

# 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 April 24, 2017 are met and shall be met in the future 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 receive only small remuneration, a retained amount would lead to an inadequate 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*

, Stock options were granted to the management board members for which no cap is provided in case they are exercised. Apart from that a success participation scheme was granted to the management board members for which, in case it becomes due, no cap is provided 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 company requirements in relation to the analysis of the clinical study and the subsequent steps a primary aim was to ensure the cooperation with the management board members.

*4. Section 5.3.3 of the Code – Establishment of a Nomination Committee*

The supervisory board has with respect to its reduced size decided to dissolve the existent Nomination Committee. Its functions have been taken over by the whole supervisory board. The supervisory board is convinced, that with this step an increased efficiency is secured with respect to the generation of proposals to the general assembly.

*5. Section 5.4.1 para. 2 of the Code – Naming of precise objectives and of a competence profile 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 (target competence profile). 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 targets.

*6. Section 7.1.2 sentence 3 of the Code – Shortened publication deadlines of the Code for financial reports*

According to section 7.1.2 sentence 3 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, 28. December 2017

**Dr. Erich Platzer**

for the supervisory board of Probiodrug AG

**Dr. Konrad Glund**

for the management board of Probiodrug AG