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## **Declaration on Corporate Management / Corporate Governance Report**

The Executive Board and Supervisory Board of DATA MODUL Aktiengesellschaft Produktion und Vertrieb von elektronischen Systemen (hereinafter referred to as "**DATA MODUL AG**" or the "**Company**") report in this declaration on corporate management pursuant to Secs. 289f para. 1, 2, 315d German Commercial Code (*Handelsgesetzbuch, HGB*). The declarations relate to DATA MODUL AG and its Group companies. The Articles of Incorporation, declarations of conformity and other corporate governance-related documents are available on the website of DATA MODUL AG at <http://www.data-modul.com> under "Company > Investor Relations > Corporate Governance".

### **1. Declaration of Conformity in accordance with Sec. 161 AktG**

The Executive Board and the Supervisory Board of DATA MODUL Aktiengesellschaft Produktion und Vertrieb von elektronischen Systemen (the "**Company**") declare that, since the last time this declaration was made public, the Company has complied, and intends to comply in the future, with the recommendations of the German Corporate Governance Code (the "**DCGK**") in the current version except for the deviations set out below:

#### **- Lit. B. 5**

No age limit has been set for members of the Executive Board in order to not restrict the selection of qualified candidates for this position.

#### **- Lit. C. 2**

No age limit has been set for members of the Supervisory Board in order to not restrict the selection of qualified candidates for this position.

#### **- Lit. D. 2**

The Supervisory Board has not formed any additional committees. Since the Company has a Supervisory Board consisting of three persons, each separate committee would be identical in persons to the full Supervisory Board.

#### **- Lit. D. 3, Lit. D. 4, Lit. D. 11**

The Supervisory Board has not formed a separate audit committee but performs the stated committee activities itself, because this is just as expedient for a Supervisory Board consisting of three members.

#### **- Lit. D. 5**

The Supervisory Board has not formed a separate nomination committee but performs the stated committee activities itself, because this is just as expedient for a Supervisory Board consisting of three members.

#### **- Lit. G. 10**

The variable compensation granted to the Executive Board member do not have to be invested predominantly in shares of the Company and are not granted on a share basis.

The Supervisory Board is of the opinion that the current structure of the variable compensation is sufficiently suitable to safeguard all stakeholder interests.

The Executive Board member cannot dispose of the long-term variable compensation granted only after four years. The Supervisory Board is of the opinion that multi-year character and sustainable nature are ensured by the current executive bonus payment structure, *i.e.* 2/3 of the executive bonus is granted in cash if the conditions for payment are met, with the remaining 1/3 of the executive bonus to be paid out in the following financial year, depending on the further positive development of the Company.

## **2. Remuneration System and Remuneration Report**

The applicable remuneration system for members of the Executive Board pursuant to sections 87 para. 1, 87a para. 1 of the German Stock Corporation Act (*Aktiengesetz, AktG*), which was approved by the Annual General Meeting on 6 May 2021, and the resolution on the compensation of the members of the Supervisory Board adopted by the Annual General Meeting on 6 May 2021 pursuant to section 113 para. 3 AktG are publicly accessible at <https://www.data-modul.com/de/unternehmen/investor-relations/corporate-governance>. The remuneration report and the auditor's opinion pursuant to Section 162 AktG are made publicly accessible at the same internet address.

## **3. Function and composition of the management bodies**

### **Management and control structure**

Being a stock corporation as defined by the *Aktiengesetz*, DATA MODUL AG has three governance bodies: The Annual Shareholders' Meeting, the Supervisory Board and the Executive Board. Their responsibilities and powers are governed by the German Stock Corporation Law, the Articles of Incorporation of DATA MODUL AG and the rules of procedure of the Supervisory Board and the Executive Board. Shareholders exercise their rights at the Annual Shareholders' Meeting.

The Executive and Supervisory Boards cooperate closely and trustingly for the good of the Company. The Executive Board manages the business and bears the corporate responsibility. The Executive Board discusses with the Supervisory Board on a regular basis the Company's strategic focus and the status of strategy implementation.

