



## Corporate Governance

### Declaration of Compliance December 2018

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

Since the last Declaration of Compliance in December 2017 save for the derogations listed therein and the derogations listed below, STADA Arzneimittel AG (“**STADA**”) has complied with the recommendations of the German Corporate Governance Code in the version dated February 7, 2017 (published in the Federal Gazette on April 24, 2017 and in the corrected version published on May 19, 2017) and in the future will comply with the recommendations of the German Corporate Governance Code in this version with the following derogations:

#### **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 parts of the Executive Board remuneration contain not just fixed but also variable components. The remuneration of Executive Board member Peter Goldschmidt for the year 2018 derogates from this. Mr. Goldschmidt was appointed member of the Executive Board of STADA effective as of September 1, 2018. Given that at the time of his appointment financial year 2018 was largely over, the remuneration for Mr. Goldschmidt’s work in financial year 2018 only comprises non-performance-related remuneration consisting of a fixed monthly salary and a fixed bonus.

#### **Section 4.2.3 (2) Sentence 6: Remuneration caps**

Section 4.2.3 (2) Sentence 6 of the GCGC stipulates that the remuneration of Executive Board members shall be capped with maximum levels, both in the aggregate and as regards variable components. With regard to individual fringe benefits for the Executive Board members, notably the possibility to use the company car and company telephone for private purposes, as well as for the assumption of costs for certain insurance benefits, no specific amounts are set as caps. As no cap is defined for individual remuneration components, no maximum amount is set as a cap for aggregate remuneration either. The Supervisory Board is of the opinion that the maximum aggregate remuneration can be calculated easily by adding the quantified limits applicable to the main remuneration components set out in the contracts. The Supervisory Board deems it impracticable to quantify maximum limits for fringe benefits whose amounts are not significant, such as the possibility of using the company telephone for private purposes.

#### **Section 4.2.3 (4) Sentence 3: Basing the calculation of the severance cap on total remuneration**

Section 4.2.3 (4) Sentence 3 GCGC stipulates that 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. The Executive Board contracts with Peter Goldschmidt, Mark Keatley and Miguel Pagan Fernandez set forth a severance pay pledge which provides for a lump-sum calculation for variable remuneration and as such is not based on total remuneration. In the view of the Supervisory Board, this facilitates the calculation of any severance payments.



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

Section 5.3.2 (3) Sentence 2 GCGC stipulates that the Chair of the Audit Committee shall be independent. The Supervisory Board has elected Dr. Siefke Chair of the Audit Committee. Dr. Michael Siefke's career means he has special knowledge and experience in the field of accounting and auditing. His role as Managing Director at Bain Capital Private Equity Beteiligungsberatung GmbH, Munich, a company affiliated with the controlling shareholder Nidda Healthcare GmbH, means he is not independent, however. With its current composition, it was not possible for the Supervisory Board to fill the position of the Chair of the Audit Committee with an independent member with financial expertise.

Bad Vilbel, December 14, 2018

signed  
Dr. Günter von Au  
Chairman of the Supervisory Board

signed  
Peter Goldschmidt  
CEO