DECLARATION ON CORPORATE GOVERNANCE

[INDUS]

Corporate governance report and corporate governance statement pursuant to sections 289f, 315d of the German Commercial Code (HGB) for the reporting year 2019

A. Declaration of the Board of Management and the Supervisory Board pursuant to section 161 of the German Stock Corporation Act (AktG) on the German Corporate Governance Code

Pursuant to section 161 of the German Stock Corporation Act (AktG), the Board of Management and the Supervisory Board of a listed German stock corporation are obliged to declare at least once a year whether the recommendations of the German Corporate Governance Code have been complied with or which recommendations of the Code have not been applied and why.

The Board of Management and the Supervisory Board of INDUS Holding AG issued the following declaration of conformity on September 18, 2019:

The Board of Management and the Supervisory Board declare that, since the publication of the last Dec-laration of Conformity in November 2018, INDUS Holding AG has complied with and will continue to comply with the recommendations of the German Corporate Governance Code ("Code") as amended on 7 February 2017 – published by the Federal Ministry of Justice in the Federal Gazette on 24 April 2017 and corrected on 19 May 2017 – save for the following exceptions.

Code Item 4.1.3 sentence 3 half-sentence 1: Opportunity to whistleblow with protection of the whistleblower

INDUS Holding AG has not installed a whistleblowing system that would allow its employees to report suspected breaches of the law within the company in a protected manner. Regardless of the fact that the demands to be made on a whistleblowing system within the meaning of Code Item 4.1.3 sentence 3 half-sentence 1 have not been ultimately clarified yet, INDUS Holding AG is of the opinion that there is no need to install such a system given the open communication culture within the company. In this con-text, the company also considered the fact that reservations may be expressed against the installation of a protected whistleblower system, such as the risk of abuse and the creation of an atmosphere of distrust.

Code Item 5.4.1 Para. 2 sentence 2 and Para. 4 sentence 1 and sentence 2: Regular limit to Supervi-sory Board members' term of office

The Supervisory Board of INDUS Holding AG has decided not to define a regular limit to the Superviso-ry Board members' term of office, as a general regular limit ignores individual factors that may justify a longer term of office of individual Supervisory Board members. In particular, such a regular limit would ignore the fact that it may be of special importance for the company to preserve the long-standing ex-pertise of Supervisory Board members for the company. The (partial) non-compliance with Code Item 5.4.1 Para. 4 sentences 1 and 2, according to which the regular limit shall be taken into account in elec-tion proposals and its implementation status shall be published, is a consequence of the absence of such regular limit.

Bergisch Gladbach, den 18. September 2019

This Declaration of Conformity is also available in German. Both the English and the German versions of the Declaration of Conformity can be downloaded from the Internet at www.indus.de. Only the German version of the Declaration of Conformity is legally binding.

Detailed information on corporate governance is also available on our website at https://indus.de/en/about-indus/corporate-governance/. This also includes previous corporate governance statements and declarations of conformity, which are available for a period of five years.

B. Corporate governance practices of INDUS Holding AG and the Group

I. German Corporate Governance Code

Above and beyond the legal requirements of German stock corporation, co-determination and capital market law, INDUS Holding AG complied and continues to comply with the recommendations of the German Corporate Governance Code with the exceptions stated and justified in the declaration of conformity.

II. Sustainability

At INDUS Holding AG, sustainability is anchored at the highest level and is controlled and further developed by the Board of Management. INDUS Holding AG recognized at an early stage the importance of acting responsibly and of continuously improving what has been achieved. In the opinion of INDUS Holding AG, real business success is not reflected in quarterly figures, but in a company's long-term performance. In this context, those corporate factors that are outside the economic dimension are particularly important: the environment, employees, and the way in which we do business with each other. This is also the basis on which the operationally independent portfolio companies of INDUS Holding AG operate.

