

**Declaration made by the Managing Board and Supervisory Board of SMT
Scharf AG**
in accordance with section 161 of the German Stock Corporation Act (AktG)
on the recommendations of the Commission,
“Regierungskommission Deutscher Corporate Governance Kodex” (German
Corporate Governance Code)
as amended on 7 February 2017

The Managing Board and Supervisory Board of SMT Scharf AG declare that there has been and will continue to be compliance with the recommendations in the German Corporate Governance Code as amended on 7 February 2017, **with the exception of the following divergences:**


- Code point 5.3
The Supervisory Board has not set up any committees, as it is composed only of three members. The view of the Supervisory Board is that as all issues to be discussed and decision-making is dealt with by all Board members working together, it does not make sense to form committees. The duties assigned to the audit committee are performed by the Supervisory Board working as a whole.

- Code point 5.1.2
Diversity was not a criterion in its own right in appointing the members of the Managing Board. This may also be the case in future. For the Supervisory Board is convinced that, with a Managing Board consisting solely of two members, the selection of its members should be guided solely by the technical, functional and personal suitability of the candidates.

- Code points 5.1.2 and 5.4.1
There are currently no age limits imposed on members of the Managing Board or Supervisory Board, as this would impose a blanket restriction on the selection of qualified candidates.

- Code point 3.8
A deductible on the D&O insurance for members of the Supervisory Board has not been agreed, because the company takes the view that a deductible would neither have a motivational effect on, nor boost the sense of responsibility influencing, the behavior of the Supervisory Board members. Indeed, the latest version of the Code dated 9 May 2019 no longer provides for a deductible on D&O insurance.

Hamm, 9 December 2019


(Prof. Dr. Louis Velthuis)


(Dr. Dirk Vorsteher)


(Dorothea Gattineau)


(Hans Joachim Theiß)


(Wolfgang Embert)