However, important business transactions are subject to Supervisory Board approval. These include decisions and measures which fundamentally affect the Company's balance sheet or earnings.

As part of the dual system, the Supervisory Board advises and monitors the Executive Board. The Supervisory Board appoints the members of the Executive Board and is authorized to revoke appointments for due cause. The Executive Board informs the Supervisory Board and reports to the Supervisory Board on a regular basis and in a timely and comprehensive manner in accordance with the standards of proper and true reporting as set forth by laws, the Company's Articles of Incorporation and reporting requirements determined by the Supervisory Board. Reporting to the Supervisory Board is the responsibility of the Executive Board, although the Supervisory Board is careful to ensure that it is kept properly informed. To this end, the Supervisory Board has defined the Executive Board's duties to inform and report in detail.

### **Executive Board**

The Executive Board is responsible for managing the Company in line with the Company's

interests, i.e. taking into account the interests of shareholders, employees and other Company stakeholders, with the aim of generating added value on a sustained basis.

The Executive Board is responsible for preparing the annual financial statements and the interim financial reports. Furthermore, it develops the strategic focus of the Company, discusses it with the Supervisory Board, and ensures that these strategies are implemented.

The Executive Board ensures that the legal regulations and internal guidelines are met and works toward Group-wide compliance with those regulations and guidelines, taking into account their respective scope. Furthermore, it ensures that an appropriate risk management and risk controlling system is implemented at the Company.

The Executive Board currently consists of one person, Dr. Florian Pesahl.

## **Supervisory Board**

The Supervisory Board is responsible for regularly advising and monitoring the Executive Board on the management of DATA MODUL AG. The Supervisory Board is involved in decisions of fundamental significance for DATA MODUL AG. The Supervisory Board appoints and revokes the appointment of Executive Board members.

The Supervisory Board determines the overall remuneration packages for the individual members of the Executive Board and reviews and resolves on a regular basis the remuneration structure for the Executive Board. The criteria for assessing remuneration appropriateness include particularly the responsibilities of the individual Executive Board member, his/her personal performance, the economic situation, profitability and business outlook for DATA MODUL AG; appropriateness is also assessed in relation to remuneration levels in comparable environments and other pay structures in place at the Company. The remuneration structure is designed to encourage sustained business growth. The monetary components of the Executive Board members' remuneration include fixed and variable portions on the basis of a multiple-year assessment.

The Supervisory Board of DATA MODUL AG consists of three members and, for this reason, does not form any committees. The members of the Supervisory Board are Ms. Kristin D. Russell, Mr. Richard A. Seidlitz and the labor representative elected by the employees, Mr. Eberhard Kurz.

Supervisory Board chairperson Kristin D. Russell coordinates the activities of the Supervisory Board, heads meetings and represents the Supervisory Board externally.

For detailed information regarding the focus of the Supervisory Board's activities and consulting services in the fiscal year 2021 see the explanatory comments in the Supervisory Board's report.

## **4. Corporate management policies**

### **Mission statement**

### **Corporate objectives**

Digital processing of data has become an everyday part of professional and personal life. Today, displays are used in all areas of life, be it in mechanical engineering, medical devices, transportation, the entertainment industry, households or other numerous areas

where displays are used today. Not only do we adapt to market conditions, we also set new trends by implementing custom solutions and developing our own products.

### **How we see ourselves**

We are specialists because we know that only if we focus all our efforts on centrally important needs of our clearly defined target group, will we be able to provide our services and problem solutions in a most effective manner.

Expertise and experience are united with dedication and work enjoyment. Our advisory role is not finished upon sale of a product!

We are the European market leader in display distribution because we focus on providing the best leading-edge technology and excellent quality as part of competitively priced custom solutions.

Growth, stability and profitability come as a result of our customer orientation. We take pride in our work, constantly striving for improvement, the foundation of our success.

