

## Declaration pursuant to § 161 of the Stock Corporation Act (AktG) regarding compliance with the German Corporate Governance Code

The Executive Board and the Supervisory Board herewith declare in accordance with the provisions of Section 161 of the German Company Act that IVU Traffic Technologies AG has complied with and will continue to comply with the specifications and recommendations of the German Corporate Governance Code dated 5 May 2015, with the following exceptions:

(The numbers refer to the corresponding sections of the Corporate Governance Code.)

### **3.4 Information and reporting duties of the Executive Board**

The Supervisory Board has not formally defined the information and reporting duties of the Executive Board, as the Executive Board is already legally obliged to comprehensively inform the Supervisory Board and the Supervisory Board has previously had no reason to object to the information policy of the Executive Board.

### **3.8 Excess in the event of Director's and Officers' liability insurance for the Supervisory Board**

Since the emoluments for the Supervisory Board are relatively low, the company feels that an appreciable excess for the Supervisory Board would not be acceptable. Even without such an excess, there are sufficient grounds for the Supervisory Board to behave with responsibility.

### **4.2.4 Disclosure of the emoluments of members of the Executive Board**

The total compensation for the members of the Executive Board is not individualised in the Notes to the Consolidated Annual Report 2016. The company has not previously individualised the emoluments for its Executive Board members due to a decision taken by the General Meeting on 25 May 2016 in accordance with Section 286 Para. 5 German Commercial Code (HGB). The company attaches priority to the legal protection of personal rights.

### **5.1.2 Age limits for Executive Board members, Diversity**

The Supervisory Board will not specify an age limit for the Executive Board members. The company sees no cause to set an upper age limit for the Executive Board because the expertise of experienced Executive Board members should also be available to the company. Exclusion from the Executive Board solely on grounds of age does not seem purposeful.

In the interests of the company, the Supervisory Board pays attention when making appointments to the Executive Board primarily to the greatest possible specialist expertise and only then also takes other criteria into consideration. In view of the international operations of the company, value is attached to key qualifications, linguistic skills, and experience in the sector.

### **5.3 Formation of Committees**

The Supervisory Board has not formed any committees. Due to the small number of its members, the formation of committees, in particular an audit committee and a nomination committee, is deemed unnecessary by the Supervisory Board. All tasks of these committees are performed by the Supervisory Board.

#### **5.4 Composition of the Supervisory Board and emoluments for its members**

The Code recommends in Subsection 5.4.1 that the Supervisory Board should specify objectives which, while considering the specifics of the company, also take into account the international activities of the company, potential conflicts of interests, the number of independent members of the Supervisory Board in accordance with Subsection 5.4.2, an age limit to be specified for members of the Supervisory Board, and diversity. These concrete objectives should, in particular, stipulate an appropriate participation of women.

Except for the targets set in accordance with the “Law for the Equal Participation of Women and Men in Leadership Positions in the Private Sector and the Public Sector”, the Supervisory Board has not previously specified concrete goals for its composition and after consideration of the specific situation of the company it does not at present envisage doing so. Regarding the composition of the Supervisory Board, in the interests of the company, emphasis is attached mainly to the greatest possible specialist expertise and international experience, and only subsequently are further criteria taken into consideration.

Regarding the composition of the Supervisory Board, the company pays attention to the independence of the members of the Supervisory Board.

The company dispenses further with the specification of an upper age limit for the Supervisory Board, since the expertise of experienced Supervisory Board members should be available to the company and exclusion only on the basis of age does not seem to be purposeful.

The Code further recommends in Subsection 5.4.5 that the company should support the members of the Supervisory Board with necessary training and further education measures as required for their tasks. The company supports the members of the Supervisory Board with necessary training and further education measures within the framework of the statutory reimbursement for expenses. However, since it is presently unclear which conditions must be met in order for the support to be necessary within the scope of the Code recommendations, an exception is declared in this case as a precaution.

Berlin, 23/02/2017

For the Executive Board

A handwritten signature in black ink, appearing to read 'Martin Müller-Elschner', written in a cursive style.

Martin Müller-Elschner (CEO)

For the Supervisory Board

A handwritten signature in black ink, appearing to read 'Herbert Sonntag', written in a cursive style.

Prof. Dr. Herbert Sonntag (Chair)

André Neiß

Uli Mayer-Johanssen