

Corporate Governance Report

The German Corporate Governance Code has been applicable since 2002. It was updated in February 2017 and contains regulations, recommendations and suggestions for good and responsible corporate management. The purpose of the Code is to create greater transparency, thus increasing the confidence of investors, customers, employees and the public in the corporate management of German companies. 3U HOLDING AG welcomes the provisions of the German Corporate Governance Code (GCGC), which serves the interests of the companies as well as its investors.

Sound, systematic corporate governance is particularly important for a group such as 3U HOLDING AG with its numerous subsidiaries. The Supervisory Board and the Management Board are convinced that sound corporate governance, taking company and industry-specific issues into account, is an important building block for the future success of 3U HOLDING AG. Accordingly, responsibility for compliance with the principles of sound corporate governance is vested in senior management.

In the financial year 2017, the Management Board and Supervisory Board once again carefully examined the corporate governance of 3U HOLDING AG and the Group as well as the contents of the German Corporate Governance Code. During the reporting period, as in prior years, 3U HOLDING AG again fulfilled most of the Code's recommendations.

3U HOLDING AG submitted the declaration of conformity required according to the German Stock Corporation Act during the reporting period on March 15, 2017 and most currently on March 14, 2018. It can be viewed permanently on its website (www.3u.net) under the path "Investor Relations/Corporate Governance".

Declaration by the Management Board and the Supervisory Board of 3U HOLDING AG on the recommendations of the Government Commission on the German Corporate Governance Code in accordance with section 161 of the AktG (German Stock Corporation Act).

1. Since last submitting a declaration of conformity on March 15, 2017, 3U HOLDING AG has complied with the recommendations of the Government Commission on the German Corporate Governance Code as set out in the then valid version of the German Corporate Governance Code dated May 5, 2015 with the following exceptions:

- Code article 3.8: The directors' and officers' liability insurance policy does not include a deductible for members of the Supervisory Board. In this respect, 3U HOLDING AG is of the opinion that the level of responsibility and motivation with which the members of Supervisory Board of the Company perform their tasks would not be improved by any such deductible.
- Code article 4.1.5: In making appointments to senior positions, the Management Board is guided by the specific requirements of the function and looks for the best possible person meeting these requirements. If several equally qualified candidates are available, the Management Board takes into account the principles of diversity and an appropriate consideration of women by filling vacancies without making these criteria a priority principle.
- Code article 5.1.2: The appointments to the Management Board made by the Supervisory Board are based on suitability and qualification and are aimed to fill the jobs with the best candidates. The Company believes that special weighting of other criteria to select potential candidates as prescribed by the Code would limit the options for the Management Board.
- Code article 5.4.1: In the cast of the Supervisory Board it applies as well that ability, experience and qualifications are the relevant selection criteria. To oblige to targets in terms of future appointments restricts the flexibility that would entail no other advantages for the Company. This is all the more because the Supervisory Board currently consists of only three members.

2. In future, 3U HOLDING AG will comply with the recommendations of the Government Commission on the German Corporate Governance Code in the version dated February 7, 2017 with the following exceptions:

- Code article 3.8: The directors' and officers' liability insurance policy does not include a deductible for members of the Supervisory Board. In this respect, 3U HOLDING AG is of the opinion that the level of responsibility and motivation with which the mem-

bers of Supervisory Board of the Company perform their tasks would not be improved by any such deductible.

- Code article 4.1.5: In making appointments to senior positions, the Management Board is guided by the specific requirements of the function and looks for the best possible person meeting these requirements. If several equally qualified candidates are available, the Management Board takes into account the principles of diversity and an appropriate consideration of women by filling vacancies without making these criteria a priority principle.
- Code article 5.1.2: The appointments to the Management Board made by the Supervisory Board are based on suitability and qualification and are aimed to fill the jobs with the best candidates. The Company believes that special weighting of other criteria to select potential candidates as prescribed by the Code would limit the options for the Management Board.
- Code article 5.4.1: In the cast of the Supervisory Board it applies as well that ability, experience and qualifications are the relevant selection criteria. To oblige to targets in terms of future appointments restricts the flexibility that would entail no other advantages for the Company. This is all the more because the Supervisory Board currently consists of only three members.

