



## **Declaration of Conformity with German Corporate Governance Code 2016**

The Board of Management and Supervisory Board declare that INDUS Holding AG has been in compliance with German Corporate Governance Code (the "Code"), published by the Federal Ministry of Justice, as amended on May 5, 2015, since the last issuance in December 2015 of the Declaration of Conformity. In the past, INDUS did not comply with Code Item 7.1.2 sentence 4 (publication of the annual report within 90 days of the end of the fiscal year and of the interim reports within 45 days of the end of the reporting period); from 2017 INDUS will publish its reports within the recommended periods. The Board of Management and Supervisory Board furthermore intend to comply with the recommendations going forward. The following exceptions apply:

### **Code Item 5.4.1 Para. 2 sentence 1 and Para. 3, sentences 1 and 2: Specification of concrete objectives regarding Supervisory Board composition**

INDUS Holding AG has specified age limits for the members of its governing bodies, according to which members of the Board of Management shall not be older than 67 years and members of the Supervisory Board shall not be older than 70 years at the time of their election. In accordance with the new statutory requirements, it has also specified targets for the share of women. The Supervisory Board shall have at least three independent members. Apart from the above, the INDUS Holding AG Supervisory Board has not specified concrete objectives with regard to its composition. INDUS Holding AG believes that the intention expressed by the Code can be achieved without specifying objectives and that specifying such objectives would in fact limit the Supervisory Board's ability to select suitable members. In particular, no regular limit of length of membership has been specified for the Supervisory Board, as this could be in contradiction with the continuity and the preservation of long-standing expertise on the Supervisory Board desired by the company. Also, a regular limit is not required to ensure the professionalism and independence of the Supervisory Board members, as INDUS Holding AG observes the above-mentioned specifications and makes the length of membership transparent to its shareholders through publication on its website. Going forward, however, the Supervisory Board will continue to consider the Code's recommendations, e.g. with regard to diversity, and place emphasis on the knowledge, skills, experience and professional qualifications of potential candidates in its recommendations to the Annual General Meeting. The non-compliance with Item 5.4.1 Para. 3 sentences 1 and 2, according to which the objectives shall be taken into account in election recommendations and their status of implementation shall be published, is a consequence of the fact that not all recommended objectives are specified.

Bergisch Gladbach, December 2016

*This Declaration of Conformity is also available in German. Both the English and the German versions of the Declaration of Conformity can be downloaded from the Internet at [www.indus.de](http://www.indus.de). Only the German version of the Declaration of Conformity is legally binding.*