

**Second Update of the 2012 Joint Declaration of Conformity  
by the Management Board and the Supervisory Board of  
Klößner & Co SE pursuant to Section 161 of the German Stock Corporation Act on the German  
Corporate Governance Code**

On December 4, 2012 the Management Board and the Supervisory Board resolved to submit the annual declaration of conformity with the German Corporate Governance Code (hereinafter referred to as the "Code").

On April 9, 2013 the Management Board and the Supervisory Board resolved to submit an update of the declaration of conformity dated December 4, 2012 as regards to Article 3.8 of the Code.

On May 24, 2013 the Annual General Meeting resolved to amend the Articles of Association in order to adjust the compensation of the Supervisory Board. The amendment has now been registered with the commercial register. The compensation of the Supervisory Board as adjusted is consistent with the recommendation of Article 5.4.6 of the Code. Therefore, a second update of the declaration of conformity dated December 4, 2012 is to be made during the year.

On September 24, 2013 the employment agreements of the Management Board members have been amended in order to be in line with Article 4.2.3 sentence 7 of the Code as last amended on May 13, 2013.

Therefore, the recommendations of the Code, as amended, have been complied with and are being complied with apart from the following exceptions:

**Article 3.8 of the Code (directors' and officers' (D&O) liability insurance, deductible for board members)**

Until and including the fiscal year 2012, the D&O policy taken out by the Company for its Supervisory Board members does not provide for a deductible. Starting from the fiscal year 2013, such deductible is in place and, therefore, the Company's practice is consistent with the recommendation of Article 3.8 of the Code

**Article 4.2.3 sentence 8 of the Code (stock options and similar arrangements)**

The virtual stock option program (phantom stocks) for the Management Board does not make reference to comparison parameters because in Europe there are no suitable comparable companies in the steel distribution sector from which such comparison parameters could be derived.

**Article 4.2.3 sentence 14 of the Code (payments promised in the event of premature termination of Management Board member's contract due to a change of control)**

The payments promised in the event of premature termination of the Management Board members' contracts due to a change of control have not been and are not formally limited to 150 % of the severance payment cap. If a Board member ceases his Management Board activity due to a change of control, the remaining outstanding tranches of the virtual stock option program will be allocated to him. As a precautionary measure only and in view of the uncertainty regarding treatment and valuation of (virtual) stock options in applying this recommendation, the Company assumes that this compensation component may cause the threshold of 150 % of the severance payment cap to be exceeded.

**Article 5.4.5 of the Code (number of Supervisory Board mandates in non-group companies)**

One member of the Supervisory Board of the Company, who is a member of the Management Board of a listed company, is besides the office at Klößner & Co SE also member of two other Supervisory Boards of non-group listed companies as well as of one other non-group company that has similar requirements. The recommended number of in total three such mandates thus has been and is exceeded. However, we do not believe that this detracts from the ability of the individual concerned to diligently perform his duties as a member of the Company's Supervisory Board.

**Article 5.4.6 sentence 5 of the Code (Supervisory Board Compensation)**

Until and including the fiscal year 2012, the compensation of the Supervisory Board members of the Company was partly performance-related without being oriented toward sustainable growth of the enterprise. Starting from the fiscal year 2013, the compensation of the Supervisory Board members is purely fixed and, therefore, consistent with the recommendation of Article 5.4.6 of the Code.

Duisburg/Germany, September 24, 2013

The Supervisory Board

The Management Board