

MANAGEMENT STATEMENT PURSUANT TO SECTIONS 289F AND 315D OF THE GERMAN COMMERCIAL CODE (HGB) INCLUDING CORPORATE GOVERNANCE REPORT PURSUANT TO SECTION 3.10 OF THE GERMAN CORPORATE GOVERNANCE CODE AND DECLARATION OF CONFORMITY PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

In addition to the Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG), the following joint statement made by the Personally Liable General Partner and the Supervisory Board of EUROKAI GmbH & Co. KGaA (in the following "EUROKAI") pursuant to Sections 289f and 315d of the German Commercial Code (HGB) includes the Corporate Governance Report required under Section 3.10 of the German Corporate Governance Code (in the following "Code") in the current version of 7 February 2017 published by the German Federal Ministry of Justice in the official section of the Federal Gazette on 24 April 2017 and corrected on 19 May 2017. It is also made publicly accessible on the EUROKAI website at www.eurokai.com.

As a company listed on the German stock exchange and having its head office in Germany, the general Corporate Governance framework for EUROKAI is governed by the applicable laws, the Articles of Association and the Code. Apart from justified exceptions, EUROKAI complies with the recommendations of the German Corporate Governance Code.

EUROKAI is a partnership limited by shares and as such an independent legal entity pursuant to Section 278 (1) of the German Stock Corporation Act (AktG), in which at least one partner is generally liable with the entirety of its assets vis-à-vis the company's creditors (Personally Liable General Partner) and the other partners have a stake in the authorised capital, which is divided into shares, without being personally liable for the company's liabilities (limited liability shareholders).

The Personally Liable General Partner of EUROKAI responsible for running the business of the KGaA is Kurt F. W. A. Eckelmann GmbH, Hamburg. The personally liable managing partner of a KGaA (partnership limited by shares) can be compared to the management board of a stock corporation. Section 283 AktG therefore rules that a number of provisions governing the management board of a stock corporation shall apply analogously to the personally liable general partner of a KGaA. Kurt F. W. A. Eckelmann GmbH is represented by the Managing Directors Mr Thomas H. Eckelmann (Chairman) and Ms Cecilia Eckelmann-Battistello. Contrary to a stock corporation, in which pursuant to Section 84 AktG the supervisory board is responsible for the appointment and dismissal of the management board, the Managing Directors of Kurt F. W. A. Eckelmann GmbH are appointed and dismissed by its Administrative Board, which is also responsible for concluding the senior executive agreements with the Managing Directors and determining the assignment of duties/rules of procedure of the Manage-

ment Board. The duty of the supervisory boards of listed companies to set target quotas for women on their executive board required under Section 111 (5) AktG therefore does not apply to the appointment of the Management Board of Kurt F. W. A. Eckelmann GmbH, because this responsibility does not lie with the Supervisory Board. If regarding the composition of the governing body entitled to represent the company – pertaining here to Kurt F. W. A. Eckelmann GmbH – Section 289f (2) No. 6 HGB requires a description of the pursued diversity concept, this is not possible for the same reasons; this is a decision taken not by the Supervisory Board of EUROKAI, but autonomously by the Administrative Board of Kurt F. W. A. Eckelmann GmbH.

EUROKAI has no employees of its own. Tasks not related to the management structure of EUROKAI, such as finances, financial controlling and accounting are handled by EUROGATE GmbH & Co. KGaA, KG, Bremen (in the following "EUROGATE") within the scope of a service agreement.

EUROKAI is a financial holding company. Its principal ownership interests are the 66.6% holding in Contship Italia S. p. A., Melzo/Milan, Italy, as well as the 50% interest in EUROGATE, the holding company of the EUROGATE Group, in which BLG Logistics Group AG & Co. KG, Bremen, a company owned by the Free Hanseatic City of Bremen (municipality), also holds 50%. The EUROGATE Group, in turn, has a 33.4% stake in Contship Italia S. p. A. Thus EUROKAI effectively holds a total 83.3% interest in the CONTSHIP Italia Group. Ms Cecilia Eckelmann-Battistello is President of Contship Italia S. p. A. and Mr Thomas H. Eckelmann is Chairman of the Group Management Board of EUROGATE as well as a member of the Board of Directors of Contship Italia S. p. A.

