

# Compliance Statement acc. to Sec. 161 German Stock Corporation Act (AktG) – English

## **Declaration of the Management Board and the Supervisory Board of Probiodrug AG**

Concerning the recommendations of the

“Government Commission on the German Corporate Governance Code”

pursuant to Section 161 of the German Stock Corporation Act (AktG):

The management board and the supervisory board of Probiodrug AG declare that the recommendations of the “Government Commission on the German Corporate Governance Code” of the German Federal Ministry of Justice published on June 24, 2014 were met with the following exceptions, and that the recommendations of the “Government Commission on the German Corporate Governance Code” of the German Federal Ministry of Justice published on June 12, 2015 are met with the following exceptions:

*1. Section 3.8 of the Code – Retained amount of the D&O insurance for the supervisory board*

The company maintains D&O insurance where all the supervisory board members are included, too. No retained amount is agreed in this respect. As the supervisory board members largely do not receive any remuneration, a retained amount would lead to an unreasonable result in financial terms for the supervisory board members.

*2. Section 4.2.3 para. 2 sentence 6 of the Code – Cap amounts for the remuneration and the variable remuneration components*

Phantom stocks were granted to the management board members which can be exercised upon listing. No cap is provided for such phantom stocks. Apart from that, stock options were granted to the management board members for which no cap is provided in case they are exercised, either. In any other respect cap amounts are provided in the agreements with the management board members relating to the remuneration and the variable remuneration components.

*3. Section 4.2.3 para. 4 of the Code – Limitation to two years’ remuneration of the payment to a management board member in case of premature termination*

The currently existing contracts with management board members do not provide for any limitation of the payment to a management board member to two years’ remuneration in case of premature termination. In connection with the transformation of the company for the purpose of its listing a primary aim was to ensure the cooperation with the management board members.

*5. Section 5.4.1 para. 2 of the Code – Naming of precise objectives regarding the composition of the supervisory board*

Regarding the composition of the supervisory board in the future, the supervisory board intends to have members with experience in the areas of pharmacological research and research into the Alzheimer’s disease and similar diseases as well as with experience in the public capital market. Considering the alignment of the company, the members of the supervisory board should also have U.S. experience. As these requirements make it difficult to find a sufficient number of qualified members for the supervisory board, the supervisory board did not determine any fixed diversity quotas.

*6. Section 5.4.6 para. 1 sentence 2 of the Code – Taking into account of the chair, the vice-chair and the membership in committees for the remuneration of the supervisory board members*

For those supervisory board members who were elected for the first time as supervisory board members of the company by the annual shareholders’ meeting 2015 the remuneration was determined according to section 5.4.6, para. 1 sentence 2 of the Code. Considering that the other supervisory board members do not receive any remuneration, no increased remuneration can be paid to the chairman or deputy chairman of the supervisory board as well as to committee chairpersons, either.

*7. Section 7.1.2 sentence 4 of the Code – Shortened publication deadlines of the Code for financial reports*

According to section 7.1.2 sentence 4 of the Code, the financial statements of the company should be publicly accessible within 90 days of the end of the financial year, and the interim reports should be available within 45 days of the end of the reporting period. While the company will publish the annual financial statements in accordance with the recommendation of the Code, the company intends to publish the interim reports within the statutory time period of two months from the end of the reporting period of the half-year financial report as of 30 June.

The Supervisory Board and Management Board are confident that these time period is suitable and necessary for careful preparation of the documents. Furthermore, the Supervisory Board and Management Board consider the statutory requirements as sufficient for timely information to the shareholders and the capital markets for the time being. However, the possibility of complying with the shorter deadlines of the Code is being reviewed.

Halle, September 25, 2015

**Dr. Erich Platzer**

for the supervisory board of Probiodrug AG

**Dr. Konrad Glund**

for the management board of Probiodrug AG