The exchange between the Board of Management and the managing directors of the portfolio companies focuses on relevant sustainability aspects, non-financial performance indicators and the achievement of the objectives the portfolio companies set for themselves. In addition, CSR-related issues are highlighted and discussed at INDUS' annual corporate conference. In 2016, INDUS Holding AG integrated an incentive for progress achieved in the area of sustainability into the remuneration system of the Board of Management. The full non-financial statement for the INDUS Group is available for download from the Sustainability Report on the company's website at https://indus.de/en/investor-relations/sustainability/.

III. Compliance Management System

INDUS Holding AG ensures the implementation of an adequate Compliance Management System at the holding company level. The corresponding risk-oriented measures include, in particular, the communication of a code of conduct to all employees of the holding company. This code of conduct defines principles for the conscious and responsible dealing with business partners, shareholders, and employees. In addition, the portfolio companies organize their compliance in a decentralized way. The managing directors of the individual portfolio companies are responsible for the adequate contents of their respective Compliance Management System. The holding company does not provide a uniform system but offers support and monitors the management of material compliance risks which are relevant for the holding company. The code of conduct of INDUS Holding AG, which voluntarily goes beyond the legal requirements, is available on the company's website at https://indus.de/en/about-indus/corporate-governance/.

IV. D&O insurance deductible

The company has taken out D&O insurance (financial loss liability insurance) for the members of the Board of Management and the Supervisory Board, which provides for a deductible of 10 percent of the loss up to one and a half times the fixed annual remuneration of the respective insured board member.

C. Work of the Board of Management and the Supervisory Board

I. Collaboration between the Board of Management and the Supervisory Board

The Board of Management has sole responsibility for managing the company to the best of the company's interests with the aim of creating sustainable value for the company. It takes into account the interests of all stakeholders, in particular shareholders and employees of the Group. The Supervisory Board advises and supervises the Board of Management in managing the company and is involved in decisions of fundamental importance to the company. The Board of Management informs the Supervisory Board in a regular, timely, and comprehensive manner of all relevant issues, including particularly those pertaining to the corporate budget, strategic development, earnings and financial position, risk situation, risk management, and compliance. Deviations from targets and planning in the company's course of business are also elucidated, as well as the strategic approach at the holding company level and the further development of the composition of the portfolio. According to the list of transactions requiring approval defined by the Supervisory Board, decisions of material importance for the business of INDUS Holding AG require the Supervisory Board's approval. The Board of Management and the Supervisory Board cooperate closely to the benefit of the company. Consultations and discussions between the Board of Management and the Supervisory Board are conducted openly and in an atmosphere of trust.

II. Working methods and composition of the Board of Management

The INDUS Holding AG Board of Management runs the company and manages its business activities. It performs its management function as a collegial body with joint responsibility. The members of the Board of Management are appointed by the Supervisory Board. The responsibilities of the members of the Board of Management are allocated according to functional aspects. The allocation of responsibilities to the individual members of the Board of Management is based on a schedule of responsibilities, which forms part of the rules of procedure for the Board of Management.

The Board of Management determines the company's strategic orientation and ensures its implementation. The Board of Management also outlines the business goals of INDUS Holding AG, the annual and multi-year projections, the internal control and risk management system, and the business segments' controlling practices. The Board of Management's duties also include preparation of the quarterly, semi-annual, and annual financial statements of INDUS Holding AG and the INDUS Group.

The Board of Management reports to the Supervisory Board regularly, promptly, and comprehensively on all issues relevant to the company and explains any material deviations of the actual course of business from the plans and targets.

The Board of Management passes resolutions at regular meetings, which are chaired by the Chairman of the Board of Management. The members of the Board of Management work together as colleagues and keep each other informed about important measures and events in their respective spheres of responsibility. The members of the Board of Management disclose any conflicts of interest that may arise immediately to the Supervisory Board (via the Chairman of the Supervisory Board) and the Chairman of the Board of Management and inform the other members of the Board of Management accordingly.

The Board of Management of INDUS Holding AG is composed of four persons. The résumés and relevant offices of the members of the Board of Management are published on pages 6 and 185 of the annual report as well as on the company's website at https://indus.de/en/about-indus/board-of-management/.

