

Corporate Governance Statement in accordance with section 289a HGB for fiscal year 2015¹⁾

At RENK, the management and control of the company are geared towards ensuring sustainable value added and an appropriate result in accordance with the principles of the social market economy.

Corporate governance is defined by the applicable laws, in particular company law, the Articles of Association and internal regulations, and by national and international standards of good and responsible management. The German Corporate Governance Code (Code) provides conduct recommendations and suggestions for the corporate governance as applied in the RENK Group in line with recognized standards.

(1) Corporate Governance at RENK²⁾

The Executive Board and the Supervisory Board of RENK have dealt extensively with the corporate governance system and compliance with the recommendations and suggestions of the Code. They are aware that good and transparent corporate governance, consistent with both national and international standards, is essential for the responsible and longterm management of a company.

1) The Corporate Governance Statement in accordance with section 289a HGB is not included in the audit.

2) Also "Corporate Governance Report" of the Executive Board and the Supervisory Board in accordance with item 3.10 of the German Corporate Governance Code as amended May 5, 2015.

Declaration of Conformity

On December 11, 2015 the Executive Board and the Supervisory Board issued the declaration of compliance reproduced below in accordance with section 161 of the Aktiengesetz (AktG – German Stock Corporation Act):

„The Executive Board and Supervisory Board of RENK Aktiengesellschaft declare that effective immediately, the company complies with the recommendations of the Government Commission on the German Corporate Governance Code in the version of May 5, 2015 (as published by the Federal Ministry of Justice in the official section of the *Bundesanzeiger* (German Federal Gazette) of June 12, 2015) with the exception of Section 5.4.1, Paras. 5 – 7 (disclosure of election recommendations).

With regard to the recommendation in Section 5.4.1, Paras. 5 – 7 in the Code on the disclosure of certain circumstances in election recommendations of the Supervisory Board to the Annual General Meeting, the requirements of the Code are indeterminate and not clearly distinguished. Therefore, by way of precaution, departure from the Code is declared. Nonetheless, the Supervisory Board will attempt to meet the requirements of Section 5.4.1 Paras. 5 – 7 of the Code.

The Executive Board and Supervisory Board of RENK Aktiengesellschaft further declare that the company complied with the recommendations of the Government Commission on the German Corporate Governance Code in the version of June 24, 2014 (as published by the Federal Ministry of Justice in the official section of the *Bundesanzeiger* of September 30, 2014) during the period of December 2014 to June 12, 2015 with the execution of Section 5.4.1, Paras 4 – 6 (disclosure of election recommendations, in the version of the Code dated May 5, 2015; Section 5.4.1 Paras. 5 – 7). The reasons for the exceptions are stated above.

From June 12, 2015 until the submission of this Declaration of Conformity, the company complied with the recommendations of the Government Commission on the German Corporate Governance Code in the version of May 5, 2015 (as published by the Federal Ministry of Justice in the official section of the *Bundesanzeiger* of June 12, 2015) with the exception of Section 5.4.1, Para. 2 (length of membership in the Supervisory Board) and Section 5.4.1, Paras 5 – 7 (disclosure of election recommendation). The reasons for the departures from Section 5.4.1 Paras. 5 – 7 are stated above. The new recommendation in Section 5.4.1, Para. 2, which took effect from June 12, 2015, regarding the goal of the Supervisory Board to define and observe a limit on the length of membership in the Supervisory Board, has been complied with on y since a relevant discussion and resolution by the Supervisory Board on December 11, 2015.“

Annual General Meeting

The Annual General Meeting is the forum for shareholders of RENK AG to exercise their voting rights, to obtain information, and to engage in a dialog with the Executive Board and the Supervisory Board.

RENK AG's Annual General Meeting is organized and held with the goal of providing all shareholders with information quickly, comprehensively and effectively both before and during the Annual General Meeting. The invitation to the Annual General Meeting is published in the *Bundesanzeiger* (the Federal Gazette) and is made accessible to shareholders and all other interest parties on RENK's website, together with all reports and submissions for the Annual General Meeting.

To make it easier for shareholders to exercise their rights in person and to facilitate voting representatives, in addition to the option of authorizing a bank, shareholder associations or other persons, there is the possibility of authorizing a RENK employee as a voting representative.