Düsseldorf/Marburg, March 14, 2018

For the Supervisory Board
Ralf Thoenes

For the Management Board
Michael Schmidt

Further development of corporate governance

3U HOLDING AG continues to develop its understanding of good and responsible corporate governance. A professional and efficient management and control within the Group are based on governance, risk and compliance systems.

Primarily risks must be prevented there, where they may arise, and if this is not possible, they must be recognized and reduced. To ensure this, as automated as possible internal controls in the business processes are implemented. Since this is not fully implementable in every case, the effectiveness of the control system must be ensured by additional control measures by the management.

Secondly this is done for example by via policies and standard operating procedures. Close integration of the internal control system, risk management system and compliance management system maximizes the efficiency of risk prevention and management of risks.

The risk manager of the Group monitors through independent audits the adequacy and effectiveness of the implemented processes and systems for risk management in the broadest sense. The risk manager reports directly to the CEO and the Supervisory Board. The model is completed by the external monitoring of the auditor, who incorporates the results of the audits by the risk manager in his own assessment.

Appropriate control and risk management

Corporate governance at 3U HOLDING AG involves dealing responsibly with risks. The continuous and systematic management of business opportunities and risks is fundamental to professional governance. It helps ensure that risks are identified, evaluated and managed at an early stage. The Management Board reports regularly to the Supervisory Board about the status of the main risks in the Group. The Supervisory Board focuses on monitoring the effectiveness of the accounting process and the internal control and risk management. 3U HOLDING AG continuously enhances the individual systems and adapts them to changing conditions. Key features of our control and risk management system are described in the opportunity and risk report.

Compliance

Compliance, in the sense of measures to ensure adherence to statutory requirements and internal company policies is a key management duty at 3U HOLDING AG. It contains a clear commitment to compliance with the law and internal policies: violations will not be tolerated (zero tolerance). All reports of misconduct will be investigated.

Objectives of the Supervisory Board and the Management Board with regard to their respective composition and the composition of the management levels below the Management Board

Currently the Supervisory Board consists of three male members. Their appointment was made until the end of the Annual General Meeting deciding on the discharge for the financial year 2017. The Annual General Meeting on May 3, 2018 will decide on the future composition of the Supervisory Board. The Supervisory Board, which is in office until then, stays by its decision of September 30, 2015 that the target to reach for the proportion of women in the Supervisory Board of 3U HOLDING AG is 0 %.

The Management Board currently consists of three male members. The Supervisory Board is of the opinion that the Management Board positions are currently best possible occupied and an enlargement of the Management Board is not appropriate in terms of the Company size and structure. Therefore, the Supervisory Board still stays by its decision of September 30, 2015 that the target to reach for the proportion of women in the Management Board of 3U HOLDING AG is 0 %.

There is currently only one management level below the Management Board level in the 3U HOLDING AG, which currently consists of three male members. The Management Board still stays by its decision of September 30, 2015 that the target to reach for the proportion of women in the management level below the Management Board of 3U HOLDING AG is 0 %.

Avoidance of conflicts of interest

There were consulting or other service agreements between Members of the Supervisory Board and the Company during the reporting year. The contractual relationships in the financial year are disclosed in the remuneration report. Conflicts of interest of Management or Supervisory Board, which are to be disclosed to the Supervisory Board without delay, did not occur.

The transactions with related parties are shown in the notes to the consolidated financial statements in 8.3.

Disclosure of securities transactions and shareholdings of Management and Supervisory Board

According to art. 19 MAR, Members of the Management Board and Supervisory Board and persons close to them are required by law to disclose the purchase and sale of 3U HOLDING AG shares or related financial instruments whenever the value of the transactions amounts to EUR 5,000 or more within a calendar year. In fiscal 2017, the following transactions have been reported to the Company:

Transaction date	Reporting person	Type of transaction	Quantity	Exercise price in EUR	Total volume in EUR
01/18/2017	Jürgen Beck-Bazlen (Supervisory Board)	Purchase	150,000	0.630	94,500.00
01/19/2017	Jürgen Beck-Bazlen (Supervisory Board)	Purchase	20,000	0.660	13,190.64
01/23/2017	Jürgen Beck-Bazlen (Supervisory Board)	Purchase	30,000	0.700	21,007.40
03/24/2017	Jürgen Beck-Bazlen (Supervisory Board)	Purchase	50,000	0.797	39,841.54
09/29/2017	Jürgen Beck-Bazlen (Supervisory Board)	Purchase	60,000	0.798	47,906.66
10/02/2017	Jürgen Beck-Bazlen (Supervisory Board)	Purchase	60,000	0.822	49,344.59
10/04/2017	Jürgen Beck-Bazlen (Supervisory Board)	Purchase	15,000	0.852	12,783.00
10/05/2017	Stefan Thies (Supervisory Board)	Purchase	10,279	0.844	8,678.68
10/05/2017	Stefan Thies (Supervisory Board)	Purchase	1,304	0.843	1,099.27

Shareholders and Annual General Meeting

The shareholders of 3U HOLDING AG exercise their rights at the Company's Annual General Meeting, which is chaired by the Chairman of the Supervisory Board in accordance with the Articles of Association. The Annual General Meeting takes place once a year. Each share confers one vote.

Shareholders can exercise their voting rights at the Annual General Meeting in person or by proxy, for which they can authorize a person of their choice or a Company-nominated proxy acting on their instructions. Shareholders can also cast their votes in writing by postal vote – without authorizing a proxy. On our website we make all documents and information on the Annual General Meeting available to shareholders in good time. In addition, questions can be addressed to members of our Investor Relations department via an info line or e-mail.

Transparency through high-quality information

Our dialogue with the capital market is aimed at informing all target groups fully, equally and quickly, and presenting valuation relevant facts in high quality.

The presentations which are given to analysts and investors are immediately freely available on the website. Our Investor Relations department also makes extensive facts and data available on the website to help analysts and investors better understand and value our businesses and their upside potential.

We provide information on recurring dates, such as the date of the Annual General Meeting or the publication dates of interim reports, in a financial calendar published in the Annual Report, the interim reports and on the Company's website.

Information about the latest developments in the Group is also provided on our website. All press releases and ad hoc announcements of 3U HOLDING AG are published in German and English in the IR-News and Press section.

The Company's Articles of Association can also be viewed on the website, as can the consolidated financial statements, interim reports and information on the implementation of the recommendations and suggestions of the German Corporate Governance Code. All interested parties can subscribe to the IR service on the website which always reports up to date news from the Group.

Corporate Governance Statement

The current Corporate Governance Statement by the Management Board and the Supervisory Board of 3U HOLDING AG according to Article 289 f resp. 315 d German Commercial Code (HGB) is available to the public on the website of 3U HOLDING AG (www.3u.net) under the path "Investor Relations/Corporate Governance". In the declaration, the relevant corporate governance practices applied beyond the legal regulations are explained. It further describes the workings of the Management Board and the Supervisory Board and presents the composition and working methods of the Management and Supervisory Board.

Remuneration Report

Comments on the remuneration of the Management and the Supervisory Board can be found in the remuneration report, which is part of the combined management report, as well as part of this statement on corporate governance.

The following Members of the Management and Supervisory Board held shares in the Company as of December 31, 2017:

Name	Function	Number of shares	Percent
Michael Schmidt	Speaker of the Management Board	8,999,995 shares	25.49 %
Andreas Odenbreit	Management Board	20,500 shares	0.06 %
Ralf Thoenes	Chairman of the Supervisory Board	25,000 shares	0.07 %
Stefan Thies	Deputy Chairman of the Supervisory Board	23,583 shares	0.07 %
Jürgen Beck-Bazlen	Supervisory Board	1,515,000 shares	4.29 %

Remuneration Report

The remuneration report summarises the principles determining the remuneration of the Management Board and Supervisory Board at 3U HOLDING AG and explains the amount and structure of the remuneration. The remuneration report is created on the basis of the recommendations of the German Corporate Governance Code, also containing the disclosures required in line with the German Commercial Code, supplemented by the Disclosure of Management Board Remuneration Act (VorstOG).

