

## **Declaration of compliance with the German Corporate Governance Code pursuant to section 161 of the German Stock Corporation Act**

The Management and Supervisory Boards at Bertrandt AG declare herewith that, in compliance with section 161 of the German Stock Corporation Act (AktG), the recommendations from the governing commission of the German Corporate Governance Code (GCGC) in the version dated February 7, 2017 – released in the German Federal Gazette on April 24, 2017 and amended on May 19, 2017 – until its replacement by the new version of the Code dated December 16, 2019, effective March 20, 2020 were generally adhered to. Until then, the recommendations listed under Sections 3.8 Para. 3, 4.1.3 Sentence 2, 4.1.5, 4.2.1 Sentence 1 Version 2, 4.2.3 Para. 3, 4.2.5 Para. 3 and 4, 5.4.1 Para. 2 and 4, 5.4.1 Para. 6, 5.4.2 Sentence 1, 5.5.2, 5.5.3 Sentence 1 and 7.1.2 Sentence 3 of the GCGC were not applied.

The recommendations from the governing commission of the GCGC in the version dated December 16, 2019 – released in the German Federal Gazette on March 20, 2020 (hereinafter also referred to as "GCGC n.v.") – were and are generally adhered to. The recommendations listed under Sections A.1, A.2 Sentence 1 final Half Sentence, B.2 final Half Sentence, B.3, C.1 and C.4 to C.13, D.1, D.7, D.10, E.1 and E.2, F.2 as well as G.1 to G.16 of the GCGC were and will not be applied.

The deviations from the individual recommendations are based on the following arguments:

### **I. Deviations from the recommendations from the governing commission of the German Corporate Governance Code (GCGC) in the version dated February 7, 2017**

#### **Section 3.8 Para. 3 GCGC**

Bertrandt AG has taken out a pecuniary damage liability insurance policy (a so called directors and officers insurance policy). In deviation from Section 3.8 Para. 3 GCGC, the policy has no deductible for supervisory board members. Bertrandt AG took out the insurance policy to preserve its interests in the event of hypothetical damage.

#### **Section 4.1.3 Sentence 2 GCGC**

Bertrandt AG has an adequate Compliance Management System, based on the risk situation of the company, that will be reported on pursuant to the provisions of the Act to strengthen non-

financial reporting by companies in their management and group management reports (CSR-Richtlinie-Umsetzungsgesetz). However, since the Code has not defined which demands in detail result from Section 4.1.3 Sentence 2 GCGC, especially in regard to what has to be reported, the Company declares with utmost precaution that deviations were made from Section 4.1.3 Sentence 2 GCGC.

#### **Section 4.2.1 Sentence 1 Version 2**

The Code recommends in Section 4.2.1 Sentence 1 version 2, that the Management Board shall have a chairman or a spokesperson. Following the departure of Mr. Bichler from the Management Board with the conclusion of the Annual General Meeting dated February 20, 2019, this is no longer the case. Without such emphasis of an individual, the internal Rules of Procedure reflects the importance of overarching work for the development of the whole Bertrandt Group on the level of the Board of Management, through future-oriented leadership. Thereby the Supervisory Board also assigned, for the period after the Annual General Meeting on February 20, 2019, those tasks which so far had been executed by the chairman of the management board in its work through regulations in the internal Rules of Procedure for the management board and through the allocation of responsibilities to a specific member of the management board.

#### **Section 4.2.3 Para. 3 GCGC**

Deviations were made made from Section 4.2.3 Para. 3 GCGC. The Supervisory Board doesn't aim to a specific "pension level" for the members of the Management Board but a market and company compliant remuneration of the active work. Therefore, no pension commitments exist towards any members of the Management Board who are in the service of the Company.

#### **Section 4.2.5 Para. 3 and 4 GCGC**

Deviations were made from the recommendations in Section 4.2.5 Para. 3 and 4 GCGC, as, in the opinion of the company, by the applicable law, which fully applies, a sufficient transparency of the Management Board's remuneration is achieved.

#### **Section 5.4.2 Sentence 1 Half Sentence 1 as well as Section 5.4.1 Para. 2 and 6 GCGC**

The Company believes that its Supervisory Board consists of an appropriate number of independent members. As the term "independent members" wasn't finally defined in Section 5.4.2

Sentence 2 GCGC, the Company declares with utmost precaution that deviations will be made to Section 5.4.2 Sentence 1 Half Sentence 1 as well as to Section 5.4.1 Para. 2 GCGC.

The same applies to the recommendation listed under Section 5.4.1 Para. 6 GCGC, which suffers from not having been undoubtedly concretised by Para. 7, which is why the Company with utmost precaution declares a deviation in this respect as well.

