

DECLARATION OF CONFORMITY PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

The Management Board and Supervisory Board of Progress-Werk Oberkirch AG declare that since issuing the last declaration of conformity in December 2019, the Company has complied with the recommendations of the "Government Commission on the German Corporate Governance Code" as amended on February 7, 2017 ("Code 2017") published by the Federal Ministry of Justice and Consumer Protection in the official section of the German Federal Gazette with the following exceptions:

- **Item 3.8 Code 2017 (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.

- **Item 4.1.5 Code 2017 (Filling Executive Positions)**

When filling executive positions, the Management Board is guided by the Company's interests and the statutory requirements. Priority has 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 for setting targets for the proportion of women in the two management levels below the Management Board and specifying a deadline to achieve these targets.

- **Item 4.2.3 Code 2017 (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.

- **Item 5.3.3 Code 2017 (Nomination Committee)**

The Supervisory Board sees no need for the formation of a Nomination Committee, as the current practice of drafting election proposals for suitable candidates for new or renewed Supervisory Board mandates by the Annual General Meeting has proven to be effective and efficient. As 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 Management Board and Supervisory Board of Progress-Werk Oberkirch AG declare that the Company has complied and will continue to comply with the recommendations of the "Government Commission on the German Corporate Governance Code" in the version of December 16, 2019 ("Code 2020") published by the Federal Ministry of Justice and Consumer Protection in the official section of the German Federal Gazette on March 20, 2020, with the following exceptions:

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- **D.5 Code 2020 (Nomination Committee)**

The Supervisory Board sees no need for the formation of a Nomination Committee, as the current practice of drafting election proposals for suitable candidates for new or renewed Supervisory Board mandates by the Annual General Meeting has proven to be effective and efficient. As 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.

- **Remuneration of Management Board Members pursuant to G. Code 2020**

The Supervisory Board will resolve within the statutory period on a system for the remuneration of Management Board members in accordance with the new Section 87a AktG introduced by ARUG II. The previous remuneration system is, in part, not in line with recommendations G.1 to G.16 of Code 2020. The Supervisory Board will take into account recommendations G.1 to G.16 of Code 2020 when designing the new remuneration system for Management Board members, although the extent of this has not yet been determined.

Oberkirch, December 2020

Progress-Werk Oberkirch AG

The Supervisory Board

Karl M. Schmidhuber
Chairman

The Management Board

Carlo Lazzarini

Bernd Bartmann

Johannes Obrecht

Dr. Cornelia Ballwießer