

## Declaration of Compliance of PNE WIND AG

### Declaration of compliance in accordance with Section 161 of the German Stock Corporation Act (AktG):

The Board of Management and the Supervisory Board of PNE WIND AG declare that they have complied and will comply with the recommendations of the Government Commission of the German Corporate Governance Code, which was announced by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette (Bundesanzeiger), with the exception of the following recommendations listed below.

The basis of this declaration for the period from December 7, 2016 (the date of the last declaration of compliance) is the German Corporate Governance Code in the version of February 7, 2017, which was published on April 24, 2017 in the Federal Gazette and has not been amended since then.

#### **1. Opportunity given to employees and third parties to report, in a protected manner, suspected breaches of the law within the Company (No. 4.1.3 of the Code)**

The Code recommends giving employees the opportunity to report, in a protected manner, suspected breaches of the law within the Company. The employees of PNE WIND AG may contact the Compliance Officer at any time regarding information or complaints in relation to breaches of the law. Such information will be treated as confidential. This is expressly stated in the Anti-corruption Policy of PNE WIND AG. However, insofar as the Code recommends the opportunity of a protected, i.e. anonymous, reporting system for employees, the Company declares that it deviates from the Code in this respect. At present, the Company is examining whether such a system shall be introduced in the future.

#### **2. Consideration of the relationship between the remuneration of the members of the Board of Management and the remuneration of the senior executives and the personnel (No. 4.2.2 of the Code)**

The Code includes the recommendation that the Supervisory Board shall consider the relationship between the remuneration of the members of the Board of Management and that of senior executives and the personnel overall, particularly in terms of its development over time. With regard to the conclusion of Board of Management contracts, the Supervisory Board - in accordance with the specifications of the German Stock Corporation Act - ensures that the total remuneration granted to the members of the Board of Management does not exceed the usual remuneration level without good cause. In this respect, the Supervisory Board also examines the "vertical" appropriateness of the remuneration of the members of the Board of Management and the wage and salary structure within the PNE WIND Group. Insofar as the Code specifies reviewing the vertical appropriateness of the remuneration of the Board of Management, which is required by the German Stock Corporation Act, and provides a more detailed definition of both the peer groups relevant for comparison and the time period to which such a comparison applies, the Company declares as a precaution that it deviates from the Code.

When reviewing vertical appropriateness, the Supervisory Board did not distinguish between the peer groups of the Code recommendation and did not, and does not intend in future, to

collect any data regarding the development over time of the wage and salary structure, either. The Supervisory Board does not see any benefit in the collection of data as recommended in the Code, which would justify the associated effort.

### **3. Exclusion of retroactive changes to performance targets for variable remuneration of the Board of Management (No. 4.2.3 of the Code)**

In respect of the variable remuneration of the Board of Management, the Code recommends that retroactive changes to the performance targets and the comparison parameters shall be excluded. The Company has contracts with members of the Board of Management, 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 No. 4.2.2 of the Code stipulating that the remuneration system is to be reviewed regularly.

Should this be regarded as a deviation from the recommendation in No. 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 Management in the interest of the Company.

### **4. Specification of concrete objectives regarding the composition of the Supervisory Board (No. 5.4.1 of the Code)**

Pursuant to No. 5.4.1 of the Code, the Supervisory Board shall specify concrete objectives regarding its composition, devise a competence profile for the full corporate body, and take these elements into account in its proposals for election. The status of implementation shall be published in the Corporate Governance Report. This report shall also provide information that it comprises, in the Supervisory Board's opinion, a sufficient number of independent members who are shareholders and the names of these members. We do not comply with these recommendations of the Code. According to § 8 (2) of the articles of association, members of the Supervisory Board shall not be elected for a period beyond the end of the ordinary general meeting in the year in which the member of the Supervisory Board reaches the age of 75. In addition, the Supervisory Board's internal regulations stipulate that the Supervisory 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 Management. The Supervisory Board has also specified target figures for the proportion of women in the Supervisory Board, which will be met.

In addition, the composition of the Supervisory Board has to be aligned to the interests of the enterprise and to ensure the effective supervision and consultation of the Board of Management. This means that the qualification of the individual is the main criterion. In its discussions for election proposals to the general meeting, the Supervisory Board also takes into account the increasingly international activity of the enterprise, potential conflicts of interest, industry and management experience as well as diversity.

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



Cuxhaven, September 12, 2017