

Declaration of Conformity with German Corporate Governance Code

(Convenience translation: only the German version is legally binding)

Pursuant to section 161 of the German Stock Corporation Act (AktG), the Management Board and the Supervisory Board of PAION AG have an obligation to declare annually that the company has complied and is complying with the recommendations of the latest version of the "Government Commission on the German Corporate Governance Code" (the "Code") published by the Federal Ministry of Justice in the official section of the Federal Gazette, or which of the recommendations have not been or are not being applied and why.

Pursuant to section 161 of the German Stock Corporation Act, the Management Board and the Supervisory Board of PAION AG declare: Since the last declaration of conformity in December 2016, PAION AG complied with all recommendations of the Code in the version dated 05 May 2015, with the following exception that subsisted until 19 June 2017:

Formation of committees (number 5.3.3)

The Code recommends that the Supervisory Board shall form a Nomination Committee, composed exclusively of shareholder representatives, which proposes suitable candidates to the Supervisory Board for its recommendations to the General Meeting. The Supervisory Board of PAION AG previously consisted of three members. The nomination of candidates was carried out by the whole Supervisory Board, so that the Supervisory Board had refrained from forming a Nomination Committee.

Since 12 June 2017 the Supervisory Board consists of five members. Following resolution dated 19 June 2017 the Supervisory Board of PAION AG formed a Nomination Committee in fulfilment of the recommendation of number 5.3.3 of the Code.

On 07 February 2017 the „Government Commission on the German Corporate Governance Code" agreed on a revised version of the Code that was published in the Federal Gazette on 24 April 2017. PAION AG complies and continues to comply, with exception of aforementioned non-compliance with the recommendation for the formation of a Nomination Committee under number 5.3.3 of the Code that subsisted until 19 June 2017, with all recommendations of the revised 2017 Code.

Aachen, December 2017

The Supervisory Board of PAION AG
Dr Jörg Spiekerkötter, Chairman of the Supervisory Board

The Management Board of PAION AG
Dr. Wolfgang Söhnngen, Chairman of the Management Board

Abdelghani Omari, Member of the Management Board