



## Declaration of Conformity pursuant to Section 161 AktG

The Management Board and Supervisory Board of schlott gruppe AG have issued the following Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz – AktG):

The Management Board and Supervisory Board of schlott gruppe Aktiengesellschaft hereby declare that since the last Declaration of Conformity of 17 December 2008 all recommendations of the Commission of the German Corporate Governance Code (Regierungskommission Deutscher Corporate Governance Kodex), initially issued in the version of 8 August 2008, and in the amended version as at 18 June 2009, as published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette on 5 August 2009, have been and continue to be complied with, with the exception of the following departures:

- In contrast to the recommendation in Section 3.8 sentence 4 GCGC (old version) and the account given in Section 3.8 sentence 4 GCGC (revised version) with regard to relevant statutory provisions, the Company's D&O insurance policy includes no deductible for incumbent members of the Management Board. This is due to the fact that in accordance with the terms of the employment contracts negotiated with the incumbent members of the Management Board the Company is obliged to conclude D&O insurance policies without deductibles; these existing contracts take precedence over legal provisions. By contrast, all newly concluded or extended employment contracts with Management Board members will include terms relating to a deductible. Contrary to Section 3.8 sentence 4 GCGC (old version) and Section 3.8 sentence 5 GCGC (revised version), the D&O insurance policy for members of the Supervisory Board includes no deductible, the reason being that this was agreed within the applicable D&O policies in line with standard schlott gruppe AG practice. The Company will review the possibilities of adjusting this component of D&O insurance prior to the future extension of such policies.
- In contrast to the recommendation outlined in Section 4.2.3 paragraph 4 GCGC, the contracts negotiated with the incumbent members of the Management Board do not include a severance pay cap. This is due to the fact that contracts concluded with Management Board members prior to the incorporation of such

recommendations in the German Corporate Governance Code did not include provisions for severance pay caps and that a possible deterioration in the contractual terms negotiated for newly appointed Management Board members was deemed inappropriate by the Supervisory Board.

- In contrast to Section 5.4.6 paragraph 2 GCGC, the members of the Supervisory Board do not receive performance-based compensation, and contrary to Section 5.4.6 paragraph 1 sentence 3 GCGC, the Chair of Supervisory Board committees does not receive separate compensation. Within this context, the Supervisory Board is of the opinion that both performance-based compensation as well as separate compensation for membership in and chairing of Supervisory Board committees may be considered appropriate, particularly in view of the more intensive input required by the Supervisory Board and its committees in response to the special financial situation of the Company. With this in mind, the Supervisory Board would be prepared in principle to submit to the General Meeting of Shareholders a proposal for such amendments to be made. However, in view of the difficult situation currently faced by the Company, it has decided to refrain from any such action. This is to be seen as a symbolic gesture on the part of the Supervisory Board, as well as a contribution to cost streamlining.
- In contrast to Section 7.1.2 sentence 4 GCGC, the consolidated financial statements are not published within 90 days of the end of the financial year. Owing to the fact that the Company's financial year (1 October to 30 September) does not coincide with the calendar year, the date of publication would have to be brought forward to a date preceding the Christmas holidays in December, which would be associated with significantly higher costs for schlott gruppe.

Freudenstadt, 18 December 2009

**schlott gruppe AG**

The Supervisory Board

The Management Board