

Declaration of Conformity by SKW Stahl-Metallurgie Holding AG pursuant to Section 161 AktG

The Executive Board and Supervisory Board of SKW Stahl-Metallurgie Holding AG, Unterneukirchen (Germany) (hereinafter referred to as the “Company”), declare the following with regard to the recommendations of the German Corporate Governance Code Government Commission pursuant to Section 161 AktG:

The Company’s Executive Board and Supervisory Board issued their last (updated) declaration of conformity set forth in Section 161 of the AktG on November 3, 2015. The following declaration refers to the German Corporate Governance Code in the version dated June 24, 2014 for the period from December 22, 2014 to May 4, 2015, and to the new version of the German Corporate Governance Code dated May 5, 2015 for the period as of May 5, 2015 (both “DCGC”). The Company’s Executive Board and Supervisory Board declare that they have conformed with all the recommendations of the GSGC Government Commission to date, with the exceptions detailed below, in the time since the Declaration of Conformity dated December 22, 2014 (with due regard to the subsequent updates), and that they intend to do so in the future as well. This does not necessarily apply to the extent that exceptions can be attributed exclusively to changes made to the GCGC during a year.

1. Number of Executive Board members – Item 4.2.1 para. 1 GCGC Item 4.2.1 para. 1 DCGK *states that the Executive Board should be composed of more than one person and should have a Chairman or Speaker. The previous second Executive Board member Sabine Kauper left the company at her own wish effective October 31, 2015 to take on new career challenges. Since November 1, 2015, the Company has been managed by Dr. Kay Michel as the sole Executive Board member until further notice. As a matter of principle, the Company believes that maintaining this situation or appointing a new Executive Board member in charge of finance (and the other areas of responsibility previously assigned to Ms. Kauper) in the medium-term future are both good options. These options will be analyzed in the context of an analysis of a reorganization of the holding company of SKW Metallurgie Group, which is currently being conducted. In any case, appointing a new Executive Board member in the near term is not necessary because Dr. Michel possesses in-depth knowledge of finance from his previous activities. The deliberately small size or lean structure of the management levels of the SKW Metallurgie Group compared to other companies means that there is currently no option of filling an Executive Board position internally. In the past, moreover, the company has mastered comparable situations without a problem. Not the least of reasons speaking against the appointment of a new Executive Board member is the cost savings in the current difficult situation of the SKW Metallurgie Group. This position is further supported by the fact that the SKW Metallurgie Group has for many years declared an exception to Item 5.1.2 GCGC (see Item 5 below) in that it does not conduct long-term succession planning for the Executive Board.*

2. Change of performance targets or comparison parameters – Item 4.2.3 para. 2 sub-para. 8 GCGC Item 4.2.3 para. 2 sub-para. 8 DCGK *states that retroactively changing the performance targets or comparison parameters for the variable compensation components of the Executive Board is to be excluded. Whereas the employment contracts of the Company’s Executive Board members do not stipulate a retroactive change of performance targets, the Supervisory Board decided to retroactively adjust the performance targets applied for measuring the variable compensation of Ms. Kauper for fiscal year 2014, by way of exception. At the beginning of fiscal year 2014, the Supervisory Board established performance targets for the variable compensation of Ms. Kauper on a basis that was no longer relevant due to the Company’s difficult economic situation and the resulting need to recognize considerable impairment losses in the interim financial statements as of June 30, 2014. Because Ms. Kauper successfully obtained funding, prepared a restructuring plan, and initiated restructuring measures in this difficult economic situation, an appropriate variable compensation different from the original performance targets will be granted to Ms. Kauper for fiscal year 2014, with due regard to the agreed target compensation and her performance.*

3. Benefit commitments based on the intended benefit level - Item 4.2.3 Para. 3 GSGC Item 4.2.3 Para 3 GSGC *stipulates that the Supervisory Board must define the respective intended benefit*

level – taking the length of service on the Executive Board into consideration – and that it must consider the resulting annual and long-term expenses for the Company. As the definition of defined benefits hardly applies since the period of the mandate cannot be reliably anticipated, the Supervisory Board is convinced that, due to these uncertainties, implementing the recommendations of Item 4.2.3 Para. 3 GCGC is not in the Company's interest. The Supervisory Board therefore prefers the defined contribution model and annually sets a contribution for the members of the Executive Board which is not derived from a pre-defined benefit level. The Supervisory Board believes this method to be significantly more transparent, and will give preference to defined contribution pension models over defined benefit models in the future. Thus, the Company differs from the recommendation in item 4.2.3 para. 3 GCGC.

4. Templates for Executive Board compensation - Item 4.2.5 para. 3 and 4 GSGC Item 4.2.5 para. 3 and 4 GSGC stipulate that, from fiscal year 2014 onwards, the compensation report must present specific information on the Executive Board's compensation using the tables in the appendix to the GCGC as templates. These template tables are highly complex, and as a result do not provide the reader with any additional information value, in our view. In particular, it is not possible to verify the distinction between the contents of the respective tables for Item 4.2.5 para. 3 first bullet point of the GCGC and that in the second bullet point. As a result, the Company will not use these templates, but will present the information in the compensation report such that it presents transparent, comprehensible, and comprehensive information on the Executive Board's compensation.

5. No long-term succession planning for the Executive Board – Item 5.1.2 para. 1 sentence 2 GSGC In contrast to Item 5.1.2 para. 1 sentence 2 GSGC, there are currently no long-term succession plans for members of the Executive Board. The Company's size limits possibilities for internal succession to the Executive Board. In addition, succession plans do not appear either fitting or necessary given the ages of the current members of the Executive Board, the developments in filling positions on the Executive Board in fiscal year 2014, and the ongoing strategic reorientation.

6. Publication of interim reports within 45 days of the end of the reporting period - Item 7.1.2 Sentence 4 GSGC In contrast to Item 7.1.2 Sentence 4 GSGC, it was only possible to publish the interim report for the first half of 2015 on 21 August 2015. The delay was due to the preparations for a cash capital increase around that time, particularly including the preparation of an offering prospectus, which is subject to numerous legal and accounting-related requirements. Therefore, the requirements to be fulfilled in preparing the semiannual financial statements were more complex and extensive than usual, making it impossible to publish the interim report within the prescribed period.

Unterneukirchen (Germany), December 16, 2015

SKW Stahl-Metallurgie Holding AG

The Executive Board

Dr. Kay Michel

For the Supervisory Board

Titus Weinheimer (Chairman)