

CORPORATE GOVERNANCE AT DIC ASSET AG

DECLARATION OF CONFORMITY

Declaration of Conformity pursuant to § 161 AktG
 [Non binding translation of the German text of the declaration]

The Management Board and the Supervisory Board declare that DIC Asset AG complied and will continue to comply with the recommendations of the German Corporate Governance Code as published on 13 May 2013 from the date of submission of its previous Declaration of Conformity on 11 December 2013 until the announcement of the new version of the Code in the Federal Gazette on 30 September 2014 and since then with the recommendations as published on 24 June 2014. The following exceptions applied or apply:

- In filling senior management positions and in the composition of the Management Board and the Supervisory Board of DIC Asset AG, the Management Board and the Supervisory Board have focused and will in the future continue to focus on the interests of the company and the statutory provisions and in doing so will concentrate on the professional and personal qualifications of the candidate – irrespective of gender. In this respect, in deviation from clause 4.1.5 and clause 5.1.2 sentence 1 of the Code, priority was and is not given to achieving an appropriate participation of women in filling management positions and in the composition of the Management Board. Accordingly, in deviation from clause 5.4.1 of the Code, the specific targets for the composition of the Supervisory Board did not and do not provide for an appropriate participation of women in the Supervisory Board as a priority and no such target was and is taken into account by the Supervisory Board when nominating candidates for election by the General Shareholders' Meeting.
- The members of the Management Board have been promised performance-related payments (profit-sharing bonuses) and options on so-called virtual shares as variable remuneration components. In accordance with clause 4.2.3 paragraph 2 sentence 4 of the Code, both positive and negative developments within the agreed assessment period are taken into consideration when determining the variable remuneration components, insofar as the payments may turn out to be proportionately higher or lower, or may not be made at all. When they exercise the options, the members of the Management Board receive share-price-dependent payments which are based solely on the company's share price within a reference period. In deviation from clause 4.2.3 paragraph 2 sentence 7 of the Code, these options on virtual shares were not and are not based on "demanding, relevant comparison parameters" within the meaning of the Code. We are of the opinion that incorporating additional comparison parameters would not inspire greater motivation or a keener sense of responsibility.
- The Code recommends in clause 4.2.3 paragraph 2 sentence 6 that the amount of the remuneration of the members of the Management Board should be capped both overall and for its variable components. The amount of the variable performance-related payments (profit-sharing bonuses) of the members of the Management Board was and remains limited to 33% of the total remuneration or 70% of the fixed remuneration, respectively. The options on so-called virtual shares granted to the members of the Management Board as long-term variable remuneration components have been and continue to be limited in number. When exercised, the options entitle the bearer to a cash payment in an amount defined by the positive difference between the average closing price of the DIC Asset AG share during a reference period preceding the exercise of the option, on the one hand, and the contractually agreed exercise price, on the other hand. The members of the Management Board may therefore benefit from the upside price potential of the shares during the reference period. There was and still is no cap on the amount of participation in the upside price potential at the time the option is exercised. We believe that an additional cap on this share-based remuneration component would run counter to its major incentive, which is working toward increasing the company value. Given the absence of caps on some of the variable remuneration components and on some of

the ancillary benefits, there are also no caps on the total amount of remuneration for the members of the Management Board.

- When concluding Management Board employment contracts, it should be ensured that payments to members of the Management Board upon the prior termination of their work for the Management Board do not exceed two annual remunerations, including ancillary benefits (severance cap), and that only the residual employment term be remunerated. In deviation from clause 4.2.3 paragraph 4 of the Code, Management Board employment contracts do not and will not include a severance cap. Any agreement of this kind would run counter to the basic understanding of a Management Board employment contract that is routinely concluded for the duration of the period of appointment, and that principally does not permit a regular termination. In addition, the company cannot enforce a cap to the severance payment unilaterally in the event that a member's work for the Management Board is terminated by mutual agreement, as is frequently the case in practice. In the event of a Management Board employment contract being terminated prematurely, we will try to take account of the underlying principle of the recommendation.
- For remuneration reports for financial years starting after 31 December 2013 the Code recommends in clause 4.2.5 paragraph 3 and paragraph 4, to present the board remuneration for each Member of the Management Board by using model tables that include specific details prescribed by the Code and going beyond the disclosures provided in the past. To the extent that the company deviates as elaborated above from the recommendation of clause 4.2.3 paragraph 2, sentence 6, for defining caps for selected components of the board remuneration, it obviously fails to act on the corresponding disclosure recommendation. Moreover, certain other disclosures required in the model tables that concern the remuneration structure are not relevant for the Management Board of DIC Asset AG. In the opinion of the Management Board and the Supervisory Board the new method would provide no added information value to shareholders. Against this background, the company will continue to present the board remuneration as before and in compliance with the statutory requirements. Accordingly, the company will deviate from clause 4.2.5 paragraph 3 and paragraph 4.
- The Supervisory Board is required to propose suitable candidates for new appointments or reappointments to positions on the Supervisory Board by the General Shareholder Meeting. In deviation from clause 5.3.3 of the Code, no nomination committee was or will be formed for this purpose. As the six members of the Supervisory Board are only representatives of the shareholders, and the current practice of voting proposals being prepared by the full Supervisory Board has proved to be efficient, the Supervisory Board sees no need to form a nomination committee.
- In deviation from clause 5.4.1 paragraph 2 of the Code, the Supervisory Board has not set a specific target that takes into account the number of independent members of the Supervisory Board as defined in clause 5.4.2 of the Code, nor will it specify such a target. Although the Supervisory Board believes that it has an appropriate number of independent members at present, the Code does not regulate the term independence of members of the Supervisory Board conclusively but defines the term by a negative distinction with presumptive examples specifying in which cases "in particular" independence no longer exists. In addition, it is assumed that the independence is already jeopardised by the mere chance that material and permanent conflicts of interest may arise, regardless of whether or not they actually arise. The question of when independence in accordance with clause 5.4.2 of the Code is to be assumed in an individual case is thus fraught with too much legal uncertainty for the Supervisory Board as to make it seem advisable to set a specific number of independent members. For this reason, the Supervisory Board has chosen not to set any targets in this respect. In the absence of a corresponding target, in deviation from clause 5.4.1 paragraph 3 of the Code, this aspect is also not taken into account in the Supervisory Board's nominations for elections to the General Shareholders' Meeting, nor is information on the status of its implementation published.

- According to the current Articles of Association, members of the Supervisory Board are granted performance-related remuneration that is based on the annual dividend payment and may thus deviate from clause 5.4.6 paragraph 2 of the Code, which recommends that remuneration be linked to long-term business performance. The dividend payment is a key measure of success for the shareholders. We consider it appropriate that members of the Supervisory Board be remunerated in accordance with criteria that are also of significance for the shareholders.

Frankfurt am Main, 15 December 2014

Management Board and Supervisory Board of DIC Asset AG