

# Corporate Governance at CANCOM and Declaration on Corporate Governance in accordance with Sections 315d and 289f of the German Commercial Code (HGB)

The Executive Board and Supervisory Board of CANCOM SE hereby issue a corporate governance statement for the CANCOM Group and the parent company CANCOM SE in accordance with Sections 315d and 289f of the German Commercial Code (HGB), and at the same time report on corporate governance at CANCOM in accordance with Principle 22 of the German Corporate Governance Code (GCGC) in its current version of 16 December 2019.

## Corporate Governance

Sustainable and responsible corporate governance have a high priority at CANCOM as part of its corporate culture. The Executive Board and Supervisory Board of CANCOM SE work closely together in the interests of the Company and the CANCOM Group as a whole. At CANCOM, the intensive and continuous dialogue between the two bodies forms the basis for efficient corporate and Group management.

Good and transparent corporate governance promotes the trust of investors, employees, business partners and the public in the management and supervision of CANCOM SE. It thus forms the basis for long-term economic success. The guiding principle is the German Corporate Governance Code as amended from time to time. At the Supervisory Board meeting on 9 December 2020, the Supervisory Board and Executive Board adopted the following joint declaration of conformity by the Executive Board and Supervisory Board of CANCOM SE in accordance with Section 161 of the German Stock Corporation Act (AktG):

*The Executive Board and Supervisory Board of CANCOM SE declare in accordance with Section 161 of the German Stock Corporation Act (AktG) that since the submission of the last declaration of conformity dated 11 December 2019, including the update dated 8 June 2020, all recommendations of the Government Commission on the German Corporate Governance Code in the version dated 7 February 2017, published in the Federal Gazette on 24 April 2017 (corrected on 19 May 2017), have been complied with. April 2017 (corrected on May 19, 2017), have been complied with, with the exception of the recommendation in Code item 5.4.3 sentence 2 and the recommendation in Code item 7.1.2 sentence 3. The aforementioned recommendations are identical in content in the new version of the GCGC dated December 16, 2019, published in the Federal Gazette on March 20, 2020, and included there as subitems C.15 Sentence 2 and F.2. With regard to the justification of the deviation, reference is therefore made to the further explanations.*

*The Executive Board and Supervisory Board of CANCOM SE further declare in accordance with Section 161 of the German Stock Corporation Act (AktG) that since issuing the last Declaration of Conformity dated 11 December 2019 together with the update dated 8 June 2020, all recommendations of the Government Commission on the German Corporate Governance Code in the version dated 16 December 2019, published in the Federal Gazette on 20 March 2020, will be complied with, with the exception of the recommendations in C.15 sentence 2, D.1 and F.2.*

Explanation:

*In accordance with Recommendation C.15 Sentence 2 of the GCGC of 16 December 2019, an application for the judicial appointment of a member of the Supervisory Board from the shareholder side shall be limited to the period until the next Annual General Meeting. The Executive Board and the Supervisory Board of CANCOM SE deviated from this recommendation when applying to the Munich Local Court on 5 March 2020 for the judicial appointment of Ms. Regina Weinmann as a member of the Supervisory Board until the end of the Annual General Meeting that resolves on the ratification of the actions of the members of the Supervisory Board for the financial year 2023. The decision not to apply for the judicial appointment of Ms. Weinmann in accordance with the recommendation of the GCGC was made because Ms. Weinmann had been elected as a member of the Company's Supervisory Board by the shareholders present at the Annual General Meeting of CANCOM SE on 26 June 2019 with an approval rate of more than 95 percent for the period until the end of the Annual General Meeting that resolves on the ratification of the actions of the members of the Supervisory Board for the financial year 2023. The court appointment had now been applied for, as Ms. Weinmann had resigned her mandate for personal reasons as of 31 December 2019, and following the resignation of another member of the Supervisory Board, the Board was significantly understaffed. As the reasons for Ms. Weinmann's resignation had since ceased to apply, she had received strong shareholder approval in the previous year's election to serve a full term, and a swift replacement for at least one of the two vacant positions appeared necessary in the interests of the proper performance of the Supervisory Board's duties, the Executive Board and Supervisory Board decided to apply for the judicial appointment of Ms. Weinmann until the end of the original term of office.*