SHAREHOLDERS AND GENERAL MEETING

The shareholders of EUROKAI exercise their rights at the General Meeting, in particular the ordinary Annual General Meeting. This decides on all matters determined by law and the Articles of Association. Contrary to a stock corporation, in which pursuant to Section 172 German Stock Corporation Act (AktG) the supervisory board is generally (for exceptions see Section 173 AktG) responsible for approving the annual financial statements, in a KGaA, pursuant to Section 286 (1) AktG, the General Meeting resolves upon the approval of the annual financial statements. This ruling requires the consent of the Personally Liable General Partner. Under the provisions of Section 285 (2) AktG, resolutions of the General Meeting also require the consent of the Personally Liable General Partner.

A nominal value of EUR 1.00 for each voting share entitles its holder to one vote.

All shareholders who have registered with the company and submitted specific evidence of their shareholding issued by their custodian bank are entitled to attend the General Meeting. Shareholders who are unable to personally attend the General Meeting may assign their voting

rights by proxy to a chosen representative, for example a bank or a shareholders' association, to vote on their behalf.

The convening of the General Meeting as well as the reports and information required for the passing of resolutions are published in compliance with the requirements under stock corporation law and made available on the EUROKAI website at www.eurokai.com.

WORKING PROCEDURES OF THE PERSONALLY LIABLE GENERAL PARTNER

The Management Board of the Personally Liable General Partner is composed of two Managing Directors, Ms Cecilia Eckelmann-Battistello and Mr Thomas H. Eckelmann. Mr Thomas H. Eckelmann is Chairman. Under the rules of procedure for the Management Board, he is responsible for coordinating the activities of the Management Board, representing the company in the public domain, overseeing business communications with the Administrative Board constituted in this company and with the shareholders. Notwithstanding the fact that the Managing Directors are jointly responsible for the management, they carry out independently the duties assigned to them in the schedule of responsibilities. Mr Thomas H. Eckelmann is specifically responsible for EUROGATE, of which he is Chairman of the Group Management Board, and Ms Cecilia Eckelmann-Battistello is specifically responsible for the CONTSHIP Italia Group, of which she is President. Under the rules of procedure, the authorisation to independently conduct the tasks assigned to them reaches its limits where, for example, both areas of responsibility or transactions of material importance are affected, or in the case of measures requiring the consent of the Administrative Board. These and other cases set forth in the rules of procedure require a joint resolution to be adopted by both Managing Directors. Under the provisions set out in the rules of procedure the Managing Directors reach their decisions in meetings that – based on the needs of this pure financial holding company – are held regularly at least twice per month and additionally on a case-by-case basis as required. These are chaired by the Chairman of the Management Board. Use is made of the possibilities to adopt resolutions outside meetings in written or electronic form. Should the Managing Directors not be able to come to an agreement, the Chairman of the Administrative Board shall be responsible for arbitration.

COMPOSITION, OBJECTIVES, DIVERSITY CONCEPT AND PROFILE OF SKILLS AND EXPERTISE OF THE SUPERVISORY BOARD

Pursuant to Section 11 of the Articles of Association, the Supervisory Board of EUROKAI is composed of six members, who are elected by the shareholders. They are appointed for a term of four years. In compliance with the recommendations of the German Corporate Governance Code, Supervisory Board members are elected individually.

Taking into account that EUROKAI is a pure financial holding company that operates nationally and internationally almost exclusively in the field of port handling as well as indirectly in related upstream and downstream areas of activity in the transport sector, the Supervisory Board has specified concrete objectives regarding its composition, which pursuant to Section 100 (5) AktG are intended not only to ensure that the members of EUROKAI's Supervisory Board in their entirety are familiar with the sector in which the company operates. Rather, these objectives at the same time define a profile of skills and expertise that its members as a group should possess in accordance with Section 5.4.1 of the Code and describe the diversity concept pursued within the meaning of Section 289f (2) no. 6 of the German Commercial Code (HGB). However, these objectives do not constitute binding requirements to be heeded by shareholders eligible to elect members, who remain completely free in making their decisions. Rather, election recommendations made by the Supervisory Board to the General Meeting should take these objectives into account as a basis for implementation by corresponding resolution of the General Meeting.

