

Statement on Corporate Management / Corporate Governance Report

The term “corporate governance” refers to responsible, effective corporate management aimed at securing long-term added value. Efficient cooperation between management and supervisory boards, respect for shareholders’ interests, openness and transparency of corporate communications are major aspects of good corporate governance, which has always enjoyed a position of high priority at Drillisch AG and is a major factor for a company’s success.

In the following declaration, the Management Board — simultaneously on behalf of the Supervisory Board — reports on the corporate governance of the Company in accordance with Clause 3.10 of the German Corporate Governance Codex as well as in accordance with Section 289a HGB [German Commercial Code] regarding corporate management.

Declaration of Conformity pursuant to Section 161 AktG [Germany Company Law]

The current Declaration of Conformity issued by the Management Board and Supervisory Board on 23 March 2016 and made permanently accessible on the Internet at the site www.drillisch.de (to be found there under the section “Corporate Governance”, subsection “Declaration of Conformity”) reads as follows:

Drillisch Aktiengesellschaft

Declaration of the Management Board and Supervisory Board of Drillisch AG

regarding the recommendations of the

“Government Commission German Corporate Governance Codex”

pursuant to Section 161 AktG

Management Board and Supervisory Board of Drillisch AG hereby declare that the Company has acted, and continues to act, in conformity with the recommendations of the “Government Commission German Corporate Governance Codex” announced by the Federal Ministry of Justice in the official section of the Federal Gazette, subject to the following exceptions. This declaration is made pursuant to the Codex as revised on 5 May 2015:

Clause 3.8 (2) and (3) Agreement of an excess for Supervisory Board members in a D&O insurance policy for the Supervisory Board

The Company has concluded a liability insurance policy covering pecuniary loss along with an excess of loss agreement for the Supervisory Board which does not include an excess.

The Management and Supervisory Boards of Drillisch AG do not believe that the motivation and sense of responsibility of the officers and directors would be enhanced by the agreement of an excess. Equally, the Management and Supervisory Boards at Drillisch AG fear that there is a risk that the agreement of an

excess for negligent actions and the related liability risks would counteract the efforts of Drillisch AG to obtain the services of highly qualified persons to serve on the Supervisory Board. This is the reason for the basic decision not to agree to an excess.

Clause 4.2.3 (3) Determination of a pension level target when making pension commitments, giving due consideration to the annual and long-term expenses for the Company

The agreements with the Management Board members, including the company pensions, were concluded before the entry into effect of the above recommendation; the Supervisory Board has not issued any pension commitments during the period the above recommendation has been in force. It cannot be determined from the Codex whether this recommendation requires the Supervisory Board to make any determinations when no decisions regarding pensions have been made. We are therefore, as a precaution, declaring an exception to this recommendation just as in the previous year. The pension benefits for the Management Board members are oriented to contributions. Defined components of the salary are contributed to a pension fund as deferred compensation. There has been no definition of a concrete pension level target. Nevertheless, the Supervisory Board can obtain a sufficiently precise picture of the annual and long-term expenses for the Company on the basis of the contractual provisions.

Clause 5.4.6 (1) second sentence Inclusion of the membership on committees in determining the compensation paid to Supervisory Board members.

In accordance with Section 14 of the Drillisch AG Company Charter, an attendance fee is paid to Supervisory Board members for their activities on committees; the amount of the fee is dependent on the function of the specific member on the relevant committee. The Supervisory Board at Drillisch AG is of the opinion that this compensation system gives due regard to the chairmanship of and membership on the committees within the sense of the Codex. The special compensation for attendance at committee meetings simultaneously takes the committee membership into account. But since the possibility that other opinions will be held in this respect cannot be excluded, a deviation from the aforementioned recommendation of the Codex is hereby declared as a precautionary measure.

Maintal, 23 March 2016

On behalf of the Supervisory Board

The Management Board

Marc Brucherseifer, Dipl.-Kfm.

*Paschalis Choulidis Vlasios Choulidis
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