

DECLARATION OF CONFORMITY PURSUANT TO SECTION 161 AKTG

The Management Board and Supervisory Board of Progress- Werk Oberkirch AG declare that the Company will comply with the recommendations of the Government Commission on the German Corporate Governance Code as published on February 7, 2017 with the following exceptions:

CODE ITEM 3.8 | D&O INSURANCE

For the Supervisory Board, the Articles of Association stipulate a deductible equal to half of the fixed annual remuneration of the Supervisory Board member. The Company is of the opinion that an adequate provision has been made, especially as a higher deductible would not serve to increase the motivation and sense of responsibility of the members of the Supervisory Board.

CODE ITEM 4.1.5 | FILLING EXECUTIVE POSITIONS

The Management Board should keep diversity in mind when filling executive positions within the Company and make a special effort to appropriately consider women for these positions. When filling executive positions, the Management Board guided itself by the Company's interests and the statutory requirements. Priority has therefore been given to the professional and personal qualifications of candidates – irrespective of their gender – and this will continue to be the case in the future. The Management Board has complied with the applicable legal requirements with respect to setting targets for the proportion of women in the two management levels below the Management Board and specifying a deadline to achieve these targets.

CODE ITEM 4.2.3 | CONTRACTS WITH MANAGEMENT BOARD MEMBERS

Previously concluded management contracts provide a cap on the variable remuneration components. A further cap on remuneration overall would cause considerable practical difficulties due to fluctuations in the allocations to pension provisions. Therefore, the Supervisory Board has refrained from establishing a cap on overall remuneration.

CODE ITEM 5.3.3 | NOMINATION COMMITTEE

The Supervisory Board believes it is unnecessary to form a Nomination Committee, as the previous practice of drafting nominations for suitable candidates for new election or re-election of Supervisory Board mandates by the Annual General Meeting has proven to be effective and efficient. Since the Supervisory Board consists of a total of six members, it also considers it appropriate for the entire Supervisory Board to involve themselves in the nomination of Supervisory Board candidates.

The Company has complied with the recommendations of the Government Commission on the German Corporate Governance Code in the version of February 7, 2017, since the submission of the last declaration in accordance with Section 161 AktG in December 2017 with the exception of the items described.

Oberkirch, December 2018

Progress-Werk Oberkirch AG

The Supervisory Board

The Management Board

Karl M. Schmidhuber
Chairman

Dr. Volker Simon
CEO

Bernd Bartmann
CFO

Johannes Obrecht
COO