



**Declaration of compliance by the Management Board and Supervisory Board
of KHD Humboldt Wedag International AG
in accordance with Section 161 of the German Stock Corporation Act ("AktG")
on the recommendations of the
"Government Commission on the German Corporate Governance Code"**

The Management Board and the Supervisory Board of KHD Humboldt Wedag International AG hereby declare that since the last declaration of compliance on February 22, 2019 the recommendations of the German Corporate Governance Code (the "Code") as amended on February 7, 2017 have been complied with and will be complied with in future with the following exceptions:

- The Company has concluded directors' and officers' (D&O) insurance for the members of the Supervisory Board but no deductible has been agreed upon (Code item 3.8 para. 3).

The Company and the Supervisory Board are fully aware and fully accept the due care and diligence required from a prudent and conscientious Supervisory Board member, but they do not see the agreement of a deductible as a suitable measure for enhancing the motivation and sense of responsibility with which the Supervisory Board members perform their duties and functions.

- The Supervisory Board has not established any committees as recommended by the Code (Code item 5.3.1).

The issues normally delegated to committees are jointly handled by all Supervisory Board members whereby each member of the Supervisory Board reports to the Supervisory Board as a whole on those topics that are primarily allocated to his/her responsibility based on specific expertise.

- The Supervisory Board has not established an Audit Committee as recommended by the Code (Code item 5.3.2).

Reference is made to the explanation given in connection with item 5.3.1 of the Code. The objective of Code item 5.3.2 is still met as one member of the Supervisory Board, who is not a former member of the Management Board of the Company, has specialist knowledge and experience in the application of accounting principles and internal control processes.

- The Supervisory Board has not established a nomination committee as recommended by the Code (Code item 5.3.3).

Reference is made to the explanation given in connection with item 5.3.1 of the Code. The objective of Code item 5.3.3 is still met, because all members of the Supervisory Board are shareholder representatives.

- The Supervisory Board has specified neither an age limit nor a regular limit of length of membership for the members of the Supervisory Board as recommended by the Code (Code item 5.4.1 para. 2 first sentence).

The Supervisory Board considers extensive business experience from a long business career as beneficial for the competence of the Supervisory Board and the interests of the Company. A long-term membership in the Supervisory Board is also of great advantage for the Company, since this provides for a better understanding in terms of the complexity of the business as well as expert knowledge regarding specifics of the Company. Therefore, the Supervisory Board decided not to specify an age limit and regular limit of length of membership for the members of the Supervisory Board.

- The Company does not publish any information on the business development during the course of the year in addition to the half-year financial report as recommended by the Code (Code item 7.1.1 second sentence).

The Company is no longer obligated to publish interim reports. Due to the long-term nature of the business model as well as significant differences between individual quarters, quarterly information about the course of business does not appear to be expedient. However, the Company reports on the course of business in the first months of a financial year before a general meeting of shareholders.

- The consolidated financial statements and the combined management report for the 2018 financial year were not made publicly accessible within 90 days from the end of the financial year (Code Item 7.1.2 third sentence 1st half-sentence).

The consolidated financial statements and the combined management report for the 2018 financial year could only be published immediately after the Supervisory Board meeting on April 2, 2019 that was convened to adopt the financial statements. In contrast, the consolidated financial statements and the combined management report for the 2019 financial year are scheduled for publication within 90 days from the end of the financial year (on March 15, 2020).

Cologne, February 7, 2020

For the Management Board

For the Supervisory Board

(s) Yizhen Zhu

(s) Jürgen Luckas

(s) Shaohua Jin

(s) Dr. Matthias Jochem

(s) Tao Xing

(s) Matthias Mersmann