*According to Recommendation D.1, the Supervisory Board shall adopt rules of procedure and make them available on the Company's website. The Supervisory Board of CANCOM SE has had rules of procedure for many years, and regularly reviews and, if necessary, amends them. The Company has complied with the new recommendation of the GCGC to also make these rules of procedure available on the Company's website since 17 July 2020. Due to updates in the 2020 financial year to date, the Rules of Procedure had not yet been published by the aforementioned date. However, the Company intends to continue publishing the current Rules of Procedure on its website in the future.*

*In accordance with Recommendation F.2 of the GCGC of 16 December 2019, the consolidated financial statements and the Group management report should be made publicly available within 90 days of the end of the financial year, and the mandatory interim financial information within 45 days of the end of the reporting period. The consolidated financial statements and the Group management report for the 2019 financial year of CANCOM SE and the CANCOM Group were published on 30 April 2020. The spread of the Corona virus and the associated adverse effects, as well as the first-time audit of the annual financial statements by the newly elected auditors of KPMG AG Wirtschaftsprüfungsgesellschaft (Augsburg, Germany), made it necessary to postpone the publication to a date after the 90-day deadline. CANCOM published its Q1 2020 report on 18 June 2020 due to the postponement of the publication of the consolidated report, the resulting delays in the preparation of the financial information on Q1 2020 during the year, and the ongoing impairments of the Corona protection measures.*

*The Executive Board and the Supervisory Board of CANCOM SE plan to comply with the aforementioned recommendations of the GCGC of 16 December 2019 again in the future.*

Like corresponding declarations from previous years, it is permanently available to the public on the CANCOM website in the section Company > Corporate Governance.

## **Principles and guidelines of entrepreneurial action (corporate governance practices)**

CANCOM is aware of its role in society and its responsibility towards customers, business partners, shareholders and employees. With its principles, the CANCOM Code of Conduct forms the basis for acting responsibly and in compliance with the law. Under the motto "Fair, With Respect, Compliant," the Code of Conduct reflects the Executive Board's goal of strengthening ethical standards throughout the Company and creating a working environment based on integrity, respect, and fair dealing. The Code of Conduct thus forms the basis for CANCOM's corporate actions and applies throughout the CANCOM Group. With its own Group-wide compliance system, CANCOM works to ensure that its employees and executive bodies adhere to the Code of Conduct. The Code of Conduct is publicly available on the Company's website [www.cancom.de](http://www.cancom.de) in the section Company > Corporate Governance.

In addition, the actions of the Supervisory Board and Executive Board, as well as those of all employees, are guided by the Company's own corporate governance guidelines that apply to the entire CANCOM Group, namely the guidelines for human rights, anti-harassment, political dialogue and representation of interests, diversity and inclusion, and anti-corruption. In addition, suppliers are also included in the corporate governance process at CANCOM by means of a declaration of commitment, among other things. The aforementioned guidelines and declarations are publicly available on the Company's website at [www.cancom.de](http://www.cancom.de) in the section Company > Corporate Governance.

## **Close cooperation between Executive Board and Supervisory Board**

The working practices of the Executive Board and Supervisory Board are based on the relevant laws, the German Corporate Governance Code, the Articles of Association and the resolutions of the Annual General Meeting of CANCOM SE, the rules of procedure for the Supervisory Board, and the rules of procedure and schedule of responsibilities for the Executive Board. The Articles of Association and the rules of procedure for the Executive Board and Supervisory Board are publicly available on the Company's website [www.cancom.de](http://www.cancom.de) in the section Company > Corporate Governance. Documents relating to the Annual General Meeting are publicly available on the Company's website [www.cancom.de](http://www.cancom.de) in the section Investors > Annual General Meeting.

The Executive Board manages the company with the aim of creating sustainable value. In doing so, the members bear joint responsibility for the overall management of the company. The members of the Executive Board work together as colleagues, exchange information, and keep each other informed on an ongoing basis about important measures and events in their business areas. The principles of cooperation between the Executive Board of CANCOM SE are summarised in the rules of procedure for the Executive Board. In particular, these rules govern the matters reserved for the Executive Board as a whole, the rules of representation applicable to the Executive Board, the rights and duties of the Chairman of the Executive Board, the provisions for convening and holding meetings, the passing of resolutions and required majorities for resolutions, and the type of transactions that require the approval of the Supervisory Board. In addition, the rules of procedure for the Executive Board govern reporting to the Supervisory Board. At the time this statement was issued, the Executive Board of CANCOM SE consisted of two members.