The diversity concept aims to comply with the recommendation of the Code in Section 5.4.1 (1), namely that the Supervisory Board should be composed in such a way "that its members as a group possess the knowledge, ability and expert experience required to properly complete its tasks".

The Supervisory Board has specified the following concrete objectives:

1. Irrespective of the gender of the respective person concerned, professional qualifications and personal independence and expertise, as well as discretion and integrity are the most important prerequisites for appointments to seats on the Supervisory Board. When proposing Supervisory Board candidates for election, irrespective of their gender, the Supervisory Board will always give top priority to these prerequisites, which are essential for fulfilling its legal duties.
2. Overall, the Supervisory Board's objective is to be able to optimally meet its monitoring and advisory duties by having a diversity of members. Diversity covers many aspects, some of which are covered by Section 5.4.1 of the Code, which may be weighted differently from time to time. This may, for example, be the case if the profile of the EUROKAI, EUROGATE and/or CONTSHIP Italia Group or that of the respective markets changes, making it necessary to evaluate these aspects at regular intervals. Obviously, not all Supervisory Board members need to satisfy all of these aspects; however, the board as a whole should do so as far as possible. Within the company-specific situation of EUROKAI, these aspects shall reflect internationality, knowledge of the respective product and geographical markets, basic financial expertise (particularly in the areas of financials and reporting), capability to understand and critically scrutinise business decisions and commercial experience gained from practice. To

ensure the composition of the Supervisory Board fulfils the overall profile of required skills and expertise, consideration shall be given generally to age, gender, general educational and professional background, as well as the ability to work in a team and motivation. It goes without saying that every candidate is able to devote the expected amount of time required. Lastly, care shall be taken to ensure that there are no potential conflicts of interest and that the Supervisory Board includes an appropriate number of independent members within the meaning of Section 5.4.2 of the Code. In the following, a number of concrete objectives are identified.

3. At least two members of the Supervisory Board shall have international business experience; they do not necessarily have to be foreigners themselves and do not necessarily need to have acquired the relevant experience abroad.
4. At least one Supervisory Board member shall have experience and expertise in the business segments that are significant for the company.
5. At least one member of the Supervisory Board shall possess expertise in the fields of financial accounting or auditing as defined by Section 100 (5) of the German Stock Corporation Act (AktG).
6. The Supervisory Board shall include at least one legal expert with experience in commercial law gained through practice.
7. The members as a group shall be familiar with the sector in which the company operates.
8. As long as EUROKAI by virtue of its shareholder structure – as is currently the case – can be considered to be a family-owned company, the Supervisory Board shall have at least (i) one family member and (ii) one member who has experience in managing a medium-sized or large family-owned company. The family member shall, if possible, be a member of the Audit Committee.
9. The Supervisory Board shall include what it considers an adequate number of independent members, as defined by Section 5.4.2 of the Code. This recommendation further implies that any other activities and functions exercised by the members of the Supervisory Board are such that they are not likely to cause a substantial and not merely temporary conflict of interest. Given that by virtue of its shareholder structure the company can currently be considered to be a family-owned company, the Supervisory Board considers it desirable that at least two of its members are independent.
10. No one shall be proposed for election to the Supervisory Board who simultaneously serves on a body of or advises a major competitor of the company or the Group, or provides consultancy services thereto.
11. The Supervisory Board considers it generally desirable to integrate women into the work of the company, as is currently and has for many years been the case regarding the work of the Management Board of the Personally Liable General Partner, and consequently also the tasks of the Supervisory Board. The Supervisory Board has determined a target to integrate at least one (1) female member into the governing body in the short term, and over the medium term, at the latest by the end of the ordi-

nary General Meeting 2021, two (2) female members, bringing the proportion of seats reserved for women to 1/3.

