible within 90 days of the end of the financial year; interim reports (half-yearly and any quarterly reports) shall be publicly accessible within 45 days of the end of the reporting period.

EUROKAI does not apply this recommendation, and practically is not in a position to do so. EUROKAI is a pure financial holding company and therefore relies on the figures provided by its investment holdings, which it regularly does not receive in time to comply with the recommendation. The consolidated financial statements are published pursuant to the requirements under Section 15 of the Company Disclosure Act (PublG) and Section 325 (4) of the German Commercial Code (HGB) and the half-yearly report pursuant to the requirements under Sections 37w f. of the German Securities Trading Act (WpHG).

Hamburg, Germany, March 2017

Personally Liable General Partner  
Kurt F. W. A. Eckelmann GmbH, Hamburg

Thomas H. Eckelmann  
Cecilia E. M. Eckelmann-Battistello

Dr Winfried Steeger  
Supervisory Board