

DECLARATION OF COMPLIANCE PURSUANT TO SECTION 161 GERMAN STOCK CORPORATION ACT

(as issued on 8 November 2018 in the version of the
interim update of 18 January 2019)

- “1. The Board of Management and the Supervisory Board of RHÖN-KLINIKUM AG declare that the recommendations issued by the ‘Government Commission of the German Corporate Governance Code’ as amended on 7 February 2017 and published by the Federal Ministry of Justice in the official section of the Federal Gazette on 24 April 2017 have been implemented up to 28 March 2018 with the following exceptions:

a) Code Item 4.2.2 (2) sentence 3

Relationship between remuneration of the Board of Management and that of senior management and staff overall

Although the Supervisory Board has taken account of the wage and salary structure within the Company when setting the remuneration of the Board of Management, the Supervisory Board has not expressly determined how the senior management and the relevant overall staff are to be differentiated. The relationship of the remuneration of the Board of Management to the remuneration of the senior management and the relevant overall staff is consequently not reflected, either, by application of such definitions in the case of the criteria specified in Code Item 4.2.2 (2) sentence 2.

In view of the current management structure and specific staffing of a hospital company, the Supervisory Board at present does not find such definitions to be objectively justified.

b) Code Item 4.2.3 (3)

Pension commitments

Typical pension commitments do not exist at the Company. However, upon termination of the service contract or the decease of a member of the Board of Management the Company, subject to certain conditions, grants a “retirement benefit” explained in further detail in the Remuneration Report. It is paid as a one-time amount that is based on the number of completed years of service and additionally capped.

If the retirement benefits existing at the Company constitute provision benefits within the meaning of the recommendation pursuant to Code Item 4.2.3 (3), the “level of provision” in the view of the Supervisory Board results from the probable term of office of the respective member of the Board of Management and the formula defined in the retirement benefit. The annual as well as long-term expense for the Company is likewise derived from this.

Given the ambiguity of the recommendation pursuant to Code Item 4.2.3 (3) and the special structure of the retirement benefits existing at the Company, deviation from Code Item 4.2.3 (3) is nonetheless hereby declared as a precaution.

c) Code Item 5.4.1 (2) to (4) and second half-sentence of (5) sentence 3

Objectives regarding the composition of the supervisory board and competency profile, stating the number and names of independent members as well as publication of curricula vitae (CVs)

The Supervisory Board refrains from stating specific objectives regarding its composition and from defining an abstract competency profile for the body as a whole within the meaning of Code Item 5.4.1 (2) sentence 1, as well as from defining limits in respect of age or in terms of standard length of service within the meaning of Code Item 5.4.1 (2) sentence 2. Consequently, it is not possible to comply with the recommendations pursuant to Code Item 5.4.1 (4), which are based on the recommendations pursuant to Code Item 5.4.1 (2) sentence 1 and 2.

In the past the Supervisory Board, when nominating candidates for membership on the Supervisory Board, has been guided solely by the qualification of such candidates and by the law. In this regard, the Supervisory Board has long been guided by a fundamental requirements profile, which is adapted and clarified on an ad hoc basis as required in the individual case. The shareholders' representatives on the Supervisory Board are convinced that this practice has proven itself and in its view does not require any further self-regulation giving rise to further layers of bureaucracy.

The Corporate Governance Report does not inform separately on what the Supervisory Board regards as an adequate number of independent members of shareholders and their names, and the CVs supplemented within the meaning of Code Item 5.4.1 (5) sentence 3 – where no Supervisory Board elections are impending – are not permanently published and annually updated on the website.

In the assessment of the Supervisory Board, it has an adequate number of independent members of the shareholders within the meaning of Code Item 5.4.2 sentence 1. However, the Supervisory Board does not regard needlessly exposing individual members by stating their number and names in the Corporate Governance Report as objectively justified, especially given the vague character of the independence criterion as defined in the Code. This also rings true for permanent publishing all CVs on the website when no Supervisory Board elections are actually impending. Where elections to the Supervisory Board are impending, the CVs of the candidates have been published, and in future will continue to be published, on the website during this period.

d) Code Item 5.5.2

Conflicts of interest

The recommendation pursuant to Code Item 5.5.2 provides that every Supervisory Board member should disclose conflicts of interests to the Supervisory Board. An employee representative on the Supervisory Board disclosed the assumption of the office of deputy chairman of the supervisory board of Vivantes - Netzwerk für Gesundheit GmbH to the Supervisory Board late.

e) Code Item 3.8 (3)

D&O insurance

The recommendation pursuant to Code Item 3.8 (3) of a deductible for the D&O insurance of supervisory board members was deviated from up to 31 December 2018 because in the adjustment of the D&O insurance in financial year 2016 the continuation of the deductible had been unintentionally refrained from.

2. The Board of Management and the Supervisory Board of RHÖN-KLINIKUM AG further declare that the recommendations issued by the "Government Commission of the German Corporate Governance Code" as amended on 7 February 2017 and published by the Federal Ministry of Justice in the official section of the Federal Gazette on 24 April 2017 have been implemented with the exception of the deviations specified under 1. a) to c) and e) since 28 March 2018 and will be implemented and the exception under 1. e) has been implemented since 1 January 2019 and will be implemented."

Bad Neustadt a. d. Saale, 18 January 2019

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