#### **Section 5.4.2 Sentence 1 Half Sentence 2 GCGC**

Deviations to Section 5.4.2 Sentence 1 Half Sentence 2 GCGC were made. The business model of Bertrandt AG is based, among other factors, on a reliable confidentiality with regard to our customer's development processes and innovation cycles as well as on an effective protection of our customer's business secrets; to strengthen the customer's confidence in those company processes, there is no representative of an shareholder on the Supervisory Board of the Company, who is at the same time also a customer of the Company.

#### **Section 5.4.1 Para. 2 and 4 GCGC as well as Section 4.1.5 GCGC**

Deviations were made from Section 5.4.1 Para. 2 and 4 GCGC as well as to Section 4.1.5 GCGC. Bertrandt AG places primarily great emphasis on experience, capability and individual knowledge when hiring members of the Management Board and Supervisory Board as well as for any other leadership position material to the company. The Company is of the opinion that, even taking into account the aspects named in Section 5.4.1 Para. 2 GCGC, the Supervisory Board is appropriately staffed. To not restrict its future search for candidates from the start on, the Supervisory Board foregoes to decide on a strict competence profile or concrete objectives. In consideration of that fact, the Company has not defined a regulatory time period for the length of membership to the Supervisory Board as foreseen in 5.4.1 Para. 2 GCGC.

Without the definition of concrete objectives or a competence profile deviations were necessarily made from the recommendations in Section 5.4.1 Para. 4 GCGC.

#### **Section 5.5.2 and Section 5.5.3 Sentence 1 GCGC**

In its Rules of Procedure, the Supervisory Board has independently regulated the handling of conflicts of interest in deviation from the recommendations in Sections 5.5.2 and 5.5.3 Sentence 1 GCGC. The rules of procedure require each member of the Supervisory Board to disclose conflicts of interest to the Chairman of the Supervisory Board; the Chairman of the Supervisory Board is

obliged to disclose them to his Deputy. These provisions go beyond the recommendations of the GCGC and do not differentiate between whether conflicts of interest are material or temporary, but cover all possible conflicts. In the interest of the company, a waiver of the public treatment of such communications shall allow the members of the Supervisory Board to confidentially discuss even mere apparent cases with the Chairman.

### **Section 7.1.2 Sentence 3 GCGC**

Bertrandt AG has published its report for the 1<sup>st</sup> quarter of the business year 2019/2020 on February 17, 2020. Bertrandt AG always fulfils with its reporting the strict requirements of the Prime Standards of the German Stock Exchange. As long as the German Corporate Governance Code is not synchronised with the regulations of the Prime Standards, Bertrandt AG had reserved the right to deviate from Section 7.1.2 Sentence 3 GCGC.

## **II. Deviations from the recommendations from the governing commission of the German Corporate Governance Code in the version dated December 16, 2019 (GCGC n.v.)**

### **A.1 GCGC n.v.**

Deviations were and are to be made from Recommendation A.1. For Bertrandt AG, in the interest of the company, the experience, skills and knowledge of the individual were and are of primary importance when filling management positions. The potential of applicants or candidates for management positions shall be used in the interests of the company in all countries in which the company is active, free of restrictions or discrimination. The Supervisory Board's Personnel Committee is even expressly obliged by the Supervisory Board's Rules of Procedure to pay attention to diversity in the composition of the Management Board when proposing appointments to the Supervisory Board.

### **A.2 Sentence 1 final Half Sentence GCGC n.v.**

Bertrandt AG has an adequate Compliance Management System, based on the risk situation of the company, that will be reported on pursuant to the provisions of the Act to strengthen non-financial reporting by companies in their management and group management reports (CSR-Richtlinie-Umsetzungsgesetz). However, since the Code has not defined which demands in detail result from A.2 Sentence 1 final Half Sentence GCGC n.v., the Company declares with utmost

precaution that deviations were and will be made from A.2 Sentence 1 final Half Sentence GCGC n.v..

### **B.2 final Half Sentence GCGC n.v.**

Together with the Management Board, the Supervisory Board ensures long-term succession planning. In order to ensure the effectiveness of the procedure and a reliable confidentiality necessary in the interest of the company, no detailed report shall be made on this.

### **B.3 GCGC n.v.**

There are currently no vacancies in the Management Board. Nevertheless, a deviation is declared purely as a precautionary measure. This is because in the case of possible new appointments, particularly high-performing candidates sometimes require employment contracts that exhaust the legally prescribed period of employment. In the interest of the company, they should not be excluded from the pool of candidates per se.

### **C.1 and C.4 to C.13 GCGC n.v.**

C.1 and C.4 to C.13 GCGC n.v. contain various recommendations concerning the composition of the Supervisory Board and the election of Supervisory Board members, for example with respect to their independence.

