

## **Declaration of Conformity 2016 Issued by the Executive Board and Supervisory Board of Wacker Chemie AG**

### **1. General Declaration Pursuant to Section 161 of the German Stock Corporation Act**

In December 2015, the Executive Board and the Supervisory Board of Wacker Chemie AG issued their most recent declaration of conformity pursuant to Section 161 of the German Stock Corporation Act. Since that time, Wacker Chemie AG has complied with the recommendations of the German Corporate Governance Code (the Code) as amended on May 5, 2015, with the exceptions listed in the following, and will continue to comply with the recommendations of the Code in the same version, with the exceptions listed hereinafter.

### **2. Exceptions**

#### **a) D&O Insurance Deductible for Supervisory Board Members**

German law and a company's articles of association set clear limits in regard to the supervisory board's ability to exert influence on the business activities of a stock corporation. Pursuant to Section 76 (1) of the German Stock Corporation Act, the executive board has direct responsibility for managing the corporation. The supervisory board is instrumental in defining the main features of corporate strategy. However, beyond this contribution, the supervisory board's abilities are limited in terms of influencing the implementation of corporate strategy or operations. The same applies to measures taken to avert damage or loss to the company. Furthermore, since our Supervisory Board members receive only a relatively small amount for reimbursement of expenses compared to our Executive Board compensation, we do not deem the agreement of a deductible reasonable for members of our Supervisory Board.

#### **b) Formation of a Nomination Committee within the Supervisory Board**

The Supervisory Board shall establish a Nomination Committee that is exclusively composed of shareholder representatives and whose task it is to make recommendations to the Supervisory Board with regard to candidates suitable for proposal to the Annual Shareholders' Meeting.

We do not comply with this recommendation because, in view of our shareholder structure, we do not believe that the formation of such a committee is appropriate. Due to the majority situation, nominations to the Supervisory Board must be agreed with the majority shareholder in any case, so that an additional nomination committee would not serve to increase efficiency.

#### **c) Announcement of Proposed Candidates for the Chair of the Supervisory Board to Shareholders**

According to this recommendation, shareholders shall be informed of any candidates for the Supervisory Board chair even though, as a rule, the Supervisory Board has not yet been appointed. Under German law, the Supervisory Board chair must be elected by, and from among, the Supervisory Board members. There is no legal requirement to announce the candidates for the chair from among a yet-to-be-appointed group of Supervisory Board members. Furthermore, this would result in a de facto predetermination, which is also not

provided for under German law. For these reasons, we do not comply with this recommendation.

**d) Defining Concrete Objectives Regarding the Number of Independent Members of the Supervisory Board**

The Supervisory Board of Wacker Chemie AG, as it is composed at present, meets the requirements of the Code regarding an adequate number of independent members. The Supervisory Board will continue to ensure that in future elections, it will recommend a number of independent candidates which it considers to be appropriate to the shareholders. Additionally defining a concrete objective in this regard would not only limit the choice of suitable candidates for the Supervisory Board, but also restrict the shareholders' right to elect those Supervisory Board members whom they consider to be the most suitable. For these reasons, we do not comply with this recommendation.

**e) Term Limit for Length of Service on the Supervisory Board**

According to this recommendation, the Supervisory Board shall determine a general term limit for the length of service on the board. A generally applicable term limit of this sort is not required in our opinion, as we consider an individual analysis of the respective Supervisory Board members to be more effective. This particularly applies since the Code provides for self-inspection of the Supervisory Board and its members anyway as part of the regular examination of efficiency. Furthermore, a general term limit would restrict the majority shareholder's freedom to choose representatives on the Supervisory Board at its own discretion in fulfillment of its corporate responsibility.

**f) Time Limit Placed on Applications for the Judicial Appointment of a Supervisory Board Member**

According to this recommendation, applications for the judicial appointment of a Supervisory Board member shall be limited in time up to the next Annual Shareholders' Meeting.

We do not comply with this recommendation. Proposals for candidates to be appointed by the court are agreed with the majority shareholder beforehand anyway. In view of the majority situation, the election of this same candidate at the next Annual Shareholders' Meeting would merely constitute a confirmation of his/her appointment, which we consider to be superfluous.

Munich, December 2016