12. As a general rule, an age limit of 70 shall apply for members of the Supervisory Board. Exceptions are permitted in isolated cases, in the knowledge that age in itself is not a criterion for qualifications and expertise and the many years of experience accumulated by members of the Supervisory Board constitute a valuable asset to the company. The term of office of Supervisory Board members shall as a rule be limited to five consecutive terms.
13. The Supervisory Board reviews these objectives on a regular basis. It publishes its objectives and the status of their implementation annually in the Corporate Governance Report.

With the exception that the average age of the members of the Supervisory Board could perhaps be slightly lower, the Supervisory Board is of the opinion that all of the above objectives are currently satisfied.

This applies with respect to nos. 3 and 4 at least to Mr Raetke Müller, Mr Jochen Döhle and Mr Max Warburg.

With respect to no. 5 at least to Dr Sebastian Biedenkopf.

With respect to no. 6 to Dr Sebastian Biedenkopf and Dr Winfried Steeger.

With respect to no. 8 to Ms Katja Both, who is the daughter of the Chairman of the Management Board of the Personally Liable General Partner, Mr Thomas H. Eckelmann, and additionally a co-partner in the Eckelmann family holding company, which indirectly holds a majority interest in EUROKAI. The plan is that she should become a member of the Audit Committee. Moreover, Dr. Winfried Steeger has extensive experience in coaching and managing family-owned companies.

With respect to no. 9 at least to Dr Sebastian Biedenkopf, Mr Jochen Döhle, Dr Winfried Steeger and Mr Max Warburg; in the assessment of the Supervisory Board also to Mr Raetke Müller, irrespective of the fact that he is Chairman of the Management Board of J. F. Müller & Sohn AG, in which EUROKAI holds a 25.01% stake.

Nos. 10 and 11 are satisfied, as is no. 12; no member is 70 years old and longer than five consecutive periods in office.

Former Managing Directors of the Personally Liable General Partner of EUROKAI whose appointed term ended less than two years ago are not represented on the Supervisory Board.

The Supervisory Board regularly conducts an efficiency audit, most recently in 2017. In accordance with this, the objectives are met.

The objectives defined by the Supervisory Board for its composition are also published on the website at www.eurokai.com (under Investor Relations/Corporate Governance) and were decided on anew at the meeting of 4 April 2018.

COMMITTEES OF THE SUPERVISORY BOARD

The Supervisory Board of EUROKAI has set up an Audit Committee, which is composed of three members of the Supervisory Board. Where appropriate, the committee prepares decisions that are deliberated at the meetings of the Supervisory Board and complements the work of the Supervisory Board. In as far as the law and the Articles of Association permit, the Supervisory Board's rules of procedure make provision for its members to form additional advisory and decision-making committees as and where necessary.

The principal tasks of the Audit Committee are to discuss the half-yearly financial report with the Management Board of the Personally Liable General Partner, to audit the disclosures included in the annual financial statements and consolidated financial statements, management commentaries, Dependency Report and – in consultation with the auditor – the auditor's findings and reports; additionally to prepare the decision of the Supervisory Board on the approval of the annual financial statements and the consolidated financial statements, the appointment of the auditor, as well as the proposal of the Personally Liable General Partner for the distribution of the net retained profits. Furthermore, the Audit Committee monitors the financial accounting, the accounting process, the effectiveness of the internal control and risk management system including compliance, the internal auditing system and the annual audit, and in particular the independence of the auditor and any services additionally provided by the auditor.

The Chairman of the Audit Committee, who shall not be identical with the Chairman of the Supervisory Board, is independent and has gained extensive professional know-how and experience in the application of accounting principles and internal control procedures.

WORKING PROCEDURES OF THE SUPERVISORY BOARD

The working procedures of the six-member Supervisory Board are based on the Supervisory Board's rules of procedure. The Supervisory Board usually convenes at four ordinary meetings during the year, the dates of which are determined annually in advance. In addition the Supervisory Board where necessary adopts resolutions outside meetings using modern means of communication, so that resolutions in written or electronic form are sufficient. The Supervisory Board has a Chairman, currently Dr Winfried Steeger, who invites members to the meetings, chairs meetings and is responsible for adoption of the resolutions passed. As provided for by law, resolutions require a simple majority and may only be passed on items of the agenda announced beforehand in due form in the convention documents, unless all members of the Supervisory Board consent to the passing of a resolution. The work of the Supervisory Board in the meetings is

