

DECLARATION OF CONFORMITY PURSUANT TO SECTION 161 AKTG

The Management Board and Supervisory Board of Progress-Werk Oberkirch AG declare that the Company will comply with the recommendations of the Government Commission on the German Corporate Governance Code as published on May 5, 2015 with the following exceptions:

CODE ITEM 3.8 | D&O INSURANCE

With regard to the Supervisory Board, the Articles of Association stipulate a deductible equal to half of the fixed annual remuneration of the Supervisory Board member. In the opinion of the Company, this is an adequate arrangement.

CODE ITEM 4.2.3 | CONTRACTS WITH MANAGEMENT BOARD MEMBERS

Previously concluded contracts with Management Board members provide a cap on the variable remuneration components. A further cap on remuneration overall would cause considerable practical difficulties due to fluctuations in the allocations to pension provisions. Therefore, the Supervisory Board has refrained from establishing a cap on overall remuneration.

CODE ITEM 5.3.3 | NOMINATION COMMITTEE

The Supervisory Board sees no reason for the formation of a Nomination Committee. Since the Supervisory Board consists of only six members, it is considered appropriate for the entire Supervisory Board to deal with the nomination of Supervisory Board candidates..

CODE ITEM 5.4.1 | COMPOSITION OF THE SUPERVISORY BOARD

The Supervisory Board aims to bring the various types of professional knowledge, expertise, and experience together in the Supervisory Board, especially in the areas of the automotive sector, finance, and commercial law. Due to the low number of Supervisory Board members, it is not feasible to consider further issues in the composition of the Board. In this respect, there are deviations from the requirements of Item 5.4.1., particularly concerning the current lack of an age limit set for members of the Supervisory Board and a regular length of membership. The Supervisory Board is of the opinion that an age limit would limit the choice in qualified candidates because the expertise of experienced Supervisory Board members should be available to the Company. Excluding candidates based on age alone or by limiting the maximum number of years a member can service on the Supervisory Board does not seem appropriate in the Supervisory Board's opinion.

The Supervisory Board has refrained from setting a specific number of "independent" board members as referred to in Item 5.4.1 (2), since, in practice, there is no uniform definition in the interpretation of the term "independent". Based on the current assessment of the Supervisory Board together with the employee representatives, all Supervisory Board members shall be regarded as "independent" for the purposes of Item 5.4.2.

The Company has complied with the recommendations of the Government Commission on the German Corporate Governance Code in the version of May 5, 2015 and the version of June 24, 2014 since the submittal of the last declaration in accordance with Section 161 AktG in December 2014 with the exception of the items described.

Oberkirch, December 2015

Progress-Werk Oberkirch AG

The Supervisory Board

The Management Board

Dieter Maier

Dr. Volker Simon

Bernd Bartmann

Dr. Winfried Blümel