III. Working methods and composition of the Supervisory Board and its committees

The Supervisory Board of INDUS Holding AG appoints the Board of Management, provides guidance regarding company management, and monitors management activities. Information regarding the focal points of Supervisory Board activity last year is available in the report of the Supervisory Board. Since November 29, 2018, half of the seats on the Supervisory Board of INDUS Holding AG have been filled with shareholder representatives and the other half with employee representatives. In the reporting year 2019, the Supervisory Board had twelve seats. The next ordinary election date for the members of the Supervisory Board is the Annual General Meeting in 2023.

No member of the Supervisory Board performs or has performed executive, supervisory or consulting functions at any significant competitors of INDUS Holding AG. Furthermore, no member of the Supervisory Board had or has personal relations with a major competitor. The company also complies with the recommendation of the German Corporate Governance Code that no more than two former members of the Board of Management shall be members of the Supervisory Board; at present, one former member of the Board of Management serves on the Supervisory Board.

The Supervisory Board of INDUS Holding AG used to be of the opinion that it should include at least three independent shareholder representatives and is now of the opinion that it should include at least four independent shareholder representatives. In the opinion of the shareholder representatives and the Supervisory Board, the Supervisory Board of INDUS Holding AG does not include any shareholder representative considered to be dependent on the company and the Board of Management. This means that Mr Jürgen Abromeit, Dr Jürgen Allerkamp, Dr Dorothee Becker, Ms Isabella Pfaller, Mr Helmut Späth, and Mr Carl Martin Welcker are independent. Although Mr Jürgen Abromeit was Chairman of the Board of Management of INDUS Holding AG until June 30, 2018, the shareholder representatives on the Supervisory Board believe that he possesses the critical distance required to perform his monitoring task. Dr Jürgen Allerkamp, who has been a member of the Supervisory Board of INDUS Holding AG since 2007, also possesses the necessary critical distance. The independence of the shareholder representatives from a controlling shareholder required by the German Corporate Governance Code is given at INDUS Holding AG due to the fact that there is no controlling shareholder at INDUS Holding AG. In accordance with the requirements of section 96 (2) sentence 1 of the German Stock Corporation Act (AktG), five of the Supervisory Board's twelve members are women, of whom two are shareholder representatives and three are employee representatives.

In the reporting year, the 12-strong Supervisory Board with equal representation of the shareholders and the employees formed a Mediation Committee pursuant to section 27 (3) MitbestG, a Human Resources Committee, an Audit Committee and a Nomination Committee.

1. Audit Committee

The Audit Committee is composed of three members. It consists of the Chairwoman of the Committee, Ms Isabella Pfaller, as well as Dr Jürgen Allerkamp as further shareholder representative and Mr Gerold Klausmann as employee representative. The Chairwoman of the Audit Committee is independent, has special expertise and experience as a financial expert in the application of accounting principles and internal control procedures and is familiar with the auditing of financial statements. The Audit Committee prepares the decisions of the Supervisory Board on the separate and the consolidated financial statements, the proposal to the Annual General Meeting for the election of the auditor, and the agreement with the auditor (award of the audit engagement, determination of audit focal points, fee agreement). A regular exchange with the auditor on relevant topics is held also outside the meetings. In addition, the Audit Committee monitors the independence of the auditor and addresses the additional services provided by the auditor as well as compliance-related issues. It advises and monitors the Board of Management in matters relating to accounting, the effectiveness of the internal control system, the risk management system, and the internal audit system. It also discusses the interim reports and the quarterly reports with the Board of Management prior to their publication.

2. Human Resources Committee

The Human Resources Committee is composed of four members. It consists of the Chairman of the Supervisory Board, Mr Jürgen Abromeit (Committee Chairman), Dr Dorothee Becker as further shareholder representative as well as Ms Dorothee Diehm and Mr Wolfgang Lemb as employee representatives. Its duties are to address personnel matters relating to the Board of Management, in particular the employment contracts and other contracts with members of the Board of Management. Decisions are made by the full Supervisory Board only if this is required by law. This applies in particular to Supervisory Board decisions regarding remuneration models for Board of Management members and, since the coming into force of the German Act on the Appropriateness of Management Board Remuneration (VorstAG), regarding the determination of overall remuneration for the individual Board of Management members. The committee must present proposals on these points and submit them to the full Supervisory Board for resolution.