The members of the company's Supervisory Board were newly elected in 2019 (therefore before the new version of the GCGC) for a term of office until the end of the Annual General Meeting that resolves on the discharge for the fourth fiscal year after the beginning of the term of office. The fiscal year in which the term of office began is not included in this calculation.

The recommendations of the German Corporate Governance Codex in this respect are to be evaluated and discussed in good time before a new election or by-election to the Supervisory Board by the Annual General Meeting. Therefore, as a precautionary measure and in order not to anticipate these consultations, a comprehensive deviation from the recommendations C.1 and C.4 to C.13 GCGC n.v. is currently declared.

For the company, the experience, skills and knowledge of the individual members of the Supervisory Board as well as for other management positions in the company have been and still are of primary importance. Apart from that, the business model of Bertrandt AG is based among

other factors, on a reliable confidentiality with regard to our customer`s development processes and innovation cycles as well as on an effective protection of our customer`s business secrets; to strengthen the customer`s confidence in those company processes, there is no representative of an shareholder on the Supervisory Board of the Company, who is at the same time also a customer of the Company.

#### **D.1 final Half Sentence GCGC n.v.**

The proven practice that only the Articles of Association of the Company are made available together with the Declaration of Conformity on the homepage in the Corporate Governance section shall be continued.

#### **D.7 GCGC n.v.**

The Supervisory Board meets as required, but not regularly without members of the Executive Board.

#### **D.10 GCGC n.v.**

In accordance with the statutory provisions, the auditor only examines the "if" of the submission of a declaration pursuant to Section 161 of the German Stock Corporation Act (AktG), but not its content. With regard to the costs of extending the scope of the audit, a deviation is declared from the recommendation in D. 10. At the same time, this is intended to ensure that the audit of the annual financial statement is not burdened by possible imprecisions in the wording of individual recommendations, which in any case had been blamed on the government commission by courts and literature in the past.

#### **E.1 and E.2 GCGC n.v.**

In its Rules of Procedure, the Supervisory Board has independently regulated the handling of conflicts of interest in deviation from the recommendations in E.1 and E.2 GCGC n.v.. The rules of procedure require each member of the Supervisory Board to disclose conflicts of interest to the Chairman of the Supervisory Board; the Chairman of the Supervisory Board is obliged to disclose them to his Deputy. These provisions go beyond the recommendations of the GCGC and do not differentiate between whether conflicts of interest are material or temporary, but cover all possible conflicts. In the interest of the company, a waiver of the public treatment of such communications shall allow the members of the Supervisory Board to confidentially discuss even mere apparent cases with the Chairman.

## **F.2 GCGC n.v.**

Bertrandt AG has published its report for the 2<sup>nd</sup> quarter on May 28, 2020 and its report for the 3<sup>rd</sup> quarter on August 10, 2020. Bertrandt AG always fulfils with its reporting the strict requirements of the Prime Standards of the German Stock Exchange. As long as the German Corporate Governance Code is not synchronised with the regulations of the Prime Standards, Bertrandt AG had reserved and reserves the right to deviate from F.2 GCGC n.v..

## **G.1 to G.16 GCGC n.v.**

G.1 to G.16 GCGC n.v. contain a large number of recommendations for the structuring of the Management Board's remuneration. They are flanked by new legal provisions of the Act Implementing the Second Shareholders' Rights Directive (ARUG II) of December 12, 2019, which was published on December 19, 2019, in the Federal Law Gazette I., pages 2637 et seq. and will gradually become fully applicable to the company over the next few years due to various transitional regulations.

All members of the Company's Management Board currently have Management Board service contracts from the time before the new version of the German Stock Corporation Act and the Code, which continue to apply unaffected by this.

The discussion of the new recommendations on the remuneration system is to take place in connection with the preparation of the first decision of the 2021 Annual General Meeting according to the new regulations. The same applies to the following recommendations for the assessment of individual compensation, which may only be implemented in the course of new appointments or contract amendments, for example in the course of negotiations on contract extensions. Therefore, as a precautionary measure and in order not to anticipate these discussions, a comprehensive deviation from recommendations G.1 to G.16 GCGC n.v. is currently declared.

Apart from that, the annual report and the annual financial statements for the company and the group report on the existing remuneration of the Management Board in accordance with the applicable statutory provisions.

Ehningen, September 21, 2020

The Supervisory Board

Dietmar Bichler  
Chairman

Horst Binnig  
Deputy Chairman

The Management Board

Hans-Gerd Claus  
Member of the Board

Michael Lücke  
Member of the Board

Markus Ruf  
Member of the Board