



## **Declaration of Compliance of PNE WIND AG**

### Declaration of compliance in accordance with § 161 AktG

The Board of Directors and Supervisory Board of PNE WIND AG declare that, with the exception of the following recommendations listed below, the recommendations made by the government commission on the German Federal Corporate Governance Code as published in the official part of the Federal Gazette by the German Federal Ministry of Justice have been fully complied with and will be implemented.

For the period since the last declaration of compliance of April 7, 2016, the basis is the German Corporate Governance Code which is unchanged since May 5, 2015 and published in the Federal Gazette on June 12, 2015.

#### **1. Consideration of the relationship between the remuneration for the Board of Directors and the remuneration for senior management and the workforce (Article 4.2.2. of the Code)**

The Code contains the recommendation that the Supervisory Board should also take into account the relationship between the remuneration for the Board of Directors and the overall remuneration for senior management and for the workforce in terms of its development over time. When entering into service contracts with the members of the Board of Directors, the Supervisory Board ensures, in accordance with the requirements of the German Stock Corporation Act, that the total remuneration paid to members of the Board of Directors does not exceed without reason the usual level of remuneration. In so doing, the Supervisory Board also takes account of the "vertical" appropriateness of the remuneration for the Board of Directors and the wages and salaries structure within the PNE WIND Group. Insofar as the Code specifies concrete details concerning the examination of a vertical appropriateness of the remuneration for Boards of Directors generally required according to the Stock Corporation Act, and defines the comparison groups definitive for such a comparison as well as the time frame for such comparison, a deviation in this respect is declared as a precautionary measure.

In its examination of vertical appropriateness, the Supervisory Board did not distinguish between the comparison groups of the Code recommendation, nor did it carry out any surveys concerning the development of wages and salaries structures over time nor does it intend to do so in the future. The Supervisory Board does not see any benefit in the collection of data as recommended in the Code, which would justify the associated effort.

## **2. Exclusion of retroactive changes to performance targets for variable remuneration of the Board of Directors (Article 4.2.3 of the Code)**

In respect of the variable remuneration of the Board of Directors, the Code recommends that retroactive changes to the performance targets or the comparison parameters shall be excluded. The company has service contracts with members of the Board of Directors, which allow retroactive changes in the event of exceptional circumstances, in particular whenever adherence to the original targets would be unreasonable. In the opinion of the Supervisory Board, this also results from the requirement in Article 4.2.2 of the Code that the remuneration system is to be reviewed regularly. Should this be regarded as a deviation from the recommendation in Article 4.2.3, a deviation in this respect, for both the past and the future, is declared as a precautionary measure. The Supervisory Board considers it necessary to have the option of making adjustments ensuring a useful incentive for the Board of Directors in the interest of the company.

## **3. Specifications of concrete objectives regarding the composition of the Supervisory Board (Article 5.4.1 of the Code)**

Pursuant to Article 5.4.1 of the Code, the Supervisory Board shall specify concrete objectives regarding its composition and, when making recommendations to the Shareholders' Meeting, for election, take these objectives into account. Such objectives and the status of implementation shall be published in the Corporate Governance Report. These recommendations are not met. According to Section 8.2 of the Articles of Association, members of the Supervisory Board shall not be elected for a term expiring at the end of an Annual General Shareholders' Meeting in a year which is beyond that in which such member has reached the age of 75 years. In addition, the Rules of Procedure for the Supervisory Board stipulate that the Super-

visory Board shall include what it considers an adequate number of independent members and that not more than two of its members shall be former members of the Board of Directors. The Supervisory Board has also defined goals for female representation in the Supervisory Board, which are met.

In addition, the composition of the Supervisory Board needs to be aligned to the enterprise's interest and has to ensure the effective supervision and consultation of the Board of Directors. Hence, it is of prime importance that each member is suitably qualified. When discussing its recommendations to the Shareholders' Meeting, the Supervisory Board takes into account the increasingly international activities of the enterprise, potential conflicts of interest, know-how in the industry and in terms of leadership, as well as diversity.

However, in the enterprise's interest not to limit the selection of qualified candidates, the Supervisory Board confines itself to the above general declaration of intent. The Supervisory Board does not define any specific targets and, accordingly, does not report on such targets and their realisation, unless this is required by law, nor does it intend to do so in the future.

Cuxhaven, December 7, 2016