



## Corporate Governance

### Declaration of Compliance December 2017

#### **Joint Declaration of the Executive Board and the Supervisory Board of STADA Arzneimittel AG concerning the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG)**

STADA Arzneimittel AG ("STADA") had complied with the recommendations of the German Corporate Governance Code in the version of February 7, 2017 (published on April 24, 2017 in the Federal Gazette and published in the corrected version on May 19, 2017) since the last Declaration of Compliance on March 2, 2017, amended on July 13, 2017, with the exception of the deviations as mentioned there, and STADA will comply with the recommendations of the German Corporate Governance Code in this version in future with the following deviations:

#### **Section 4.2.3 (2) Sentence 2: Fixed and variable remuneration components**

Section 4.2.3 (2) Sentence 2 of the German Corporate Governance Code (GCGC) recommends that the monetary components of the Executive Board remuneration should not only comprise fixed but also variable components. The remuneration of the Chairman of the Executive Board, Dr. Albrecht, differs from this recommendation because it only includes fixed remuneration elements. Dr. Albrecht was appointed as Chairman and member of the Executive Board of STADA Arzneimittel AG with effect from September 27, 2017 and limited until September 26, 2018. Given that his appointment is only of an interim nature, the Supervisory Board decided to grant a remuneration which is adequate to this specific situation. This includes, because of the short appointment, in particular no performance-related remuneration. As a result, it is also differed from other recommendations included in the GCGC referring to a variable remuneration.

Equally, the remuneration of Mr. Keatley for the financial year 2017 deviates from the recommendation. Mr. Keatley was also appointed as member of the Executive Board of STADA with effect from September 27, 2017. Against the background that the financial year 2017 had largely passed at that time, remuneration for the services of Mr. Keatley in financial year 2017 is non-performance related consisting of a fixed salary paid monthly as well as a fixed bonus.

#### **Section 4.2.3 (4) Sentence 3: Severance cap shall be calculated on the basis of the total remuneration**

Pursuant to Section 4.2.3 (4) Sentence 3 GCGC, the severance cap shall be calculated on the basis of the total remuneration paid for the previous financial year and, if appropriate, shall take into account the expected total remuneration for the current financial year. According to the service agreement with Mr. Keatley, the severance cap is not to be calculated based on the total remuneration but as lump sum of the variable remuneration.

#### **Section 5.3.2 (3) Sentence 2: Independence of the Chairman of the Audit Committee**

Pursuant to Section 5.3.2 (3) Sentence 2 GCGC, the Chairman of the Audit Committee shall be independent. The Supervisory Board has elected Dr. Siefke as chairman of the Audit Committee. Dr. Siefke, as a result of his professional career, has special knowledge and experience in the fields of accounting and auditing. As



managing director of Bain Capital Private Equity Beteiligungsberatung GmbH, Munich, a company associated with the controlling shareholder Nidda Healthcare GmbH, he is, however, not independent. In its current composition, the Supervisory Board was not able to elect an independent member with financial expertise as Chairman of the Audit Committee.

**Section 5.4.3 Sentence 2: Limitation of the application for the judicial appointment of Supervisory Board members**

Pursuant to Section 5.4.3 Sentence 2 GCGC an application for the judicial appointment of Supervisory Board Members shall be limited to the next General Meeting. On August 29, 2017, Nidda Healthcare GmbH i.Gr. applied at the local court (Amtsgericht) of Frankfurt am Main for the judicial appointment of five members of the Supervisory Board until the end of the next Annual General Meeting of STADA. Because of the limitation of the application to the next "Annual" General Meeting and because it is ambiguous whether Extraordinary General Meetings need also to be considered in the timely limitation of the application recommended by the GCGC, a deviation is declared as a precautionary measure.

Bad Vilbel, December 2017

signed  
Dr. Günter von Au  
Chairman of the Supervisory Board

signed  
Dr. Claudio Albrecht  
Chairman of the Executive Board