



**Declaration by the Management Board and Supervisory Board of *aap* Implantate AG
on the recommendations of the**

“Government Commission on the German Corporate Governance Code”

in accordance with Section 161 of the German Stock Corporation Act (Aktengesetz/AktG)

The Management Board and Supervisory Board of *aap* Implantate AG issued their last annual declaration of conformity to the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (Aktengesetz/AktG) on January 28, 2014. That declaration was amended by the Management Board and Supervisory Board in June 2014. For past corporate governance practice the following declaration relates to the May 13, 2013 version of the Code, published in the Federal Gazette on June 10, 2013, and for corporate governance since October 1, 2014 to the June 24, 2014 version, published in the Federal Gazette on September 30, 2014. For *aap* Implantate AG’s present and future corporate governance practice, the following declaration relates to the Code’s recommendations in its June 24, 2014 version, published in the Federal Gazette on September 30, 2014.

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 on January 28, 2014, as amended in June 2014, and will continue to do so subject to the exceptions stated below.

D&O Policy Deductible (Section 3.8 para. 3)

aap Implantate AG has taken out D&O insurance cover for its Supervisory Board members. The policies do not include a deductible for 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 which Supervisory Board members perform their tasks and functions with. Furthermore, a deductible is not customary in other countries. Besides, every Supervisory Board member 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.

Age Limit for Management Board and Supervisory Board Members (Section 5.1.2 para. 2; Section 5.4.1 para. 2)

aap Implantate AG has set no age limit for Management Board and Supervisory Board members. Setting an age limit would restrict shareholders in their right to elect their representatives to the Supervisory Board; it would also limit the Supervisory Board’s ability to appoint the best-qualified candidate to the Management Board. As a matter of principle, the Company should also be able to call on the expertise of experienced candidates. Setting an arbitrary limit which does not limit the choice of candidates in order 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 consideration 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 Supervisory 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 the flexibility that the Supervisory Board would otherwise enjoy in nominating candidates for vacancies on the Supervisory Board would be inappropriately impaired. The Supervisory Board has therefore not drawn up a written catalogue of criteria on its composition pursuant to Section 5.4.1 of the German Corporate Governance Code. No such statement can thus 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 not clear which conditions must be fulfilled pursuant to Section 5.4.5 para. 2 of the German Corporate Governance Code 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 (Sections 5.3.1, 5.3.2, 5.3.3)

aap Implantate AG's Supervisory Board consists of three members. In the Company's circumstances and in view of the low number of members 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 1 sentence 2)

No special consideration is given in setting Supervisory Board compensation to the exercise of the Chair and Deputy Chair positions. The Management Board and Supervisory Board of *aap* Implantate AG are of the opinion that given the size of the Supervisory Board and the allocation of tasks within the Board a differentiation in the compensation paid to Supervisory Board members is inappropriate.

Reporting and Audit of the Annual Accounts (Section 7.1.2 sentence 4)

Contrary to the recommendation made in Section 7.1.2 sentence 4 of the German Corporate Governance Code the consolidated financial statements of *aap* Implantate AG for the financial year 2013 were not made publicly accessible within 90 days of the end of the financial year. The reason for this deviation was the disposal of the subsidiary EMC M B.V. at the end of February 2014, which had yet to be taken into account in drawing up the consolidated financial statements. In view of this special situation the Company was unable in 2014 to comply with the recommendation made in Section 7.1.2 sentence 4 of the German Corporate Governance Code. The consolidated financial statements for the financial year 2014 will, however, be made publicly accessible within 90 days of the end of the financial year, so *aap* Implantate AG will in future comply with this recommendation once more.


To increase transparency and state comprehensively the importance of the Corporate Governance Code for *aap* Implantate AG, the Management Board and Supervisory Board also include in this declaration of conformity a statement on compliance with the Code's suggestions. For past corporate governance practice the following declaration relates to the May 13, 2013 version of the Code, published in the Federal Gazette on June 10, 2013, and for corporate governance since October 1, 2014 to the June 24, 2014 version, published in the Federal Gazette on September 30, 2014. For *aap* Implantate AG's present and future corporate governance practice, the declaration relates to the Code's recommendations in its June 24, 2014 version, published in the Federal Gazette on September 30, 2014. With the exception of the following suggestion, all suggestions made in the Code are either complied with already or will be complied with in the financial year 2015:

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

Use was not made of the provision in the Articles of Association for transmitting the 2014 Annual General Meeting on the Internet. There are no plans to transmit the 2015 Annual General Meeting on the Internet or by any other modern means of communication.

Berlin, January 27, 2015

For the Supervisory Board



Biense Visser
Supervisory Board Chairman

For the Management Board



Bruke Seyoum Alemu
Management Board Chairman