

**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 § 161 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 § 161 AktG on 13 December 2013. The following declaration relates to the version of the Code dated 13 May 2013 and published on 10 June 2013 in the electronic Federal Gazette for the period from 14 December 2013 to 30 September 2014. For the period from 1 October 2014 onwards the following declaration relates to the recommendations of the Code contained in the version dated 24 June 2014 and published on 30 September 2014 in the electronic Federal Gazette.

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 total compensation of Executive Board members. Specific proposals for the 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. For this reason, please refer to the explanations for sections 5.2 and 5.3 of the code.

Re 4.2.3:

- There is no plan to introduce stock option models as variable compensation components for Executive Board members. Long-term incentives for the Executive Board should continue to be primarily achieved by means of variable compensation components that relate to the extent of Group profits. Thus the compensation of individual Executive Board members consists solely of fixed and success-oriented components because the Supervisory Board is of the opinion that stock option models are only limitedly suitable as an incentive for the Executive Board.
- The contracts of service for Executive Board members do not include payment arrangements either pertaining to the premature termination of their positions in the Executive Board or termination 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.

Re 4.2.4 / 4.2.5:

- The total compensation of each member of the Executive Board will not be disclosed as a result of the resolution taken at the Annual General Meeting on 9 June 2011.

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. An Auditing Committee has been provided for under the rules of procedure of the Supervisory Board, but has, however, not been formed due to the total size of the Supervisory Board. No further committees were appointed, particularly in view of the fact that a consistent flow of all company and other relevant information to all members of a 6-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 the purpose of promoting the function of the Supervisory Board. This includes, for instance, the selecting of members with suitable corporate experience. The Supervisory Board does not wish to name more specific aims for its composition, as the mere naming of any such aims will not necessarily lead to an improvement in the quality of the work of the Supervisory Board. However, 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 member 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.

Re 5.4.6:

- The compensation of Supervisory Board members will not be individually disclosed as the structure of the compensation is decided by the Annual General Meeting and an individual disclosure would therefore not provide additional transparency for shareholders. The compensation of Supervisory Board members is stipulated in the Articles of Association of the company. Supervisory Board members are not granted benefits for services personally rendered, in particular consulting or agency services, over and above the rules contained in the Articles of Association.
- Membership in committees is not taken into account in the compensation of Supervisory Board members because there are currently no other committees apart from the Personnel Committee.

Re 7.1.2:

- A specific review does not take place between the Executive Board and the Supervisory Board prior to the publication of half-yearly or quarterly financial reports. The assets, financial and profitability situation is regularly reviewed within the framework of Supervisory Board meetings and whenever the need arises on the strength of monthly reporting to the Supervisory Board. The Executive Board sees this as the only way to preserve the flexibility required for legal reasons, particularly in the case of subject matter relevant to ad hoc publicity.
- Due to the international structure of the Group and the resulting complexity, the Group financial statements have not been made publicly accessible within 90 days after the end of the fiscal year.

Munich, 5 December 2014

Schaltbau Holding AG

For the Executive Board:

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For the Supervisory Board:

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