3. Nomination Committee

The Nomination Committee consists of the Chairman of the Supervisory Board, Mr Jürgen Abromeit (Committee Chairman), as well as Ms Isabella Pfaller and Mr Carl Martin Welcker as further shareholder representatives. It proposes candidates to the Supervisory Board for its election proposals to the Annual General Meeting.

4. Mediation Committee

The Mediation Committee, which is entrusted with the tasks pursuant to section 31 (3) sentence 1 of the German Codetermination Act, meets only when necessary. The Mediation Committee consists of the Chairman of the Supervisory Board, Mr Jürgen Abromeit (Committee Chairman), his deputy, Mr Wolfgang Lemb, as well as Ms Isabella Pfaller (shareholder representative) and Ms Pia Fischinger (employee representative). It makes proposals for the appointment of members to the Board of Management if the required two-thirds majority is not achieved in the first ballot.

The committees generally convene in physical meetings. As with the Supervisory Board itself, committee decisions require a simple majority, unless the law provides otherwise. The execution of resolutions by the Supervisory Board and its committees is the responsibility of the Supervisory Board Chairman.

The Supervisory Board has rules of procedure, which are available on the company's website at https://indus.de/en/about-indus/supervisory-board/. It has defined targets for its own composition and ensures compliance with these targets. In addition, the Supervisory Board regularly assesses the effectiveness and efficiency with which the Supervisory Board and its committees perform their tasks. This self-assessment was last carried out in 2017 by means of a detailed questionnaire. The next self-assessment will be carried out in the course of 2020. The names and relevant offices of the members of the Supervisory Board are published in the annual report. In addition, the résumés of all members of the Supervisory Board are available on the company's website athttps://indus.de/en/about-indus/supervisory-board/.

Further details on the activities and composition of the Supervisory Board and its committees in the fiscal year 2019 are provided in the report of the Supervisory Board on page 7 of the annual report.

D. Information on the minimum shares of women and men on the Supervisory Board of INDUS Holding AG; diversity policy for the composition of the Supervisory Board

I. Gender quota

Pursuant to sections 96 (1), 101 (1) AktG and section 7 (1) sentence 1 No. 1 MitbestG, the Supervisory Board must be composed of six shareholder representatives and six employee representatives and additionally, pursuant to section 96 (2) sentence 1 AktG, of at least 30% of women and at least 30% of men. As a general rule, the gender quota must be fulfilled by the Supervisory Board as a whole unless the shareholder representatives or the employee representatives object to the overall fulfilment in accordance with section 96 (2) sentence 3 AktG. The members of the Supervisory Board representing the shareholders objected to the overall fulfilment of the statutory gender quota. Consequently, the Supervisory Board had to be made up of at least two women and at least two men on the side of both the shareholder representatives and the employee representatives.

There are currently two women and four men on the side of the shareholder representatives on the Supervisory Board and three women and three men on the side of the employee representatives, which means that the statutory gender quota is being (over)fulfilled.

II. Diversity policy for the Supervisory Board

The company has a diversity policy for filling positions on the Supervisory Board. In addition, the Supervisory Board has defined concrete targets for its composition as well as a profile of skills and expertise for the full Supervisory Board. The Nomination Committee ensures that the targets regarding its composition and the requirements of the German Stock Corporation Act and the German Corporate Governance Code regarding the composition of the Supervisory Board are observed for the shareholder representatives on the Supervisory Board. The Nomination Committee of the Supervisory Board discusses suitable candidate proposals for the election of new shareholder representatives by

the Annual General Meeting. In this context, it considers not only the profile of skills and expertise but also the targets defined by the Supervisory Board with regard to its composition, in particular the diversity policy. The profile of skills and expertise of the Supervisory Board is made up as follows:

