

DECLARATION OF COMPLIANCE

DECLARATION MADE BY THE MANAGEMENT AND SUPERVISORY BOARDS OF QSC AG PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (“AKTG”) REGARDING THE COMPANY’S COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE (“DEUTSCHER CORPORATE GOVERNANCE KODEX”) IN THE VERSION DATED 24 JUNE 2014, AS OF ITS VALIDITY FROM 5 MAY 2015

Since its formation, QSC AG (“QSC”) has been committed to good corporate governance and has viewed transparency and value-driven management as essential. Consequently, the Company implements nearly all recommendations set forth in the German Corporate Governance Code and adheres to them in its daily work. Since the submittal of its last Declaration of Compliance, the Company has complied and continues to comply with the recommendations of the Government Commission “German Corporate Governance Code“ in the version dated 24 June 2014, as of its validity from 5 May 2015, with the following exceptions:

No agreement regarding a deductible in the D&O insurance for members of the Supervisory Board (Section 93, Paragraph 2 of the German Stock Corporation Act [“AktG”]) (Item 3.8, Paragraphs 2 and 3 of the Code)

QSC complies with the recommendation of the German Corporate Governance Code insofar as the D&O insurance policy has, since 1 July 2010, included a deductible for Supervisory Board members of 10 percent of the respective damages per damage event. However, and contrary to the recommendation, the liability per year is capped at 100 percent of the fixed annual compensation of the Supervisory Board members, since QSC does not deem it appropriate for the deductible to exceed their annual compensation.

No cap on individual variable compensation components or on the overall compensation of one Management Board member and consequently no presentation of the maximum achievable compensation in the compensation report (Item 4.2.3, Paragraph 2, Sentence 6 and Item 4.2.5, Paragraph 3 [first bullet point], Paragraph 4 of the Code)

Only one Management Board member still holds convertible bonds issued within the 2006 Stock Option Plan as one variable component of his Management Board compensation. These were allocated before the recommendation took effect. The current Management Board contract provides for a cap in the event of unforeseen developments; it does not, however, set any maximum limit on gains from exercising conversion rights in connection with the 2006 Stock Option Plan and thus on the overall compensation of the Management Board member. In view of this, QSC will also not state any maximum amounts in the model tables in the compensation report. QSC otherwise fully complies with the recommendations in respect of existing Management Board compensation and will also comply with the recommendations when determining any future Management Board compensation.

No cap on severance payments in case of premature termination in individual Management Board contracts (Item 4.2.3, Paragraph 4 of the Code)

Only one Management Board contract does not include any cap on severance payments. The Supervisory Board of QSC - in an earlier composition during whose period in office the relevant employment contract was concluded - was of the opinion that any advance agreement with respect to a severance payment cap would be contrary to the spirit of a Management Board contract, which is usually concluded for the duration of the appointment to office and does not, in principle, provide for the possibility of ordinary termination by notice. The Supervisory Board has since relinquished this opinion, as a result of which apart

DECLARATION OF COMPLIANCE

from the historic contract QSC now fully complies with the recommendation and will continue to do so in future.

***No aiming for appropriate consideration of women in composition of Management Board
(Item 5.1.2, Paragraph 1, Sentence 2 of the Code in the version dated 24 June 2014)***

The Supervisory Board did not follow the recommendation made in Item 5.1.2, Paragraph 1, Sentence 2 of the Code in the version dated 24 June 2014 and valid until 12 June 2015 to the extent that this required an appropriate consideration of women to be aimed for. This is because the Supervisory Board did not want to accord any decision priority to the gender of the respective candidates. The Supervisory Board complies in full with the recommendation made by the Code in the version dated 5 May 2015 and will of course meet the statutory requirements now governing the setting of targets for the share of women in the Management Board.

***No regular limit set for length of Supervisory Board membership
(Item 5.4.1, Paragraph 2, Sentence 1 of the Code in the version dated 5 May 2015)***


The Supervisory Board of QSC has set specific targets for its composition that are consistent with the recommendations made in Item 5.4.1 with the exception of the requirement to set a regular limit for the length of Supervisory Board membership newly recommended in Item 5.4.1 of the Code in the version dated 5 May 2015 and valid since 12 June 2015. The Supervisory Board believes that it would not be in the Company's best interests to set an advance limit on the length of individual board membership. It is basically desirable that the Supervisory Board should change its composition at certain intervals; on the other hand, the Company should also be able to draw on the expertise of experienced Supervisory Board members.

***No disclosure of personal and business relations of each individual candidate with the Company, its executive bodies and with any shareholders holding material interests in company in election proposals to Annual General Meeting
(Item 5.4.1, Paragraphs 4 to 6 of the Code in the version dated 24 June 2014 and Item 5.4.1, Paragraphs 5 to 7 of the Code in the version dated 5 May 2015)***

In QSC's opinion, the recommendation of the German Corporate Governance Code does not specify clearly enough which relationships of a candidate must be disclosed and the extent to which such disclosures are required to be made for proposed elections at the Annual General Meeting, in order to comply with the recommendation. In the interests of legal certainty with respect to future elections to the Supervisory Board, the Management Board and Supervisory Board have decided to declare a divergence from the recommendation. QSC is of the opinion that the existing disclosure requirements contained in § 124 paragraph 3 sentence 4 and in § 125 paragraph 1 sentence 5 of the German Stock Corporation Act ("AktG") are sufficient to meet the informational needs of the shareholders and will, at an appropriate date in the future, investigate and decide - voluntarily and without tying itself to the Code's recommendation - whether to disclose additional information about candidates proposed for election at the Annual General Meeting.

Cologne, 19 November 2015


On behalf of the Management Board
Jürgen Hermann


On behalf of the Supervisory Board
Dr. Bernd Schlobohm