### **Transparency**

DATA MODUL AG published continuously reports in fiscal year 2021 in order to directly notify all shareholders of current business results. The DATA MODUL AG Executive Board will promptly publish any insider information directly relating to DATA MODUL AG unless specifically released from obligation to publish such information.

The DATA MODUL AG Executive Board will also publish notifications without delay upon becoming aware of any shareholder's voting rights reaching, exceeding or falling below the thresholds of 3, 5, 10, 15, 20, 25, 30, 50 or 75 percent of Company voting rights through purchase, sale or other means. In fiscal year 2021, DATA MODUL AG was notified by Arrow Central Europe Holding Munich GmbH and HANSAINVEST Hanseatische Investment-GmbH, respectively, of exceedances or shortfalls concerning certain of the above-mentioned thresholds.

As of December 31, 2021, neither Dr. Pesahl – the sole Executive Board member of DATA MODUL AG – nor the members of the DATA MODUL AG Supervisory Board held DATA MODUL shares or subscription rights to DATA MODUL shares.

Furthermore, no transactions by persons discharging managerial responsibilities and persons closely associated with them ('managers' transactions') were reported to DATA MODUL AG in the fiscal year 2021.

As part of ongoing public relations activities, dates for major recurring publications (annual report, half-year report, quarterly reports etc.) and for the Annual Shareholders' Meeting are published, providing adequate advance notice. Publications are available in German and English.

### **Accounting**

Shareholders and third parties primarily obtain information from the consolidated financial statements. During the fiscal year, the interim financial reports (half-year report, quarterly reports) are published to provide additional information. The consolidated financial statements and the abbreviated consolidated financial statements in the half-year and quarterly reports are compiled in accordance with the applicable international accounting standards. For corporate law purposes, financial statements are also compiled in accordance with the

provisions of the HGB which serve as basis for tax filings.

At the Annual Shareholders' Meeting on May 6, 2021 Mazars GmbH & Co. KG, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Hamburg, was appointed as auditor of the financial statements and the consolidated financial statements for fiscal year 2021.

## **5. Targets for female representation**

### **Framework**

The Executive Board is to set targets for female representation on the two management levels below the Executive Board level, in line with Sec. 76 para. 4 AktG. If the percentage of female representation is below 30% at the time targets are to be set, the targets may not be lower than the current actual percentage ('no-decrease rule'). The Executive Board simultaneously sets deadlines for attaining the respective targets which are not to be further than five years in the future.

The Supervisory Board sets targets for female representation on the Supervisory and Executive Boards in line with Sec. 111 para. 5 AktG. The 'no-decrease' rule applies here as well, thus if the percentage of female representation is lower than 30% at the time of target setting, the percentage set may not constitute a decrease. Similarly, deadlines for target attainment must be set which may not be further than five years in the future.

### **Targets for the two management levels below the Executive Board**

After reaching the first target figure of 25% within the relevant deadline, the Executive Board has set a target of 30% for female representation on the first management level below the Executive Board with a deadline to achieve this target until June 30, 2022.

After reaching the first target figure of 10% within the relevant deadline, the Executive Board has set a target of 15% for female representation on the second management level below the Executive Board with a deadline to achieve this target until June 30, 2022.

### **Target representation on the Executive Board**

After reaching the first target figure of 0% within the relevant deadline, the Supervisory Board has set a target of 0% for female representation on the Executive Board with a deadline to achieve this target until June 30, 2022.

The reasons for the percentage being set at 0% is that Dr. Pesahl was and still is the sole Executive Board member and there were and still are no plans for adding seats to or changing the membership of the Executive Board.

### **Target representation on the Supervisory Board**

After reaching the first target figure of 0% within the relevant deadline, the Supervisory Board has set a target of 33.33% for female representation on the Supervisory Board with a deadline to achieve this target until June 30, 2022. Due to Kristin D. Russell's membership of the Supervisory Board, the target figure is currently met.