Cooperation between the Executive Board and the Supervisory Board

In accordance with German stock corporation law, RENK AG has a dual management structure with its Executive Board and Supervisory Board. Both governing bodies work together closely for the good of the company and strive to sustainably increase the value of the company for the shareholders.

The Executive Board performs management and operational functions on its own responsibility, the Supervisory Board performs monitoring and consulting functions. Both the Executive Board and the Supervisory Board work on the basis of the applicable legal regulations and their respective Rules of Procedure. The Executive Board informs the Supervisory Board promptly and comprehensively on strategy, planning, business development and the risk position. Transactions and measures that require the approval of the Supervisory Board are presented to it in time. The Executive Board also informs the Chairman of the Supervisory Board immediately of extraordinary events.

The Executive Board

The Executive Board is the management body of RENK AG and has two members as of December 31, 2015. The members of the Executive Board conduct all the company's business with joint responsibility. The Executive Board is appointed by the Supervisory Board. The Executive Board's work is governed by its Rules of Procedure.

The Executive Board determines the business objectives for the entire RENK Group. It ensures compliance with legal provisions, official regulations and internal company policies. The Executive Board also ensures open and transparent corporate communications. The risk management system assists the Executive Board in recognizing business and financial risks and taking appropriate measures to reduce risks.

In accordance with the specifications of the German Stock Corporation Act and item 4.3.4 of the Code, Executive Board members can perform sideline activities, including supervisory board mandates outside the RENK Group, only with the prior consent of the Supervisory Board. The Executive Board members are further required to disclose

conflicts of interest to the Supervisory Board and the other members of the Executive Board without delay. Executive Board members did not report any conflicts of interest in the year under review. In addition, companies of the RENK Group did not perform any transactions with members of the Executive Board or their related parties in the year under review.

In accordance with the decision made by the Supervisory Board on an age limit for members of the Executive Board, appointments for members of the Executive Board should generally end one year after they reach the age of 65: This age limit will increase in line with the development of the standard retirement age for the statutory pension system and the Supervisory Board reserves the right to make exceptions in individual cases.

In accordance with section 76(4) AktG, on July 27, 2015 the Executive Board set targets for the share of women in the first and second management levels below the Executive Board of 0% and 12.8% respectively. The term for achieving the set target rates expires June 30, 2017.

The Supervisory Board

The Supervisory Board is the monitoring and consulting body of RENK AG.

Since the Annual General Meeting of April 24, 2013, in accordance with section 96 (1) alt. 1 and section 101(1) AktG in conjunction with section 1(1) and section 7(1) sentence 1 no. 1 of the *Mitbestimmungsgesetz* (MitbestG – German Codetermination Act), the Supervisory Board consists of twelve members. Six of these are shareholder representatives elected by the Annual General Meeting and six are employee representatives elected in line with the German Codetermination Act.

For information on the composition of the Supervisory Board and the Supervisory Board committees formed plus further details of the changes occurred in the year under review, please see the report of the Supervisory Board and the notes to the consolidated financial statements.

The Supervisory Board of RENK AG updated the goals for its composition at its meeting on December 11, 2015. This serves the implementation of two changes in item 5.4.1 of the Code:

Firstly, given the statutory provisions that the supervisory board of a listed company must be at least 30% women and 30% men in the future, the stipulation that women should be taken into account appropriately when setting targets has been dropped. Secondly, a standard limit for time as a member of the Supervisory Board must now be implemented.

Following its resolution on December 11, 2015, and in light of the purpose of the company, its size and the share of its international activities, the Supervisory Board of RENK AG is endeavoring to achieve a composition for the Supervisory Board that takes the following elements into account:

- at least one seat on the Supervisory Board for persons who especially embody the criterion of internationality;
- at least one Supervisory Board member elected by the shareholders who have no potential conflicts of interest and are independent within the meaning of item 5.4.2 of the Code;
- generally no persons should be considered for election who have reached the age of 70 by the time of the election or who have already been a member of the Supervisory Board of the company for more than 20 year.

All these criteria are met or considered.

Supervisory Board members did not report any conflicts of interest in the year under review. The mandates of Supervisory Board members in bodies of other companies are shown in the notes to the consolidated financial statements.

