

## **Declaration of the Management Board and the Supervisory Board of Biofrontera AG (Company) on the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG).**

Pursuant to Section 161 of the German Stock Corporation Act (AktG), the Management Board and Supervisory Board of Biofrontera AG are obliged to declare annually that the recommendations of the "Government Commission on the German Corporate Governance Code" ("Code") published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette (Bundesanzeiger) have been and are being complied with, or which recommendations have not been or are not being applied and why not ("Declaration of Conformity"). The Declaration of Conformity is to be made permanently available to the shareholders. The Management Board and Supervisory Board issue the following Declaration of Conformity:

Since issuing its last Declaration of Conformity in December 2016, Biofrontera AG has complied with the recommendations of the Code as stated therein, taking into account the exceptions therein, and will comply with the Code as amended on February 7, 2017, with the following exceptions:

### ***Deductible for D&O insurance (Section 3.8 Paragraph 3).***

*The Company has a D&O insurance policy which does not provide for a deductible for Supervisory Board members. In the opinion of the Company, such a deductible is not necessary to ensure the motivation and sense of responsibility of the Supervisory Board members. However, a deductible would probably run counter to the Company's efforts to attract outstanding individuals from Germany and abroad to its Supervisory Board. In addition, the Supervisory Board was expressly excluded from the new statutory regulation on deductibles in the Act on the Appropriateness of Management Board Compensation (VorstAG) (§ 116 AktG).*

### ***Standard limit to be set for length of membership of the Supervisory Board (section 5.4.1)***

*As part of its diversity objectives, the Supervisory Board shall set a standard limit for the length of membership of the Supervisory Board. However, from today's point of view, setting a regular limit for the length of membership does not appear appropriate in the case of the Company. This is because, in the opinion of the Supervisory Board, a time limit that sets a general maximum limit for the term of office cannot be meaningfully determined in the abstract. Instead, it must be weighed up in each individual case whether the duration of previous membership of the Supervisory Board could stand in the way of proper and impartial performance of the mandate.*

### ***Structure of the compensation of the Supervisory Board (Section 5.4.6)***

*Membership of committees is not taken into account in the compensation of Supervisory Board members. In view of the close coordination within the six-member Supervisory Board, it does not appear necessary at present to differentiate Supervisory Board compensation according to membership of committees, particularly as the members are predominantly required to perform their duties to the same extent by virtue of their membership of the various committees when viewed as a whole.*

### ***Reporting (Section 7.1.2)***

*Financial reports, half-yearly reports and interim announcements are published within the statutory deadlines.*

*Leverkusen, December 2017*

*H. Lübbert      T. Schaffer      C. Dünwald*

*Management Board*

*U. Granzer*

*Chairman of the Supervisory Board*