Area of skills/expertise	**Explanation**
Strategy	Proven experience in the development of corporate strategies and their implementation
Technology	Profound knowledge and experience in the fields of technology that are relevant for the portfolio companies
Innovation	Profound knowledge and experience in the definition of innovation strategies and their implementation
Internationalization	Proven experience in the establishment and management of foreign business units or extensive own international experience
Mergers & acquisitions	Proven knowledge and experience in the implementation of M&A processes
Management	Sustainably successful management experience at management or board level
Finance	Extensive knowledge and experience in accounting of complex corporate groups, corporate financing and financial risks
Risk management	Profound experience in the design and monitoring of risk management systems
Remuneration system	Practical experience in the design and application of performance-based remuneration systems

The Supervisory Board is of the opinion that the skills, experience, and expertise available on the Supervisory Board fully meet the requirements of its profile of skills and expertise. The expertise, skills, and experience of the individual members of the Supervisory Board are described in their résumés published on our website at https://indus.de/en/about-indus/supervisory-board/.

The Supervisory Board has set an age limit for its members: the member may not be above the age of 70 at the time of appointment. This age limit was complied with in the year under review. The age limitation policy adopted by the Supervisory Board for members of the Board of Management, which provides for their stepping down upon reaching the age of 67, was also complied with.

E. Information on the target figure for the share of women on the Board of Management

I. Definition of targets

The Supervisory Board of INDUS Holding AG sets a target for the share of women on the Board of Management in accordance with section 111 (5) of the German Stock Corporation Act (AktG). The Supervisory Board last updated the target for the share of women on the Board of Management of INDUS Holding AG in its resolution dated May 23, 2017. It remained unchanged at 0.00% and is valid until May 23, 2022. This target corresponds to the current status. The Supervisory Board is open to raising the target. The Supervisory Board will discuss and make a decision before May 23, 2022 regarding the new target that will apply from May 24, 2022 for the share of women on the Board of Management. The Supervisory Board expects a share of women on the Board of Management of INDUS Holding AG of 25.00% in the medium term.

There are no management levels below the Board of Management in INDUS Holding AG's organizational structure. The determination of targets for the share of women at such management levels is therefore not relevant.

II. Diversity policy and succession planning for the Board of Management

To fill positions on the Board of Management, the Supervisory Board initially develops a profile of requirements and expertise with support from the Human Resources Committee and an external, independent HR consultant. This profile defines various criteria to be met, such as age, education, professional background, current position, and personality requirements of the candidate. The aim is to use the profile of requirements and expertise to find a candidate who complements the existing profiles of the other members of the Board of Management of INDUS Holding AG, so that the Board of Management has all the skills and experience deemed essential for the management of the INDUS Group. On the basis of this profile of requirements and expertise for the position of Board of Management member, the external HR consultant first presents several candidate profiles to the Chairman of the Supervisory Board. The latter then conducts interviews with various candidates and selects several candidates by checking them against the profile of requirements and expertise; these candidates then present themselves personally at the meeting of the Human Resources Committee. At this meeting, the members of the Human Resources Committee interview the candidates about their previous professional experience, personal knowledge, skills, strengths, and weaknesses. After an intensive exchange of the impressions gained and a renewed comparison with the profile of requirements and expertise, the Human Resources Committee selects a candidate. After having agreed the contractual conditions, the candidate presents himself or herself personally to the full Supervisory Board. The full Supervisory Board then decides whether to follow the recommendation of the Human Resources Committee to appoint the Board of Management member and to approve the conclusion of the previously negotiated management contract. The requirements of the diversity policy for the Board of Management are met in full.

In cooperation with the Chairman of the Board of Management, the Supervisory Board ensures long-term succession planning. To this end, a process has been established by which the Chairman of the Supervisory Board regularly exchanges information about foreseeable vacancies on the Board of Management and suitable candidates – including from within the company – with the Chairman of the Board of Management and informs the Supervisory Board accordingly.