intensive and characterised by the specialist expertise of its members. The Supervisory Board has formed one committee, the Audit Committee, which performs statutory duties. Under the rules of procedure, the Chairman of the Supervisory Board is an "automatic" member; however, in line with the recommendation under Section 5.3.2 (3) of the German Corporate Governance Code, he is not Chairman of the Audit Committee. The Chairman of the Committee is currently Dr Sebastian Biedenkopf, who pursuant to Section 100 (5) AktG has the requisite expertise knowledge (financial expert). The Audit Committee usually convenes twice a year.

The Supervisory Board did not form a Human Resources Committee since, due to its function as a pure holding company, EUROKAI has no employees of its own and the appointment and dismissal of the Managing Directors of the Personally Liable General Partner are the responsibility of its Administrative Board.

The Chairman of the Supervisory Board regularly maintains contact with the Management Board, and consults with it on an ongoing basis on the course of business. The Supervisory Board is also kept regularly informed by the Management Board about the development of the company through legally stipulated reports and special reports, as and when required.

COMPENSATION OF THE SUPERVISORY BOARD

The compensation of the Supervisory Board is specified in Section 13 (1) of the Articles of Association, which has the following wording:

"In addition to reimbursement of all necessary expenses and an attendance fee of EUR 500.00 for each meeting attended, each member of the Supervisory Board shall receive annual compensation in the amount of EUR 8,000.00. The Deputy Chairman of the Supervisory Board shall receive one-and-a-half times this amount, the Chairman of the Supervisory Board shall receive three times the amount.

Each member of the Audit Committee shall additionally receive annual compensation of EUR 2,000.00. The Chairman of the Audit Committee shall receive twice this amount."

The compensation of the Supervisory Board is thus fixed and does not include any performance-based components.

For information regarding the remuneration of the statutory organs of the company, we refer to No. 32 and No. 37 of the Notes to the consolidated financial statements.

COOPERATION BETWEEN PERSONALLY LIABLE GENERAL PARTNER AND SUPERVISORY BOARD

The Personally Liable General Partner and the Supervisory Board of EUROKAI give high priority to responsible and transparent management committed to corporate responsibility and geared towards long-

term success, as well as to the appropriate management of risks. The Personally Liable General Partner informs the Supervisory Board in a regular, timely and comprehensive manner on all matters relevant to the company and the Group, as well as the joint ventures included in the consolidated financial statements, relating to the corporate strategy, business policy, corporate planning, (in particular financial, investment and personnel planning). It also reports on the development of business, especially of revenue, the position of the company, the financial and earnings situation, and profitability, and explains in detail any deviations from projections, risk exposure, especially transactions having a possible material impact on the company's profitability or liquidity, as well as risk management, the internal control system and auditing practices, including compliance. Furthermore, it ensures compliance with legal requirements, in particular the measures stipulated in Section 91 (2) of the German Stock Corporation Act (AktG), and uses its influence to ensure their compliance within the Group companies.

The Supervisory Board advises and supervises the Personally Liable General Partner in the running of the company. In the case of exceptional business transactions, the Personally Liable General Partner must obtain the prior approval of the Supervisory Board pursuant to Section 7 of the Articles of Association. Furthermore, it must submit a budget estimate/earnings statement as well as an annual investment and financial plan to the Supervisory Board for approval and report on their implementation on a three-monthly basis. The Supervisory Board reviews and approves the financial statements and the management report of the company as well as the consolidated financial statements and Group management report and management's proposal on the appropriation of net retained profits.

The Supervisory Board has drawn up internal rules of procedure to govern its work. The Chairman of the Supervisory Board coordinates work performed by the Board, chairs its meetings and represents the Board's interests vis-à-vis third parties. Between meetings he regularly consults with the Management Board of the Personally Liable General Partner.

The Supervisory Board has more precisely defined the reporting and information requirements of the Personally Liable General Partner and made them available on the website at www.eurokai.com.