Remuneration system of the Executive Board and the Supervisory Board

For details of the remuneration system for the Executive Board and the Supervisory Board, please see the remuneration report in the management report.

Compliance

In fiscal year 2015 RENK systematically implemented and continued to develop the compliance program covering the combating of corruption, antitrust law, data privacy and money laundering.

RENK has further consolidated compliance as an integral part of its corporate culture. The compliance management system is coordinated, taught and constantly refined by the compliance officer on the basis of the MAN compliance program. He reports directly to the Executive Board of RENK AG and functionally to the Audit Committee of the Supervisory Board.

The compliance officer is assisted by a deputy and one other employee in the area of reviewing business partners. The Rheine and Hanover plants also have “compliance champions”, i.e. managers who are not fulltime compliance employees but who have assumed special responsibility for the issue of compliance.

Furthermore, the compliance officer can use the resources of MAN’s corporate compliance office. In particular, training and information materials and e-learning courses are managed from here. Policies are adapted to RENK’s structure and business model.

The compliance organization has been established and new compliance measures introduced in close consultation with the Executive Board and plant management teams on the basis of identified risks. The Risk and Compliance Board, which meets quarterly, is informed of the progress in measures and coordinates the next steps.

The global protection of personal data is ensured by an external data protection officer, based on a data privacy policy that applies to the entire RENK Group.

In implementing the findings of the compliance risk assessment, a clear tone from the top in terms of integrity, emanating from the Executive Board, managers and the compliance officer, was ensured.

Ethical principles of conduct and compliance requirements have been stipulated for RENK in its Code of Conduct.

In addition to the Code of Conduct for employees, RENK has issued a Code of Conduct for suppliers and business partners that describes minimum ethical standards that RENK's suppliers and business partners must undertake to adhere to.

The integrity of sales support business partners is checked as a mandatory requirement and they are subject to an approval process.

In the reporting period there was a review workshop as part of a compliance certification process by Ernst & Young. This examined the design, adequacy and effectiveness of the RENK compliance management system in the "anticorruption" area. This workshop was completed without any objections.

At events for different groups of employees, the compliance officer presented the compliance organization, compliance processes and compliance tools at RENK and conveyed the Executive Board's expectations in matters of compliance to the employees.

The compliance officer and the compliance help desk, which can be used by all employees for matters concerning compliance, received 31 inquiries in the reporting period. These questions were answered and documented by the compliance officer.

Transparency and financial reporting

On the website www.renk.eu under the "Investor Relations", the RENK Group publishes a financial diary with all the important dates for shareholders. Furthermore, this website also provides all other important information that can be accessed by shareholders and interested members of the public, thereby allowing the simultaneous and comprehensive communication of relevant information. This includes annual reports and half-yearly reports, press releases, and invitations to and agendas for general meetings including the other documentation that must be published in connection with the Annual General Meeting.

Furthermore, such information that must be disclosed immediately in accordance with capital market disclosure obligations is also published on the www.renk.eu homepage under "Investor Relations". In particular, examples of such information are:

- In accordance with section 15a of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act) persons with management duties and certain related parties must report to the issuer and the *Bundesanstalt für Finanzdienstleistungsaufsicht* (BaFin – German Federal Financial Supervisory Authority) on the purchase and sale of RENK shares and financial instruments that reference RENK shares. In fiscal year 2015, the sale of 500 common shares was reported by a member of the Executive Board on May 19, 2015. According to the notifications received, the direct and indirect holdings of shares or derivatives referencing shares by Executive Board and Supervisory Board members have not exceeded the threshold of 1% of the shares outstanding, either in any individual case or in total.
- In accordance with section 15 WpHG, German issuers of financial instruments are required to disclose inside information that directly relates to them without delay.
- In accordance with section 26 WpHG, German issuers must immediately publish notifications that they receive of shares of voting rights in the company being exceeded or fallen below.

The annual consolidated financial statements of the RENK Group are prepared by the Executive Board based on the International Financial Reporting Standards (IFRS), as adopted in the European Union, and the single entity financial statements of RENK AG in accordance with the *Handelsgesetzbuch* (HGB – German Commercial Code) and the *Aktiengesetz* (AktG – German Stock Corporation Act). The consolidated financial statements of the RENK Group are audited by the auditor and the Supervisory Board.

