

DECLARATION OF COMPLIANCE

DECLARATION PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (“AKTIENGESETZ”) REGARDING QSC AG’S COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE (“DEUTSCHER CORPORATE GOVERNANCE KODEX”) IN THE VERSION DATED MAY 13, 2013, AS OF ITS VALIDITY FROM JUNE 24, 2014

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 (“Deutscher Corporate Governance Kodex”) 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 May 13, 2013, as of its validity from June 24, 2014, 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 [“Aktiengesetz”]) (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 July 1, 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 (Items 4.2.3, Paragraph 2, Sentence 6 and 4.2.5, Paragraph 3 [first bullet point], Paragraph 4 of the Code)

Just 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.

Individual contracts of the Management Board members do not contain a cap on severance payments in case of premature termination (Item 4.2.3, Paragraph 4 of the Code)

QSC AG's Supervisory Board – in its earlier composition, and during whose period of office the employment contracts of two of the current members of the Management Board were signed (historic contracts) – was previously of the opinion that any advance agreement with respect to severance payment cap would be contrary to the spirit of a contract, which is usually concluded for a fixed term and does not, in principle,

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provide for the possibility of an ordinary termination by notice. Similarly, it was argued that it would be difficult in practice to enforce a contractual severance payment cap against a Management Board member in the circumstances where it would be relevant. Furthermore, it was considered unfeasible that any such advance stipulation would be reasonably able to take into account the particular facts and the surrounding circumstances that might later give rise to the premature ending of a Management Board member's contract. Accordingly, no cap was agreed with the Management Board members concerned. The Supervisory Board in its current composition since the Annual General Meeting on May 29, 2013, has relinquished this opinion and – for new Management Board members as from that date and upon the extension of one of the two historic contracts in November 2014 – has agreed a severance cap which complies with the Code. The Supervisory Board also intends to continue this policy in the future.

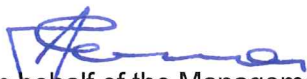
***No aiming for an appropriate consideration of women when appointing the Management Board
(Item 5.1.2, Paragraph 1, Sentence 2 of the Code)***

The Supervisory Board does not follow this recommendation insofar as its decisions when filling Supervisory Board positions are guided solely by the qualifications of the persons available as it has been in the past. In this respect the Supervisory Board does not give decision priority to gender.

***No disclosure of the private and business relationships of each individual candidate with the company, its representative bodies and any significant shareholder of the company in the event of proposals for election at the Annual General Meeting
(Item 5.4.1, Paragraphs 4 to 6 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, November 20, 2014



On behalf of the Management Board
Jürgen Hermann



On behalf of the Supervisory Board
Dr. Bernd Schlobohm