



Corporate Governance

Declaration of Compliance March 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 May 5, 2015 (published on June 12, 2015 in the Federal Gazette) since the last Declaration of Compliance on July 14, 2016, 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:

In the last Declaration of Compliance dated July 14, 2016, the STADA Executive Board and Supervisory Board, as a matter of mere precaution, disclosed a deviation from the recommendations pursuant to Section 4.2.3 Para. 2 Sentence 4, Section 4.2.3 Para. 2 Sentence 6 and Section 4.2.3 Para. 2 Sentence 8 GCGC based on the system for remuneration of Executive Board members current at this point of time. Even on the basis of the system for remuneration of Executive Board members current at this point of time such disclosure would not have been necessary from a strictly legal point of view. Nevertheless, the Executive Board and the Supervisory Board of STADA had decided to include the information in the Declaration of Compliance 2016 in accordance with the results of a previously completed extensive Corporate Governance audit of STADA and to increase transparency for investors and the capital market. In December 2016, the Supervisory Board of STADA again reviewed the system for remuneration of Executive Board members and proposed a new remuneration system that does not give any grounds to disclose, even as a matter of mere precaution, a deviation at least from the recommendations pursuant to Section 4.2.3 Para. 2 Sentence 4 and Section 4.2.3 Para. 2 Sentence 8 GCGC. The Executive Board members of STADA are to be remunerated in line with this new remuneration system in future. The service contract concluded with Dr. Barthold Piening as a future Executive Board member has also already been based on the new remuneration system. The service contracts of the Executive Board members currently in office are still based on the remuneration system that was current at the time the Declaration of Compliance 2016 was issued. In view of the aforesaid, the Executive Board and Supervisory Board therefore disclose the following deviations, again as a matter of mere precaution:

Section 4.2.3 Para. 2 Sentence 4: Positive and negative development

If the target is fallen short of by 25 percentage points or more, the variable remuneration of the members of the Executive Board is reduced to 0%. If the target is exceeded by more than 20 percentage points, the variable remuneration amounts to 180%. If more than 75% but a maximum of 120% of the target is achieved, the variable remuneration is calculated applying a formula. In addition, no parameters have been agreed through which any positive or negative development is reported, as the members of the Executive Board already participate in any positive or negative development with the regulation mentioned above.



Section 4.2.3 Para. 2 Sentence 6: Caps

The variable remuneration components which the company grants to the Executive Board members in addition to a fixed annual salary are limited in terms of amount by way of specified, clear mathematical formulae. In addition, customary fringe benefits are granted to each member of the Executive Board. These include in particular a company car the private use of which is also permitted, as well as insurances which STADA makes financial contributions to and/or bears the costs of. As regards the amounts of such fringe benefits, no caps have been determined since such costs vary and are not precisely foreseeable, and such determination would appear to be dispensable in line with the intent and purpose of the GCGC recommendation.

Section 4.2.3 Para. 2 Sentence 8: No repricing

The contracts of the members of the Executive Board do not exclude subsequent changes to the performance targets or comparative parameters. The Executive Board contracts stipulate, among other things, that the Supervisory Board may choose a suitable share index other than the MDAX when calculating the deferral payment amount of the long-term variable remuneration, e.g. in the case that STADA is not an MDAX-listed company anymore. The regulations stipulated in the contracts of the members of the Executive Board which allow such changes enable the Supervisory Board to avoid any positive or negative disincentives that could result from any unpredicted development.

Bad Vilbel, March 2, 2017

signed
Carl Ferdinand Oetker
Chairman of the Supervisory Board

signed
Dr. Matthias Wiedenfels
Chairman of the Executive Board