Remuneration of the Management Board

The structure and amount of remuneration of Board Members are determined by the Supervisory Board and reviewed regularly. In doing so the Supervisory Board respects the law stipulating the appropriateness of executive remuneration (VorstAG) which became effective August 5, 2009.

All Members of the Management Board of 3U HOLDING AG receive a fixed basic salary (fixed component), which is paid in monthly instalments. In addition, all members of the Management Board receive variable performance-based remuneration (performance related components). The performance-based remuneration is composed of a quantitative sub-goal and a qualitative sub-goal. In the case of the partial quantitative target, the Supervisory Board evaluates the audited value of the Group's EBIT resp. EBITDA performance in relation to the budget value in the reporting year; extraordinary developments can be taken into account. Within the scope of achieving the qualitative target the Supervisory Board assesses the processing of priority tasks of the Management Board as well as the achievement of personal goals of the Management Board as set by the Supervisory Board. The Supervisory Board always determines objectives at the beginning of each financial year under consideration of the Group's situation.

In addition, stock options can be granted to members of the Management Board under stock option plans. The granting of stock options aims to reward the contribution of the Management Board (and the other employees of the 3U Group) to increased enterprise value and to encourage the long-term success of the Company.

Part of the performance-related remuneration for a financial year is paid subject to the condition that the Management Board sustainably conducts the business of the Company in the two financial years following the relevant financial year. Sustainability takes into account, in particular, the stability of the development of the Group and its investments. The Supervisory Board assesses sustainability in the two years following the financial year and will reclaim the partial amounts of the performance-related remuneration paid under reserve if the sustainability of the business management is not guaranteed.

In accordance with Article 87 par. 2 par. 1 AktG, the Supervisory Board is entitled to lower the remunerations of the Management Board appropriately if the situation of the Group worsens after the fixation of the remunerations and the continued granting of these remunerations would be inequitable for the Group. This also applies for the granting of any share options for remuneration purposes.

If the appointment to member of the Management Board is revoked for an important reason according to Article 84 par. 3 AktG, there exists no entitlement for a performance-related remuneration for this financial year as well as for any further financial years until expiration of the employment contract as member of the Management Board.

No pension commitments were given to the Members of the Management Board. The remuneration of the Members of the Management Board with individual details, broken down into fixed and performance-related components are shown below.

Value of the granted allowances for the year 2017

Allowances (in TEUR)	Michael Schmidt Speaker of the Management Board			2016
	2017	2017 (min.)	2017 (max.)	
Fixed remuneration	300	300	300	300
Fringe allowances	9	9	9	17
Subtotal	309	309	309	317
One-year variable remuneration	100	0	300	50
Multi-year variable remuneration	0	0	0	0
Total	409	309	609	367
Pension allowances	0	0	0	0
Total	409	309	609	367

Allowances (in TEUR)	Andreas Odenbreit Management Board			2016
	2017	2017 (min.)	2017 (max.)	
Fixed remuneration	150	150	150	140
Fringe allowances	20	20	20	20
Subtotal	170	170	170	160
One-year variable remuneration	50	0	50	18
Multi-year variable remuneration	0	0	0	0
Total	220	170	220	178
Pension allowances	0	0	0	0
Total	220	170	220	178

Allowances (in TEUR)	Christoph Hellrung Management Board			2016
	2017	2017 (min.)	2017 (max.)	
Fixed remuneration	150	150	150	140
Fringe allowances	25	25	25	24
Subtotal	175	175	175	164
One-year variable remuneration	50	0	50	18
Multi-year variable remuneration	0	0	0	0
Total	225	175	225	182
Pension allowances	0	0	0	0
Total	225	175	225	182

Accruals for the year 2017

Accruals (in TEUR)	Michael Schmidt Speaker of the Management Board		Andreas Odenbreit Management Board		Christoph Hellrung Management Board		Management Board total	
	2017	2016	2017	2016	2017	2016	2017	2016
Fixed remuneration	300	300	150	140	150	140	600	580
Fringe allowances	17	17	20	20	25	24	62	61
Subtotal	317	317	170	160	175	164	662	641
One-year variable remuneration	75	75	0	0	0	0	75	75
Multi-year variable remuneration	0	0	0	0	0	0	0	0
Total	392	392	170	160	175	164	737	716
Pension allowances	0	0	0	0	0	0	0	0
Total	392	392	170	160	175	164	737	716

In addition, for the previous year, Mr. Andreas Odenbreit received TEUR 18 and Mr. Christoph Hellrung received TEUR 18 in the year under review and in the previous year as one-year variable compensation. In the year under review, Mr. Michael Schmidt repaid TEUR 25 for the previous year and received TEUR 75 in the previous year for 2015 as a one-year variable compensation.