In line with the recommendation in item 7.1.2 sentence 2 of the Code, the half-yearly report is discussed at RENK by the Executive Board with the Audit Committee prior to its publication. The publication deadlines for the consolidated financial statements and the half-yearly report stipulated in item 7.1.2 sentence 4 of the Code are complied with.

The Audit Committee of the Supervisory Board proposes an auditor to be elected for the company to the Supervisory Board. The Annual General Meeting appointed PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft as the auditor for fiscal year 2015 on June 18, 2015. The auditor provided the Supervisory Board with a statement regarding its independence, which serves as proof of the auditor's independence. In addition to granting the audit mandate and agreeing the fee, the Supervisory Board arranged the immediate reporting by the auditor to the Supervisory Board in the event of findings or events of material importance in the performance of the audit of the financial statements and of the discovery of inaccuracies in the declaration of conformity issued in accordance with section 161 AktG.

(2) Other corporate governance practices

RENK's reputation, the trust of our customers, investors, employees and public opinion are crucially dependent on the proper conduct of all the employees of our Group.

RENK has therefore adopted the MAN Group's Code of Conduct in full as a binding standard for day-to-day work. A key objective of the Code of Conduct is to eliminate advantages granted and accepted as a means of achieving business goals. RENK's standing among the competition is owed solely to the quality and specific customer benefits of its products and services. This is made clear to our employees in part by training, but above all by exemplary conduct of management. Furthermore, the requirements of the Code of Conduct are defined in greater detail in policies.

The appreciation of our employees – regardless of nationality, culture, religion, sex and age – is a central concern for RENK's management. We treat our employees fairly and openly and with understanding and tolerance. And we expect precisely this attitude from our employees in their dealings with their colleagues, business partners and third parties. Our social responsibility also includes various preventive measures for occupational safety and organization that provide our employees with the best possible protection and a positive working environment. We expect our employees to display entrepreneurship. In return, we allow our employees to share in the company's success.

Another key aspect of RENK's corporate governance is responsibility towards investors, which is quantified by appropriate target returns. The continuous pursuit of these goals requires that we strengthen our market position specifically in our core business. The external growth strategies that can be used for this, such as cooperations, joint ventures, business acquisitions and the establishment of global distribution offices, are reviewed continuously together with the possibilities for internal growth and implemented specifically in the context of financial opportunities.

(3) Working methods and composition of the Executive Board, the Supervisory Board and its committees

The composition of the Executive Board, the Supervisory Board and the Supervisory Board committees is presented in the notes to the annual financial statements.

Please see note (1) for information on the working methods of the Executive Board and the Supervisory Board.

The Executive Board has no committees.

Working methods of the Supervisory Board committee

The Supervisory Board has formed three joint committees, each consisting of two shareholder representatives and two employee representatives: the Audit Committee, the Executive Personnel Committee and the Mediation Committee in accordance with section 27(3) of the *Mitbestimmungsgesetz* (MitbestG – German Codetermination Act). There is also the Nomination Committee that consists of two shareholder representatives.

The main role of the committees is to prepare the resolutions by the full Supervisory Board. In individual cases, decision-making powers and responsibilities of the Supervisory Board are transferred to the committees.

The role of the Nomination Committee is to identify candidates for Supervisory Board mandates who best meet the selection criteria, taking into account the statutory provisions and the regulations implemented in accordance with the Declaration of Conformity of the company, and to propose to the Supervisory Board suitable candidates for its nominations to the Annual General Meeting.

The Mediation Committee performs the duties assigned to it in accordance with section 27(3) MitbestG.

The Audit Committee normally meets four times a year before the accounts meeting of the Supervisory Board and once each in connection with the half-yearly report and the interim reports. Meetings of the other committees are convened as necessary.

Please also see the report of the Supervisory Board for information on the work of the committees.

(4) Target for share of women

In accordance with section 111(5) AktG, the Supervisory Board has set a target for the share of women in the Executive Board of 0%.

In accordance with section 76(4) AktG, the Executive Board has set a target for the share of women in the two management levels below the Executive Board of 12.8%.

The deadlines for meeting these targets were set as December 31, 2016 and June 30, 2017.