## **6. Description and objectives of the diversity concept for the Executive Board and the Supervisory Board**

The Company has not implemented a diversity concept for the composition of the Executive

Board and has thusly deviated from Sec. 289f para. 2 no. 6 HGB, because the Executive Board currently only has one member and because there are neither plans to add seats to nor to change the membership of the Executive Board.

For the composition of the Supervisory Board with respect to gender, reference is made to the target concerning the female representation on the Supervisory Board outlined above. Apart from that, the Company pursues, with respect to its composition, the overall goal of achieving the best possible expertise of the members of the Supervisory Board whilst seeking a large diversity with respect to age, educational/professional background and internationality, each to the extent compatible with the overall goal of achieving the best possible expertise of the members of the Supervisory Board. To achieve this, the Supervisory Board identified objectives for its composition and prepared a profile of skills and expertise (see below item 7 for more detail). In doing so, the internationality of the Board was taken into account and importance was attached to a diverse background with respect to education and experience.

As far as the shareholder side of the Supervisory Board is concerned, the diversity concept is implemented through its election proposals to the Annual Shareholders' Meeting. The composition of the Supervisory Board during the fiscal year 2021 was in accordance with the diversity concept: With Kristin D. Russell, a woman is member of the Supervisory Board, i.e. the proportion of women on the Supervisory Board is 33.3%. An international composition of the Board was and is achieved through the election of Kristin D. Russell and Richard A. Seidlitz. Lastly, Ms. Russell, Mr. Seidlitz as well as Mr. Kurz have differing educational and professional backgrounds.

## **7. Supervisory Board objectives regarding board composition, profile of skills and expertise and implementation status**

Pursuant to Lit. C.1 DCGK, the Supervisory Board shall determine specific objectives regarding its composition, and shall prepare a profile of skills and expertise for the entire Board while taking the principle of diversity into account. Proposals by the Supervisory Board to the General Meeting shall take these objectives into account, while simultaneously aiming at fulfilling the overall profile of required skills and expertise of the Supervisory Board. The implementation status shall be published in the Declaration on Corporate Management. This declaration shall also provide information about what the shareholder representatives on the Supervisory Board regard as the appropriate number of independent Supervisory Board members representing shareholders, and the names of these members.

The DATA MODUL AG co-determined Supervisory Board is constituted of two shareholder representatives and one labor representative. The Supervisory Board may only influence the election of the two shareholder representatives on the Supervisory Board by nominating individuals at the Annual Shareholders' Meeting. Thus, the specific objectives regarding the composition of the Supervisory Board are primarily relevant in relation to the two shareholder representatives.

### **Board composition relating to international operations**

The international operations of DATA MODUL AG have been specifically considered in selecting the Supervisory Board shareholder representatives, and will be considered in future in nominations for Supervisory Board membership at the Annual Shareholders' Meeting. Nomination prerequisites include adequate English speaking and writing skills, experience on management or supervisory boards at German or foreign companies of at least comparable size with international operations, and an understanding of global business in contexts such as manufacturing, sales or service providing. The internationality factor does not necessarily require having a Supervisory Board member with foreign citizenship, as



German nationals can also have the desired experience, having for example worked abroad for an extended period.

### **Avoiding potential conflicts of interest**

Potential conflicts of interest are avoided through careful proposals of individuals for election to the Supervisory Board to the Annual Shareholders' Meeting. None of the shareholder representatives on the Supervisory Board were previously members of the DATA MODUL AG Executive Board.

To avoid conflicts of interest from the outset, in proposals for election by the Annual Shareholders' Meeting particular attention is given to ensuring that candidates are not involved in governance or as consultants for competitor firms, suppliers, lenders or customers. If conflicts of interest arise during the tenure of a Supervisory Board member, the Supervisory Board member concerned must disclose this to the Supervisory Board chairperson accordingly, and resign from the Board if the conflict of interest is material and not merely temporary. The Supervisory Board provides information in its report to the Annual Shareholders' Meeting about conflicts of interest which have arisen and how these have been addressed.

