

**Declaration by *aap* Implantate AG's Management Board and Supervisory Board on the recommendations of the Government Commission on the German Corporate Governance Code in accordance with Section 161 of the German Stock Corporation Act (Aktiengesetz/AktG)**

The Management Board and Supervisory Board of *aap* Implantate AG issued their last declaration of conformity to the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz/AktG) on February 29, 2013. For the past corporate governance practice the following declaration relates to the May 15, 2012 version of the Code. For the Company's present and future corporate governance practice, the following declaration relates to the May 13, 2013 version of the Code (published in the electronic Federal Gazette on June 10, 2013).

The Management Board and Supervisory Board of *aap* Implantate AG hereby declare that, subject to the exceptions stated, the Company has complied with the recommendations of the Government Commission on the German Corporate Governance Code since issuing its last annual declaration of conformity in May 2013 and will continue to do so subject to the exceptions stated below.

**D&O Policy Deductible (Section 3.8 Paras. 2 and 3)**

*aap*'s D&O insurance is a group policy for the management in Germany and other countries that does not distinguish between members of executive bodies and other management personnel and therefore covers both Management Board and Supervisory Board members. In the opinion of the Management Board and Supervisory Board, a deductible has no effect on the sense of responsibility and loyalty with which executive officers perform their tasks and functions. Furthermore, a deductible is not customary in other countries. Besides, all members of executive bodies would be free to take out insurance cover to the amount of the deductible, so the deductible would no longer have the intended effect. For the reasons stated there will continue to be no deductible for members of the Supervisory Board. For all three members of the Management Board, *aap* Implantate AG has complied with the statutory requirement of the Appropriateness of Management Board Compensation Act (VorstAG) to agree a deductible pursuant to Section 93 para. 2 sent. 3 AktG within the implementation period laid down for Management Board members by law and by the terms of their contracts.

**Age Limit for Management Board and Supervisory Board Members (Section 5.1.2 Para. 2, Section 5.4.1 Para. 2)**

No age limit has been set for Management Board and Supervisory Board members. Setting an age limit restricts shareholders in their right to elect their representatives to the Supervisory Board; it also limits the Supervisory Board's ability to appoint the best-qualified candidate to the Management Board. As a matter of principle, the company should be able to call on the expertise of experienced candidates. Setting an arbitrary limit to comply with the Code's recommendations is not considered appropriate.

**Diversity in the Composition of the Supervisory Board (Section 5.4.1, Paras. 2 and 3)**

The Supervisory Board of *aap* Implantate AG has in the past already taken into account aspects of diversity, professional qualification and independence with regard to its own composition and to that of the Management Board. Given the small number of Supervisory Board members, the Supervisory Board is of the opinion that the main criteria for its membership should continue to be professional qualification and experience irrespective of gender. The Board is further of the opinion that a formal written statement of specific objectives for its composition is inappropriate, especially with regard to diversity, because flexibility in proposing prospective Supervisory Board members is preferable to a schematic specification of objectives, especially with regard to diversity. The Supervisory Board has

therefore not drawn up a written catalogue of criteria regarding its composition pursuant to Section 5.4.1 of the German Corporate Governance Code. Accordingly, no such statement can be included in the Corporate Governance Report.

**Training and Further Education Measures (Section 5.4.5, Para. 2)**

The Company supports members of the Supervisory Board as a matter of principle in taking the training and further education measures required for their tasks but has not adopted any formal procedure or guidelines in this respect. Furthermore, it is still unclear which conditions must be fulfilled for the Company to be able to deem support for training and further education measures for Supervisory Board members to be appropriate. We therefore take the precaution of declaring a deviation from Section 5.4.5 Para. 2 of the German Corporate Governance Code.

**No Formation of Committees by the Supervisory Board (Section 5.3.1, 5.3.2, 5.3.3)**

*aap* Implantate AG's Supervisory Board consists of three members. In the circumstances the Supervisory Board has not formed any committees. The efficiency of its work is considered to be sufficient in the existing organizational structure.

**Compensation of Supervisory Board Members (Section 5.4.6 Para. 2)**

No special consideration is given in setting Supervisory Board compensation to the exercise of the Chair and Deputy Chair positions. To rule out potential conflicts of interest in decisions that might influence performance criteria, the compensation paid to Supervisory Board members does not include a performance-related component. It consists solely of an attendance fee, thereby maintaining the independence of the supervisory body in every respect. A remuneration cap has been agreed to limit the amount paid to each Supervisory Board member.

To increase transparency and to outline comprehensively the importance of the Corporate Governance Code for *aap* Implantate AG, in this declaration of conformity we also include a statement on compliance with the Code's recommendations. With the exception of the following recommendation, all recommendations in the May 13, 2013 version of the Code are either complied with already or will be complied with in the financial year 2014:

**Transmission of the Annual General Meeting on the Internet (Section 2.3.3)**

In accordance with the Articles of Association the proceedings of the 2013 Annual General Meeting were not transmitted on the Internet and there are neither plans to transmit the 2014 Annual General Meeting on the Internet nor proposals to amend the Articles of Association accordingly.

Berlin, January 28, 2014

For the Supervisory Board



Rubino Di Girolamo  
Supervisory Board Chairman

For the Management Board



Biense Visser  
Management Board Chairman