

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, Munic (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 Company has been managed also in the business year 2016 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 in the medium-term future are both good options. 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 has proved to be advantageous up to now for the group. 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. 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 sets an annual 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.

3. 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.

4. 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 restructuring.

5. Committees – Item 5.3. GSGC Deviating from item 5.3.2. und 5.3.3. GSCG the Supervisory Board does not establish an Audit or Nomination Committee. The Supervisory Board with six members is not that large that committees are absolutely mandatory to maintain an efficient workflow of the Board as requested by the GSCG. On the contrary the past proved that matters were treated in the committee and repeatedly in the board which lead to higher costs and time consumption. Given the size of SKW group it lacks a degree of detail of matters which usually induce creation of committees in order to increase efficiency. Last but not least nomination of committee members and its chairman because of differing views in the Board would cause remarkable difficulties.

Convenience Translation

Deviating from the prepositions above in December 2016 the Supervisory Board was forced to establish a refinancing committee because of more and more interests collisions of board members who are potential investors thus subject to a conflict of interest being therefore excluded in certain matters from deliberations and resolutions in the board. Such committee is supposed to maintain the objective, diligent und efficient workflow of the board in refinancing matters. The refinancing committed is responsible to evaluate and approve all relevant matters of refinancing by equity or debt as well measures that are rooted in an aligned refinancing concept.

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 2016 and interim report for the third quarter 2016 beginning of 2017. The delay was due to the prorogation of the waiver by the banks involved in the syndicated loan agreement until December 15, 2016 und negotiations based on that for a refinancing taking until December 2016. Their successful conclusion in December 2016 was a prerequisite for the audited review of the interim statement for the first half of 2016 under the premises of a going concern, such analogously for the interim statement for the third quarter 2016.*

Munich (Germany), December 20, 2016

SKW Stahl-Metallurgie Holding AG

The Executive Board

Dr. Kay Michel

For the Supervisory Board

Volker Stegmann (Chairman)