

## **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 December 16, 2019 – released in the German Federal Gazette on March 20, 2020 were and will be 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, E.1 and E.2, as well as G.1 to G.3, G.7 Sentence 1, G.9 Sentence 1, G.10, G.11 Sentence 2, G.13 Sentence 2 and G.16 of the GCGC were and will not be applied. Until December 7, 2020, the remaining recommendations from G.1 to G.16 of the German Corporate Governance Code were also not applied; in this respect, last year's Declaration of compliance, dated September 21, 2020 had already been updated during the year with the declaration of December 7, 2020. Finally, the recommendations in F.2 and D.10 were not applied until September 20, 2021. Since September 20, 2021, the recommendation from C.10 sentence 1 second alternative ("Independence of the Chairman of the Audit Committee") has finally been applied.

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

### **A.1 GCGC**

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**

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, the Company declares with utmost precaution that deviations were and will be made from A.2 Sentence 1 final Half Sentence GCGC.

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

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**

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**

C.1 and C.4 to C.13 GCGC 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 is currently declared. However, in deviation from this, the recommendation from C.10 sentence 1 second alternative ("Independence of the Chairman of the Audit Committee") will already be applied as of September 20, 2021, in order to comply with the new requirements for a listing in the DAX, MDAX, SDAX and TecDAX (cf. the so-called "Guide to the DAX Equity Indices", in force since August 30, 2021, version 11.2.3, there section 4.1.1.1, p. 28).

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**

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**

The Supervisory Board meets as required (for example in cases covered by section 109 para.1, sentence 3 AktG, new version), but not regularly without members of the Executive Board.

#### **D.10 GCGC (till September 20, 2021)**

In accordance with the statutory provisions, the auditor examines the "if" of the submission of a declaration pursuant to Section 161 of the German Stock Corporation Act (AktG), but not its content. In particular with regard to the costs of extending the scope of the audit, a deviation from the recommendation in D.10 was so far declared. In the future, however, this recommendation should also be complied with, taking into account corresponding market expectations.

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

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. 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 (till September 20, 2021)**

Bertrandt AG has published its report for the 1<sup>st</sup> quarter on February 24, 2021, for the 2<sup>nd</sup> quarter on May 20, 2021 and its report for the 3<sup>rd</sup> quarter on August 9, 2021. As long as the German Corporate Governance Code was not synchronised with the regulations of the Prime Standards, Bertrandt AG had reserved the right to deviate from F.2 GCGC. With regard to the new requirements for a listing in the DAX, MDAX, SDAX and TecDAX (cf. the so-called "Guide to the DAX Equity Indices", in force since August 30, 2021, version 11.2.3, there section 4.1.1.1, p. 26 f.), the recommendations in F.2 shall be complied with in the future.

### **G.1 GCGC (since December 7, 2020)**

Bertrandt AG's remuneration system, which was approved by the Annual General Meeting on February 26, 2021, does not specify any target remuneration or relative proportions of fixed and variable remuneration. Nor are any non-financial performance criteria defined. For the Supervisory Board, the described linking of compensation to a key performance indicator of the management of the Group across its various levels is a point that is not insignificant for the functionality of the compensation system. In the compensation system, the Management Board is incentivized by the Bertrandt Group's EBIT resulting from IFRS accounting because this not only underscores the respective strength of the core business but, especially in the multi-year linkage, is also intended to ensure the financial basis for implementing the corporate strategy in the sense of the Company's long-term and sustainable development. For this reason, an annual setting of a specific EBIT target in euros is not used to determine target achievement; instead, the compensation is based on a specific, fixed percentage of the EBIT achieved. There is no fixed weighting of the individual

compensation components; it changes annually according to the amount of the variable compensation in relation to the fixed compensation components and the fringe and pension benefits.

### **G.2 GCGC (since December 7, 2020)**

The described deviation from G.1 automatically also results in a deviation from G. 2, because a target compensation according to G.1 is assumed here.

### **G.3 (since December 7, 2020)**

The Supervisory Board ensures that the compensation of the Management Board is in line with market practice and reviews this annually. For this purpose, it uses both a horizontal and a vertical comparison. The horizontal comparison takes into account not only the different levels of compensation paid by listed stock corporations in the MDAX, TecDax and SDAX, but also relevant market experience elsewhere. In the vertical comparison, the Supervisory Board takes into account the development of Management Board remuneration compared with the remuneration of senior management and the total workforce of the Bertrandt Group in Germany. A dedicated peer group comparison is not made due to the lack of a sufficient number of listed companies comparable to the Company that offer development solutions for the international automotive and aviation industries as well as the mechanical and plant engineering, energy, medical technology and electrical industries.

### **G.7 Sentence 1 GCGC (since December 7, 2020)**

In the compensation system, the Management Board is incentivized by the Bertrandt Group's EBIT resulting from IFRS accounting because this not only underscores the respective strength of the core business but, especially in the multi-year link, is also intended to ensure the financial basis for implementing the corporate strategy in the sense of the Company's long-term and sustainable development. For this reason, an annual definition of a specific EBIT target in euros is not used to determine target achievement; instead, the compensation is based on a specific, fixed percentage of the EBIT achieved.

**G.9 Sentence 1 GCGC (since December 7, 2020)**

The variable, performance-related compensation consists in principle solely of a performance-related bonus linked to the Bertrandt Group's EBIT resulting from IFRS accounting. A separate determination of target achievement by the Supervisory Board is therefore unnecessary.

**G.10 GCGC (since December 7, 2020)**

Share-based compensation is not granted as a compensation component under the compensation system; there is also no obligation to invest in shares. Stock market prices are also known to be subject to a variety of influences that are independent of the development of the Company and any performance of its Management Board. The variable, performance-related compensation consists solely of a performance-related bonus linked to the Bertrandt Group's EBIT resulting from IFRS accounting. The basis for calculating the bonus is the EBIT achieved in each of two consecutive fiscal years. The purpose of this is to remunerate work performed in a way that is comprehensible and results-oriented.

**G.11 Sentence 2 GCGC (since December 7, 2020)**

So-called "clawback" provisions on the recovery of variable compensation already paid, namely in the event of a breach of the duties of an Management Board member, have not been implemented in the compensation system. Although such regulations are widespread in other countries, Bertrandt AG does not see any discernible need for them in view of the statutory liability provisions contained in Section 93 of the German Stock Corporation Act (AktG), the second sentence of which even imposes on the Management Board member the burden of proving that he has exercised the due care and diligence of a prudent and conscientious manager.

**G.13 Sentence 2 GCGC (since December 7, 2020)**

Whether, in the event of a subsequent non-competition clause, the severance payment is to be offset against the non-competition compensation should not be decided in the abstract, but in the specific situation in the interests of the company. .

### **G.16 GCGC (since December 7, 2020)**

When assuming non-group Supervisory Board mandates, the Supervisory Board should decide, according to this recommendation, whether and to what extent the remuneration is to be taken into account. The Management Board contracts have so far only contained a reservation of approval with regard to the “whether” of an activity, but do not regulate a reservation regarding the “how”, which is why the Supervisory Board cannot unilaterally decide on any crediting.

### **G.1 to G.16 GCGC (till December 7, 2020)**

Till December 7, 2020 further deviations applied; these have been based on the following considerations: 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, or already became, fully applicable to the company due to various transitional regulations.

All members of the Company's Management Board had at that time and 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 should take place in connection with the preparation of the first decision of the 2021 Annual General Meeting according to the new regulations. The same applied 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. was declared till December 7, 2020, and with the implementation of these consultations, the Declaration of Conformity was updated during the year.

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 20, 2021

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