### **Number of independent shareholder representatives on the Supervisory Board deemed appropriate by the shareholder representatives**

In the fiscal year 2021, in the opinion of the shareholder representatives on the Supervisory Board, the Supervisory Board consisted of an appropriate number of independent shareholder representatives and continues to do so. Even though the two shareholder representatives on the Supervisory Board did or do hold management positions at Arrow Group companies, the activities of the shareholder representatives on the Supervisory Board for the Arrow Group did and do not, in the opinion of the shareholder representatives, constitute a relationship with a controlling shareholder or company affiliated with a controlling shareholder, which could cause a substantial and not merely temporary conflict of interest. Thus, Kristin D. Russel and Richard A. Seidlitz can be considered independent within the meaning of Lit. C.9 DCGK.

### **Diversity considerations**

Diversity considerations are to be taken into account with respect to Supervisory Board composition as well. Diversity is, in particular, reflected in the varied professional backgrounds and fields of activity of DATA MODUL AG Supervisory Board members and their varying, international experiences.

### **Profile of skills and expertise**

The Supervisory Board of DATA MODUL AG adopted a profile of skills and expertise, which includes thorough knowledge in the following areas: accounting and finances; strategic planning and strategy implementation as well as business organization; corporate governance, compliance and risk management; innovation, research and development; market and competitive environment of the company; mechanics, technology and electronic areas, specifically with respect to display, touch, embedded and systems technology or similar areas; international market understanding and communication.

### **Implementation status**

The objectives set out above as well as the profile of skills and expertise for the entire Board have, in the opinion of the Supervisory Board, already been met. The Supervisory Board will continue to support the achievement of the objectives and will act accordingly.

## **8. Main features of the Compliance Management System**

Diligent management regarding compliance with applicable laws is essential for ensuring quality, profitability and sustainable growth for DATA MODUL AG. The Executive Board of the Company thus sees compliance as a prime managerial duty, and is committed to upholding not only the law but also social responsibilities and ethical standards. With the following measures, the Executive Board has implemented a Compliance Management System reflecting the company's risk situation:

In order to identify potential compliance risks, the Executive Board first carried out a risk analysis with respect to both, DATA MODUL AG and the DATA MODUL Group. The Executive Board implemented a Code of Conduct for the employees of the DATA MODUL Group as a cornerstone of its Compliance Management System. The Code of Conduct sets up rules of conduct for compliance relevant areas that are reflecting the company's risk situation. Employees may report suspected breaches of the law on a confidential basis through a whistleblower system.

Furthermore, reporting lines within the DATA MODUL Group ensure, depending on the importance of the respective matter, the flow of information to the executive board as well as to the Senior Management Team. This provides for communication of facts at an early stage and a timely identification of compliance risks. In addition to the reporting lines, clearance rules require the approval of certain transactions and measures, in particular those that may carry a compliance risk, by the Executive Board or a member of the Senior Management Board. Compliance with the reporting lines and the clearance rules are documented by the employees.

## **9. Main features of the Compliance Management System**

Together with the Executive Board, the Supervisory Board ensures that there is long-term succession planning. Regular meetings are held between the Executive Board and the Supervisory Board to discuss the term of the contract and the possibility of extension for the current Executive Board member as well as possible internal successors who have qualified for a management position in the DATA MODUL Group by participating in the junior management program.

## **10. Assessment of the Supervisory Board**

The Supervisory Board regularly assesses how effectively the Supervisory Board performs its duties. For this purpose, discussions are held in which the members of the Supervisory Board can give their assessment of the effectiveness of the Supervisory Board's working methods and propose possible improvements. The Supervisory Board members then draw up concrete recommendations for action.

Munich, March 2022

The Executive Board of DATA MODUL AG  
The Supervisory Board of DATA MODUL AG