



**Declaration of the Executive Board and the Supervisory Board
of Schaltbau Holding AG**

**regarding the recommendations of the
"Government Commission on the German Corporate Governance Code"**

**pursuant to section 161 of the German Stock Corporation Act (AktG)
("Declaration of Compliance")**

The Executive Board and the Supervisory Board of Schaltbau Holding AG issued the last Declaration of Compliance with the German Corporate Governance Code pursuant to section 161 of the German Stock Corporation Act (AktG) on 21 December 2016. The following declaration relates to the version of the Code dated 7 February 2017 and published in the electronic Federal Gazette on 24 April 2017.

The Executive Board and the Supervisory Board of Schaltbau Holding AG hereby declare that the recommendations of the "Government Commission on the German Corporate Governance Code" have been and are being observed, with the following exceptions:

Re 3.8:

- The D&O insurance policy taken out by Schaltbau Holding AG does not provide for a deductible for the members of the Supervisory Board. Schaltbau Holding AG is of the opinion that the motivation and responsibility with which the members of the Supervisory Board perform their tasks cannot be improved by the introduction of a deductible and has thus decided to refrain therefrom.

Re 4.2.2:

- The Personnel Committee set up by the Supervisory Board deals with questions concerning the selection and total compensation of Executive Board members. Specific proposals for the selection and compensation of Executive Board members are prepared either by the Personnel Committee or the full Supervisory Board in each individual case and not exclusively dealt with by the Personnel Committee, to enable maximum flexibility in the handling of questions of compensation for Executive Board members in the course of Supervisory Board work. In this respect, please refer to the explanations for sections 5.2 and 5.3 of the Code.

Re 4.2.3:

- The contracts of service for Executive Board members do not include payment arrangements pertaining to the premature termination of their positions in the Executive Board resulting from a change of control. Thus, in case of premature termination of a position in the Executive Board, the necessary flexibility is retained to allow an appropriate agreement to be reached in keeping with the particular situation. The contracts of service for Executive Board members contain payment arrangements pertaining to the premature termination of their positions in the Executive Board.

Re 4.2.4 / 4.2.5:

- As a result of the resolution taken at the Annual General Meeting on 14 June 2016, the total compensation of each member of the Executive Board will not be disclosed.

Re 5.1.2:

- Due to the function of Schaltbau Holding AG as holding Company, the number of staff members it employs is limited. For this reason, a long-term succession plan primarily based on the selection of potential internal successors is not practicable. In view of the current ages of the Executive Board members and the terms of their appointments, there is currently no age limit in place for Executive Board members.

Re 5.2 / 5.3:

- The Supervisory Board has formed a Personnel Committee and an Audit Committee. No further committees have been appointed, particularly in view of the fact that a consistent flow of all company and other relevant information to all members of a six-person Supervisory Board is eminently achievable.

Re 5.4.1:

- When making proposals for the selection of Supervisory Board members, apart from observing the statutory regulations, the Supervisory Board takes each candidate's technical and personal suitability into consideration as well as their proper fitness for promoting the function of the Supervisory Board. This includes, for instance, the selecting of members with suitable corporate experience. The Company fully complies with the obligations set out in the German law governing the equal participation of men and women in management positions in the private sector and public service.
- Even though the Company so far refrains from naming more specific aims for its composition, it is intended to increase the share of women in the Supervisory Board and in other executive committees.
- Furthermore, the Supervisory Board's rules of procedure state that persons who have already reached 70 years of age at the date they are due to take up their duties as Supervisory Board members should not be selected for the post, unless there are exceptional, specific reasons why the person proposed should be selected for membership in the Supervisory Board.
- So far, neither the Company has yet published the curriculum vitae of the Supervisory Board members on the Company's website, nor the Company's Declaration of Compliance has informed about a competence profile for the Supervisory Board and about what the Supervisory Board regards as the appropriate number of independent Supervisory Board members and the names of these members either.

Re 5.4.6:

- The compensation of Supervisory Board members has not been individually disclosed as the structure of the compensation is stipulated in the Articles of Association. Compensation in part is driven by time and effort invested. Membership in committees is compensated via extra time and effort invested.

Re 7.1.2:

- The Group financial statements have not been made publicly accessible within 90 days after the end of the fiscal year, and at current there is no guarantee either that the interim reports can be published within 45 days after the end of each reporting period. However, the Company intends to comply with the periods mentioned from the publication of the Annual Report 2018.

Munich, 20 December 2017

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For the Executive Board:

Dr. Bertram Stausberg

For the Supervisory Board:

Dr. Ralph Heck