For more information we refer to the Report of the Supervisory Board on page 32 of our Annual Report. The Annual Report is also published on our website at www.eurokai.com (under Investor Relations/Financial Reports).

TRANSPARENCY

EUROKAI informs the general public in a regular and timely manner on the economic situation of the Group. The Annual Report and the half-yearly financial report are published within the statutory periods (www.eurokai.com under Investor Relations/Financial Reports). First- and third-quarterly interim statements are also published. Newswor-

thy events and new developments are reported in press releases and, where necessary, ad-hoc announcements, which are subsequently published on the EUROKAI website (www.eurokai.com under Investor Relations/Ad-hoc Announcement). The legally stipulated reports, documents and information required for the General Meeting are available on the website together with the agenda of the General Meeting and any counter-motions or nominations on the part of the shareholders that the company is obliged to make accessible to the public.

The planned dates for the main recurring events and publications – such as General Meeting, Annual Report, half-yearly financial report and interim statements – are listed in a financial calendar which is published sufficiently in advance and made permanently available on the EUROKAI website (www.eurokai.com under Investor Relations/Financial Calendar”).

RISK MANAGEMENT

EUROKAI regards the responsible management of business risks as an important principle of good and sustainable corporate governance. Early identification of risks and minimisation of risk positions form an integral part of this. EUROKAI employs an internal control and risk management system, including compliance, and an internal auditing system, which identify, assess and control risks. Continuous adaptation of the systems – in particular of the manuals pertaining to the early risk identification system of the EUROGATE and the CONTSHIP Italia Group – to changed general conditions, as well as monitoring their effectiveness, is a permanent task for the Personally Liable General Partner and the Supervisory Board.

The Personally Liable General Partner informs the Supervisory Board regularly and promptly of existing risks and their development.

For further details, we refer to the Report on expected developments, opportunities and risks as well as risk management system under No. 8 of the Group management report.

COMPLIANCE MANAGEMENT SYSTEM

Within EUROKAI, the umbrella term “compliance” relates to the adherence to legal norms and internal guidelines and working towards their observance in the EUROKAI Group companies.

This goal is pursued through the establishment, coordination and ongoing development of a Group-wide compliance management system designed as far as possible to prevent compliance violations and avoid damage to EUROKAI's good reputation, liability claims or other legal prejudice to the EUROKAI Group, its employees and governing bodies.

A further objective and at the same time a central task of the compliance management system is to identify and continuously assess significant compliance risks, while implementing appropriate measures and processes to minimise such risks.

Moreover, the compliance management system seeks to raise awareness amongst the employees of the EUROKAI Group of the need to observe the relevant legal regulations and internal guidelines which apply to their work and thus create awareness amongst the workforce of possible compliance risks and strategies for managing such risks.

For the EUROKAI Group companies, the following applies:

Since EUROKAI is a pure financial holding company with, in terms of personnel, only two Managing Directors of the Personally Liable General Partner and two authorised representatives, it has not been necessary to set up a specific compliance management system.

The CONTSHIP Italia Group established a code of conduct in 2012, which states that all activities of the CONTSHIP Italia Group shall be in compliance with the legislative framework, the principles of fair competition, honesty, integrity, fairness, good faith, and respect the legitimate interests of its customers, staff, shareholders, business and financial partners. Principles are also established in particular in respect of compliance-relevant issues such as conflicts of interest, money laundering and the giving or accepting of undue advantage. Internal company policies define additional principles for dealing with compliance issues. The CONTSHIP Italia Group is currently laying the foundations for a system to monitor adherence to these guiding principles. An anonymous whistleblower system is yet to be implemented.

The compliance management system for EUROGATE is laid down in the compliance policy that came into force on 1 January 2017, which is permanently available to employees of the EUROGATE Group for download on the intranet. EUROGATE has also implemented an anti-corruption policy and a code of conduct, which are accessible on the intranet and on the EUROGATE website at www.eurogate.eu/downloads under the point "Compliance". They also contain the contact details of the compliance officer and the external ombudsman to whom employees and third parties can turn, anonymously if they so wish. The compliance policy describes in detail the relevant duties and responsibilities within the Group. The duties are performed interdisciplinarily by various bodies, with the compliance officer being involved in each case. Additionally, the responsibilities of the governing bodies, relating in particular to the Supervisory Board and the Group Management Board, on each of which a central contact is named, and of the compliance officer are defined. In order to guarantee the independence and objectivity of the compliance officer, his or her appointment may only be countermanded for cause through application of Section 626 of the German Civil Code (BGB),

Technical responsibility for the compliance management system lies with the legal department in Hamburg.

