

**MIDYEAR CHANGE OF THE DECLARATION OF CONFORMITY  
PURSUANT TO § 161 OF THE GERMAN STOCK CORPORATION  
ACT (AKTIENGESETZ – AKTG)**

The management board and the supervisory board declare the following change of the declaration of conformity of March 19, 2018, pursuant to § 161 of the German Stock Corporation Act (Aktiengesetz – AktG)

**Clause 5.4.1 – Composition of the Supervisory Board**

The supervisory board consists of the following members who are independent and whose number is appropriate to the size of the company:

Prof. Dr. Eckart Kottkamp, Vice Chairman of the supervisory board

Horst W. Garbrecht, Member of the supervisory board

Prof. Dr. Mirja Steinkamp, Member of the supervisory board

As founder and indirect shareholder, the chairman of the supervisory board, Mr. Norbert Basler, is considered not to be independent.

Apart from that, the declaration of March 19, 2018, remains unchanged as listed below

Ahrensburg, April 17, 2018

Dr. Dietmar Ley CEO	John P. Jennings CCO	Arndt Bake CMO	Hardy Mehl CFO/COO
Norbert Basler Chairman of the Supervisory Board	Prof. Dr. Eckart Kottkamp Vice Chairman of the Supervisory Board	Horst W. Garbrecht Supervisory Board	Prof. Dr. Mirja Steinkamp Supervisory Board



## **DECLARATION OF CONFORMITY 2017 WITH THE CORPORATE GOVERNANCE CODE PURSUANT TO § 161 OF THE GERMAN STOCK CORPORATION ACT (AKTIENGESETZ – AKTG)**

The management board and the supervisory board declare that in the elapsed fiscal year 2017, Basler AG complied with the recommendations for conduct as amended on February 7, 2017 by the „Government Commission of the German Corporate Governance Code” (hereinafter called “code”) with the following exceptions:

### **Clause 4.1.3. – Compliance Management System**

Due to the risk situation of the company resulting from the size and nature of business, in accordance with its function, the management board ensured that all provisions of law and the company’s internal policies are complied with and endeavored to achieve their compliance by the group entities, without having set up a formal compliance management system so far. This has been achieved inter alia by the company organization and the existing procedural landscape as well as the active shaping of the company culture. By the end of 2018, a compliance management system will be implemented.

### **Clause 5.4.1 – Composition of the Supervisory Board**

For nominations to the general meeting, the supervisory board will in the future also continue to align itself to all necessary legal requirements and will give preference to women with equal qualifications. Consideration will also be given to the international activities of the company, to potential conflicts of interest, and to diversity. However, the supervisory board must make its decision insofar as the best suitable candidate is concerned from its perspective whenever a new election is waiting. The supervisory board – in agreement with the management board – does not consider it to be pertinent if it is bound by abstract objectives formulated in advance with respect to the selection



of a candidate, instead of being able to freely decide on the persons available in their specific decision scenario which it deems to be best suited for the position. For this reason, the supervisory board does not name specific objectives as provided by clause 5.4.1 paragraph 2 GCGC, nor will it determine a regular limit of length of the membership to the supervisory board as recommended by clause 5.4.1, paragraph 2, sentence 1 as of May 5, 2015. Consequently, such objectives will also not be taken into account for the nominations directed at the responsible election bodies and no report will be given about them and the state of their implementation.

### **Clause 7.1.2 – Financial Reporting and Audit of the Annual Financial Statements**

The supervisory board regularly discusses the quarterly and half-year figures with the management board. In terms of lean processes, half-year, quarterly or monthly figures are being made available to the supervisory board but not discussed again with the management board after completing the reports.

Ahrensburg, March 19, 2018

Dr. Dietmar Ley CEO	John P. Jennings CCO	Arndt Bake CMO	Hardy Mehl CFO/COO
Norbert Basler Chairman of the Supervisory Board	Prof. Dr. Eckart Kottkamp Vice Chairman of the Supervisory Board	Horst W. Garbrecht Supervisory Board	Prof. Dr. Mirja Steinkamp Supervisory Board