All remuneration for Management Board activities was paid by 3U HOLDING AG. The subsidiaries have not paid any remuneration.

Stock option plan 2011

By the end of the term of the stock option plan 2011 on February 6, 2016, no options were exercised. The stock options are so completely forfeited.

Remuneration of the Supervisory Board

Remuneration of the Supervisory Board is stipulated in Article 9 of the Company's Articles of Association. According to this, the Members of the Supervisory Board receive fixed basic remuneration of EUR 5,000.00 per year. The Chairman of the Supervisory Board and the Deputy Chairman receive twice and one and a half time the aforementioned remuneration respectively.

Furthermore, each Supervisory Board Member receives a bonus of EUR 1,000.00 per EUR 0.01 of the dividend in excess of EUR 0.05 per share distributed to shareholders for the past financial year as well as annual remuneration related to long-term company success of EUR 1,000.00 per EUR 100,000.00 earnings before taxes in the consolidated financial statements of the Company ("EBT") in excess of the average earnings before taxes in the consolidated financial statements ("EBT") for each of the three preceding financial years. However, total remuneration shall not exceed EUR 50,000.00 for the Chairman, EUR 37,500.00 for the Deputy Chairman and EUR 25,000.00 for the other Supervisory Board Members. In addition, all Supervisory Board Members receive a meeting fee of EUR 2,500.00 for each supervisory board or committee meeting that they attend. The Company reimburses the Supervisory Board Members for value added tax payable on their remuneration and expenses.

Supervisory Board compensation for 2017 amounted to TEUR 158 (previous year: TEUR 166). For 2017, a performance-related remuneration in the amount of TEUR 90 (previous year: TEUR 90) was set aside.

Name	Fixed remuneration in TEUR		Attendance-fee in TEUR		Performance related remuneration in TEUR		Total remuneration in TEUR	
	2017	2016	2017	2016	2017	2016	2017	2016
	Ralf Thoenes (Chairman)	10	10	15	18	40	40	65
Stefan Thies (Deputy Chairman)	8	8	15	18	30	30	53	56
Jürgen Beck-Bazlen	5	5	15	18	20	20	40	43
Total*	23	23	45	53*	90	90	158	166*

*Due to rounding differences in the totals line

In addition, the members of the Supervisory Board receive a reimbursement of their travel expenses and other expenses. In the 2017 financial year, Mr. Thoenes received an amount of TEUR 2.4 (previous year: TEUR 2.5), Mr. Thies an amount of TEUR 0.8 (previous year: TEUR 1.1) and Mr. Beck-Bazlen an amount of TEUR 0.8 (previous year: TEUR 2.0) as reimbursements for their expenses. Mr. Thoenes also received attendance fees and reimbursement of expenses for his work on the Supervisory Board of 3U ENERGY AG in the amount of TEUR 6 (previous year: TEUR 9).

In the past financial year, the law firm Altenburger Rechtsanwälte – of which Ralf Thoenes, the Chairman of the Supervisory Board, is a partner – received a total of TEUR 4.9 (previous year TEUR 11.1) plus VAT for its consultancy services and reimbursements for expenses for the 3U Group. These were provided in full by 3U ENERGY AG (previous year: TEUR 10.6 from 3U ENERGY AG and TEUR 0.5 from ClimaLevel Energiesysteme GmbH).

Detailed information on stock option plan

Currently there is no active stock option program in the 3U Group.

No option rights were exercised by the end of the term of the stock option plan 2011 on February 6, 2016. The 4,602,500 stock options issued under the stock option plan are therefore completely forfeited.