The Executive Board informs the Supervisory Board regularly, promptly, and comprehensively about all material aspects of the CANCOM Group's business development, significant business transactions, planning, and the risk situation, risk management, and compliance. The Executive Board and the Supervisory Board discuss the Company's strategic orientation and the status of strategy implementation at regular intervals.

The Supervisory Board advises the Executive Board on the management of the Company and monitors its activities. It appoints and dismisses the members of the Executive Board and, together with the Executive Board, is responsible for ensuring long-term succession. The Supervisory Board also decides on the remuneration system for the members of the Executive Board and sets their respective remuneration. In accordance with the Articles of Association, CANCOM's Supervisory Board consists of six members. The principles of cooperation of the Supervisory Board of CANCOM SE are laid down in the rules of procedure for the Supervisory Board. Among other things, these rules govern the election of the Chairman and his deputy, the convening of meetings and their procedures, the permitted types of resolution, and the documentation of meetings and resolutions. In addition, the rules of procedure for the Supervisory Board provide for the formation of committees and regulate their working methods. CANCOM currently has two committees: the Audit Committee and the Nomination Committee. The Audit Committee, which consists of the Chairman of the Supervisory Board, Mr. Stefan Kober, the Deputy Chairman of the Supervisory Board, Dr. Lothar Koniarski, and the Supervisory Board member Prof. Dr. Isabell Welpe, deals with monitoring the accounting process, the effectiveness of the internal control system, the risk management system and the internal audit system, the audit of the financial statements, in particular the independence of the auditor, the additional services provided by the auditor, the issuing of the audit mandate to the auditor, the determination of auditing focal points and the fee agreement, and compliance. In addition, the extended remit of the Audit Committee includes implementation of the provisions of the Audit Reform Act (EU Regulation). The Nomination Committee consists of the Chairman of the Supervisory Board, Mr. Stefan Kober, the Deputy Chairman of the Supervisory Board, Dr. Lothar Koniarski, and the Supervisory Board member Ms. Regina Weinmann. The Nomination Committee meets as required and proposes suitable candidates to the Supervisory Board for its election proposals to the Annual General Meeting. The respective committee chairmen report regularly to the Supervisory Board on the work of the committees. The work of the Supervisory Board and its committees can be found in the current report of the Supervisory Board in the Annual Report 2020.

Cooperation between the Executive Board and the Supervisory Board also includes the issue of long-term succession planning. The Supervisory Board maintains a regular exchange with members of the CANCOM Group's senior management in order to continuously assess the internal potential for vacancies on the Executive Board and to be able to develop existing potential. This ongoing dialogue with senior management and the discussion of long-term succession planning in the Supervisory Board body - both in the presence of the Executive Board and in meetings without Executive Board participation - ensures long-term succession planning for the Executive Board of CANCOM SE. In addition, succession planning is ensured, among other things, by the fact that the Executive Board service contracts stipulate that a decision on extension or termination must be made at least nine months before a service contract expires. Due to the existing age structure on the Executive Board and the remaining terms of the service contracts, specific short-term succession planning is not necessary.

An age limit of 65 years has been set for members of the Executive Board.

## **Competence profile of the Supervisory Board**

In accordance with Section C.1 of the GCGC, the Supervisory Board has specified concrete objectives with regard to its composition and drawn up a competence profile for the entire body. For its composition, it shall take appropriate account of the international activities of the company, potential conflicts of interest, the number of independent Supervisory Board members, an age limit to be specified for Supervisory Board members and a standard limit to be specified for the length of membership of the Supervisory Board, as well as diversity, within the framework of the company-specific situation. In accordance with the stipulation of the age limit for Supervisory Board members, only candidates who are not older than 70 at the time of election shall be proposed for election to the Supervisory Board of CANCOM SE.

In the view of the Supervisory Board, the criteria set out in the competence profile have been met with the composition of the incumbent Supervisory Board.

The Supervisory Board of CANCOM SE consists of six members, all of whom are attributable to the shareholder side. All six members, namely Stefan Kober, Dr. Lothar Koniarski, Regina Weinmann, Prof. Dr. Isabell Welpé, Uwe Kemm and Martin Wild, are independent members of the Supervisory Board within the meaning of section C.7 of the Code.

The Supervisory Board is committed to performing its duties with the greatest possible care. For this reason, an efficiency review of its activities is carried out once a year, as was also the case in the 2020 financial year, which resulted in the conclusion that the Supervisory Board works efficiently. This self-assessment takes the form of a standardized questionnaire.