In 2017, based on the young compliance guideline that came into force in January 2017, the regulatory framework was created, structures were established and training was carried out. There was only one case of a compliance violation involving an external service provider (suspected cigarette smuggling), in which the Hamburg customs investigation office took charge of the investigation.

REPORTING AND AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

EUROKAI prepares its consolidated annual financial statements in accordance with International Financial Reporting Standards (IFRSs) such as they apply in the EU. The single-entity annual financial statements are prepared according to the requirements of the German Commercial Code (HGB). They are audited by the auditor as well as by the Audit Committee and the Supervisory Board. The half-yearly financial report is reviewed by the Audit Committee together with the Personally Liable General Partner prior to being published.

The consolidated financial statements and single entity financial statements of EUROKAI were audited and each issued an unconditional audit certificate by the auditor Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, which was appointed by the 2017 General Meeting.

DECLARATION OF CONFORMITY OF EUROKAI GMBH & CO. KGAA WITH THE GERMAN CORPORATE GOVERNANCE CODE IN ACCORDANCE WITH SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

Pursuant to Section 161 of the German Stock Corporation Act (AktG), the Management Board of Kurt F.W.A. Eckelmann GmbH, Hamburg, as Personally Liable General Partner, and the Supervisory Board of EUROKAI GmbH & Co. KGaA, Hamburg (hereinafter "EUROKAI"), taking into account the specific organisational distinctions of the legal form of a partnership limited by shares (KGaA) as set out in the following (cf. A below), and the structuring of this legal form through EUROKAI's Articles of Association, declare that, with the exception of the deviations set out in the following (cf. B below), in the period since the last Declaration of Conformity of April 2017, EUROKAI has complied with and will continue to comply with the recommendations of the "Government Commission German Corporate Governance Code" in the version dated 7 February 2017 and published in the Federal Gazette on 24 April 2017 and corrected on 19 May 2017 (hereinafter the "Code").

A. SPECIFIC ORGANISATIONAL DISTINCTIONS OF THE LEGAL FORM OF A PARTNERSHIP LIMITED BY SHARES (KGAA)

- EUROKAI is a Kommanditgesellschaft auf Aktien – (“KGaA” – partnership limited by shares). In a KGaA, the duties of the management board of a stock corporation (“AG”) are the responsibility of the personally liable general partner. The sole Personally Liable General Partner of EUROKAI is Kurt F. W. A. Eckelmann GmbH, Hamburg, whose Managing Directors are thus responsible for conducting the business of EUROKAI. EUROKAI does not hold an interest in the Personally Liable General Partner. The sole shareholder of the Personally Liable General Partner is Familie Thomas Eckelmann GmbH & Co. KG, Hamburg, which is controlled entirely by the family of Mr Thomas H. Eckelmann.
- In comparison with the supervisory board of a German stock corporation, the role of a supervisory board of a KGaA is limited. In particular, the supervisory board is not responsible for appointing or dismissing general partners or for regulating the terms and conditions of their contracts, issuing rules of procedure for the management board or determining business transactions requiring approval. For this reason, Section 7 of EUROKAI’s Articles of Association requires that the Personally Liable General Partner obtain the prior approval of the Supervisory Board for all extraordinary transactions. To this end Section 7 of the Articles of Association contains a catalogue of business transactions requiring approval. The duty of the management board of a stock corporation to report to and inform the supervisory board, as governed by Section 90 AktG, applies analogously to EUROKAI as a KGaA. EUROKAI has also specified the information and reporting duties of the Personally Liable General Partner in greater detail in accordance with Section 3.4 of the Code. These can be found on the company’s website under Corporate Governance.
- The general meeting of a KGaA fundamentally has the same rights as the general meeting of an AG; it additionally resolves on the adoption of EUROKAI’s annual financial statements. Many of the resolutions made by the General Meeting require the consent of the Personally Liable General Partner; particularly the adoption of EUROKAI’s annual financial statements.
- Although the concrete wording of the recommendations of the Code does not in all instances take into account the specific organisational distinctions of the legal form of a KGaA, the Personally Liable General Partner, Kurt F. W. A. Eckelmann GmbH, and the Supervisory Board have agreed to currently and in future comply with the recommendations of the Code with the deviations stated in Section B below.

