



## Declaration of Conformity

As a Luxembourg *société anonyme* (S.A.) listed solely in Germany, SAF-HOLLAND S.A. ("**SAF-HOLLAND**" or "**Company**") is neither subject to the Luxembourg nor the German standards for corporate governance. Nevertheless, the Company's Board of Directors ("**Board of Directors**") as well as the executive board of SAF-HOLLAND GmbH ("**Executive Board**"), acting as the operational management for the Group like the management board of a German stock corporation (*Vorstand*), are committed to responsible and transparent corporate governance, business integrity, sustainability and compliance with ethical values. Therefore, SAF-HOLLAND complies with the recommendations and suggestions of the German Corporate Governance Code (*Deutscher Corporate Governance Kodex*) on a voluntary basis to the extent allowed by Luxembourg corporate law and the Company's single-tier board structure. The existing limitations are reflected in the following Declaration of Conformity.

### Declaration of Conformity with the recommendations of the German Corporate Governance Code

The Board of Directors declares that SAF-HOLLAND has complied and will comply with the recommendations of the Government Commission's German Corporate Governance Code (*Deutscher Corporate Governance Kodex*) ("**Code**") in its version of May 5, 2015 as published by the Federal Ministry of Justice in the official section the German Federal Gazette, taking into account the above-mentioned particularities of its legal structure, with the following exceptions:

- Number 3.8 para. 2 and 3 of the Code: The D&O liability insurance policies taken out for members of the Board of Directors and the Executive Board do not provide for a deductible. In the view of the company, a deductible does not appear necessary to ensure that members of the Board of Directors and the Executive Board act responsibly and solely in the interest of the Company.
- Numbers 3.10, 4.2.5, 5.4.6, 6.2 and 7.1.3 of the Code: The Company's Annual Report does not contain a separate corporate governance report (Number 3.10). As a result there is no section containing detailed disclosures regarding the remuneration of members of the Board of Directors and the Executive Board (Numbers 4.2.5 and 5.4.6) nor are stock option programs and similar securities-based incentive systems of the Company listed (Number 7.1.3). Consequently, no disclosure will continue to be made of the ownership of shares in our Company or related financial instruments by the members of the Board of Directors or the Executive Board if these directly or indirectly exceed 1% of the shares issued by the Company; correspondingly, separate disclosure broken down by members of the Board of Directors or the Executive Board will not be made if the entire holdings of all members of the Board of Directors or the Executive Board exceed 1% of the shares issued by the Company (Number 6.2). The expenses associated with creating a separate Corporate Governance Report seem unreasonable. Shareholders' need for information is ensured by full compliance with disclosures required by law.



- Number 4.2.4 of the Code: The Company believes that the information of the shareholders does not require the disclosure of the Executive Board's remuneration on an individual level.
- Number 5.3.2 of the Code: The Chairman of the Audit Committee is not independent because he is at the same time partner of a firm advising the Company. However, the Board of Directors believes that this fact does neither constitute a conflict of interests nor affect its exercise of duty. At the same time, the audit committee can in this manner also rely on a proven financial expert with specific industry knowledge.
- Number 5.3.3 of the Code: The Nomination Committee of the Board of Directors was dissolved. Due to the single-tier board structure and moderate size of the Board of Directors, the forming of a Nomination Committee does not appear purposeful.
- Number 5.4.1 para. 2 of the Code: No age limits have been defined for the Board of Directors. Strict age limits appear unreasonable because they do not allow a sufficient conclusion based on the competence and performance of the relevant member of the Board of Directors.

Of the six members of the Board of Directors, there are currently two women, which corresponds to a share of 1/3. Against this background, the Board of Directors, therefore, does not believe that it is necessary to define specific deviating targets for the share of women in the Board of Directors.

- Number 5.4.4 of the Code: The Board of Directors considers that in some cases, it may prove beneficial for former Executive Board or Management Board members to transfer to the Board of Directors and, if necessary, even chair the Board of Directors or certain of its committees. The internal knowledge of former Executive Board or Management Board members about SAF-HOLLAND increases the efficiency of the Board of Directors. The Board of Directors does not see any disadvantage here.

Luxembourg, March 14, 2017

Bernhard Schneider  
Chairman of the Board of Directors