### **Target figures for the proportion of women**

In accordance with the Act on the Equal Participation of Women and Men in Leadership Positions in the Private and Public Sector, the Supervisory Board set the target for the proportion of women on the Board of Management and the Supervisory Board for the first time on September 18, 2015, with a deadline for achievement of June 30, 2017. On June 20, 2017, the Supervisory Board set a target for the proportion of women on the Board of Management and the Supervisory Board with a deadline for achievement of June 30, 2022.

The Supervisory Board respects the objectives pursued with the introduction of a women's quota and attaches importance to equal treatment and equal opportunities for men and women. Appointments to positions on the Executive Board and Supervisory Board should be based on the best interests of the company. The Supervisory Board believes that the s can be achieved primarily if particular emphasis is placed on the competence and qualifications of individuals in this regard. Since the Executive Board of CANCOM SE currently consists of two persons and therefore only a quota of 0, 50 or 100 percent would be practically feasible, the proportion of women on the Executive Board is to be maintained at zero percent in order to prevent a compulsion to make a decision based on the predominant aspect of gender in the event of a new position being filled. In view of the zero percent target, this was achieved in the reporting year. The Supervisory Board has set a target of 16.67 percent for the proportion of women on the Supervisory Board. This target was also met in the 2020 reporting year.

Furthermore, on 30 September 2015, the Executive Board of CANCOM SE set a target of 25 percent for the proportion of women in the first management level below the Executive Board and a target of 30 percent for the proportion of women in the second management level below the Executive Board, both by 30 June 2017, which are intended to give the Company the necessary flexibility in filling management positions. On June 30, 2017, the Board of Management set a target for the proportion of women in the first and second management levels below the Board of Management in each case by June 30, 2022. The proportion of women in the first and second management levels below the Board of Management is to be maintained at 25 percent in the first level and 30 percent in the second in each case. The above targets for the proportion of women at the two management levels below the Board of Management were already achieved in the reporting year 2020.

## Description of the diversity concept

When selecting suitable candidates for the Board, in addition to the described target for the proportion of women, the targets set by the Supervisory Board for the composition of the Board and the competence profile, the Supervisory Board is also guided by the diversity concept for the Supervisory Board and the Board of Management with reference to Section 289f (2) no. 6 HGB. The diversity concept is intended to promote the diversity of different perspectives, life experiences and biographies on the Supervisory Board and the Executive Board. It is also in line with the CANCOM Code of Conduct, which is binding for the entire CANCOM Group and does not tolerate any discrimination based on age, disabilities, origin, gender, political stance, religion, ideology, or sexual orientation.

The aim of the diversity concept for the Supervisory Board is to ensure that qualified supervision of the Executive Board and its advisory support are guaranteed at all times. To this end, the Supervisory Board strives to ensure a diverse composition of the Supervisory Board when making new appointments and appointments to the Supervisory Board, while ensuring professional suitability. To this end, the targets set by the Supervisory Board for its composition in accordance with Recommendation C.1 of the German Corporate Governance Code and the target for the proportion of women on the Supervisory Board set in accordance with Section 111 (5) of the German Stock Corporation Act (AktG) also describe the concept by which the Supervisory Board as a whole aims to achieve a diverse composition (diversity concept in relation to Section 289f (2) No. 6 of the German Commercial Code (HGB)).

For the Executive Board, the diversity concept specifically aims to ensure that the composition of the Executive Board as a whole is as suitable and promising as possible. When appointing Executive Board members, competence, qualifications and suitability are the key criteria. In the case of equally qualified candidates, the criterion of diversity is given special consideration.

In the 2020 reporting year, the diversity concept for the Supervisory Board was implemented through the Supervisory Board's proposal policy to the Annual General Meeting. The composition of the Board in the 2020 reporting year was in line with the objectives pursued for the composition of the Board and thus also with the diversity concept. The diversity in the composition of the Executive Board in the 2020 reporting year is reflected in particular in the different professional backgrounds, areas of activity and individual horizons of experience. When assessing the current diversity on the Executive Board, it should be noted that the Executive Board of CANCOM SE has consisted of two members since February 2020, and thus for almost the entire reporting year 2020, and continues to consist of two members at the time of this statement.

Munich, March 2021

CANCOM SE

For the Executive Board  
Rudolf Hotter

For the Supervisory Board  
Stefan Kober