

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 5 MAY 2015 IN THE PERIOD SINCE TAKING EFFECT ON 7 FEBRUARY 2017

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 5 May 2015 in the period since taking effect on 7 February 2017, 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.

Opportunity for employees to report, in a protected manner, suspected breaches of the law within the company to be introduced by the end of 2017 (Item 4.1.3, Sentence 3 of the Code)

According to this new recommendation, employees should be given an appropriate opportunity to report, in a protected manner, suspected breaches of the law within the company. This is generally taken to mean an institutional whistle-blower system enabling employees to communicate specific breaches either anonymously or with guaranteed confidentiality concerning their identity. To date, QSC has not had any such whistle-blower system in place. Following the introduction of this new recommendation, QSC has reviewed the options for complying with such. The Management Board has already initiated the steps necessary to establish an appropriate whistle-blower system in the form of an electronic communications platform. This should also be accessible to third parties and is scheduled to go online before the end of the 2017 calendar year.

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 be unable to state any maximum amounts that may be called for in the model tables in the compensation report. QSC otherwise fully complies with the recommendations

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in respect of existing Management Board compensation and will also comply with the recommendations when determining any future Management Board compensation.

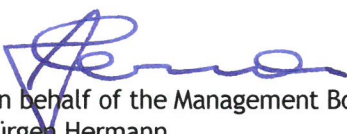
***No regular limit set for length of Supervisory Board membership
(Item 5.4.1, Paragraph 2, Sentence 2 of the Code)***

The Supervisory Board of QSC has compiled a competence profile for the board as a whole and 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. 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.

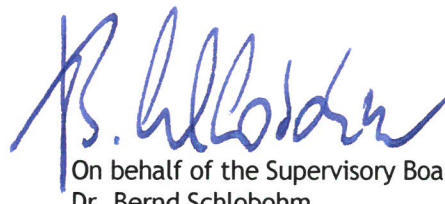
***No disclosure of personal and business relations of each individual candidate with the Company, its executive bodies and with any shareholders holding material interests in company in election proposals to Annual General Meeting
(Item 5.4.1, Paragraphs 6 to 8 of the Code)***

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, 23 November 2017



On behalf of the Management Board
Jürgen Hermann



On behalf of the Supervisory Board
Dr. Bernd Schlobohm