B. DEVIATIONS FROM THE RECOMMENDATIONS OF THE CODE

The following provisions of the Code were not applied and will not be applied in the future:

B. 1 Section 3.8 (3) – Deductible in the D&O (directors’ and officers’ liability insurance) policy for the Supervisory Board

No deductible has been agreed upon in the D&O policy for the Supervisory Board because neither the Personally Liable General Partner nor the Supervisory Board believes that the motivation and responsibility which the Supervisory Board brings to the fulfilment of its duties can be improved by any such deductible.

B. 2 Section 4.2.4, 4.2.5 (3) – Separate disclosure of the total compensation of each of the Managing Directors of the Personally Liable General Partner

Section 9 of EUROKAI’s Articles of Association provides that the compensation of the Managing Directors of the Personally Liable General Partner is determined by EUROKAI’s Supervisory Board and is granted and paid to them directly by EUROKAI. To date no use has been made of this option. EUROKAI pays no compensation either to the Managing Directors of the Personally Liable General Partner or to the Personally Liable General Partner itself. Therefore, separate disclosure of the total compensation of each of the Managing Directors of the Personally Liable General Partner in the Notes and in the management report is dispensed with. As a precautionary measure however, in application of Sections 286 (5), 314 (3) sentence 1 of the German Commercial Code (HGB), the EUROKAI General Meeting of 10 June 2015 decided that in the annual and consolidated financial statements for EUROKAI to be prepared for the years 2015 to 2019 the disclosures required under Section 285 no. 9 letter a sentence 5 to 8 and under Section 314 (1) no. 6 letter a sentence 5 to 8 HGB would be omitted.

B. 3 Section 5.3.3 – Nomination Committee

Pursuant to Section 5.3.3 of the Code, the Supervisory Board is to form a nomination committee composed exclusively of shareholder representatives which proposes suitable candidates to the Supervisory Board for recommendation to the General Meeting.

The Personally Liable General Partner and the Supervisory Board are of the opinion that a nomination committee is not required since the Supervisory Board is composed of only six representatives of the shareholders and is therefore in a position to directly and efficiently make election recommendations to the General Meeting.

B. 4 Section 5.4.1 – Regular limit to Supervisory Board members’ term of office

Whereas Section 5.4.1 of the Code requires only a regular limit to Supervisory Board members’ term of office to be specified, with respect to the age limit of Supervisory Board members, the provision stipulates that a fixed limit be specified. The Personally Liable General Partner and the Supervisory Board believe that setting a fixed age limit is detrimental due to its lack of flexibility. Here, too, they consider a regular limit to be sufficient.

B. 5 Section 7.1.2 – Financial reporting

Pursuant to Section 7.1.2 of the Code, the consolidated financial statements shall be publicly accessible within 90 days of the end of the financial year; interim reports (half-yearly and any quarterly reports) shall be publicly accessible within 45 days of the end of the reporting period.

EUROKAI does not apply this recommendation, and practically is not in a position to do so. EUROKAI is a pure financial holding company and therefore relies on the figures provided by its investment holdings, which it regularly does not receive in time to comply with the recommendation. The consolidated financial statements are published pursuant to the requirements under Section 15 of the Company Disclosure Act (PublG) and Section 325 (4) of the German Commercial Code (HGB) and the half-yearly report pursuant to the requirements under Sections 37w of the German Securities Trading Act (WpHG).

Hamburg, Germany, March 2018

Personally Liable General Partner
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Thomas H. Eckelmann
Cecilia E. M. Eckelmann-Battistello

Supervisory Board
Dr Winfried Steeger