

# CORPORATE GOVERNANCE DECLARATION

## WITH REPORT ON CORPORATE GOVERNANCE

Corporate governance at STRATEC SE (hereinafter: STRATEC) is determined by applicable laws, in particular the requirements of company law, the Articles of Association and internal regulations, and standards of good, responsible corporate governance. The German Corporate Governance Code ([www.dcgk.de](http://www.dcgk.de)) provides recommendations and suggestions for the corporate governance to be applied at STRATEC in accordance with recognized standards.

STRATEC's Board of Management and Supervisory Board are convinced that good corporate governance provides a key foundation for the company's sustainable success and enhances the trust placed in the company by its shareholders, business partners, and employees, as well as by the financial markets.

In what follows, STRATEC's Board of Management and Supervisory Board report on the principles underlying their corporate governance in accordance with the legal requirements set out in § 289f and § 315d of the German Commercial Code (HGB) and on corporate governance at the company in accordance with Section 3.10 of the German Corporate Governance Code. The declaration on the German Corporate Governance Code submitted pursuant to § 161 of the German Stock Corporation Act (AktG) ("Declaration of Conformity") and updates to such declarations form a constituent component of the Corporate Governance Declaration. The Corporate Governance Declaration with the Report on Corporate Governance form an unaudited component of the Management Reports accompanying the 2019 Annual and Consolidated Financial Statements.

### **1. Declaration pursuant to § 161 of the German Stock Corporation Act (AktG)**

At its meeting on November 28, 2019, the Supervisory Board addressed the German Corporate Governance Code in its current version and, together with the Board of Management, submitted the following declaration pursuant to § 161 of the German Stock Corporation Act (AktG):

**"Declaration of Conformity of the Board of Management and the Supervisory Board of STRATEC SE with the recommendations of the German Corporate Governance Code pursuant to section 161 of the German Stock Corporation Act (AktG).**

The Board of Management and Supervisory Board of STRATEC SE declare that the recommendations of the German Government Commission on the German Corporate Governance Code in the version dated February 7, 2017 have been complied with since the submission of the previous Declaration of Conformity on November 30, 2018 with the exception of the deviations mentioned in the following and that these recommendations will also be complied with in the future with the exception of the deviations mentioned in the following:

### Section 3.8

If the company takes out a D&O insurance policy for the Board of Management, a deductible of at least 10% of the loss up to at least the amount of one and a half times of the fixed annual compensation of the Board of Management member must be agreed upon. A similar deductible must be agreed upon in any D&O policy for the Supervisory Board.

No deductible has been agreed upon in the D&O policy for the Supervisory Board. The Board of Management and Supervisory Board are of the opinion that the members of the Supervisory Board perform their duties with due awareness of their responsibilities even without a deductible.

### Section 4.2.5

The German Corporate Governance Code recommends presenting the compensation of each Board of Management member in the compensation report with the aid of model tables attached as an annex to the Code and should include the specific information prescribed by the Code.

The company has deviated and continues to deviate from this recommendation. It appears doubtful whether additional use of the various model tables would result in the intended transparency and general understandability of the compensation report (c.f. section 4.2.5 sentence 3 of the Code).

### Sections 5.3.1 to 5.3.3

The German Corporate Governance Code recommends that, depending on the specific circumstances of the company and the number of its members, the Supervisory Board should form committees with specialist expertise (including an audit and a nomination committee).

The Supervisory Board of the company consists of the minimum legal requirement of three members and, in view of its size, has not formed any committees to date.

### Section 7.1.2

The German Corporate Governance Code recommends that the consolidated financial statements and the group management report should be made publicly accessible within 90 days from the end of the financial year, while mandatory interim financial information should be made publicly accessible within 45 days from the end of the reporting period.

In part, the company has not complied and will not comply with the aforementioned deadlines for publishing the consolidated financial statements and the group management report as well as the mandatory interim financial information. However, the company does comply with the legal publication deadlines as well as the deadlines stated in the stock exchange rules (Börsenordnung) of the Frankfurt Stock Exchange regarding the regulated market with additional obligations arising from admission (Prime Standard), namely of four months for the annual financial statements, of three months for the half-yearly financial report and of two months for the quarterly statements. In the absence of uniform rules and regulations regarding publication deadlines, the company reserves the right to deviate from section 7.1.2, sentence 4.“

Together with the Declarations of Conformity for the past five years, which are no longer up-to-date, this Declaration of Conformity is also available on the company's website at [www.stratec.com](http://www.stratec.com) > Investors > Corporate Governance > Declaration of Conformity.

## 2. Relevant disclosures on corporate governance practices

### Diversity and inclusion

STRATEC views a diverse workforce as a great source of added value. A wide range of personal and cultural diversity is seen as a force driving innovation and enables the company to respond more closely and swiftly to technological changes and customers' needs. Maintaining an open and tolerant corporate culture is therefore a matter of course for STRATEC and also assists the company in its efforts to recruit and retain employees on a long-term basis, particularly at times when specialists are in short supply.

STRATEC treats all employees equally and provides them with the same career opportunities irrespective of their age, disability, origin, religious affiliation, gender, sexual orientation, or any other factors not relevant in this regard.

STRATEC is aware that its managers have a pivotal role to play in promoting diversity and inclusion. In view of this, diversity is actively promoted in practice by STRATEC's Board of Management.

### Compliance management system

STRATEC's understanding of compliance and its ethical principles are summarized in its Corporate Compliance Policy, which is binding throughout the Group. At STRATEC, an understanding of corporate compliance is viewed as a key cornerstone of day-to-day business operations both within the company and in its external dealings. In this respect, compliance with a variety of legal systems and statutory regulations is just as important as compliance with ethical principles.

These guidelines have been communicated in training sessions and one-to-one meetings to all employees, managers, and members of the Board of Management.

An awareness and understanding of the applicable requirements is the only way to ensure overall compliance by all of the persons involved and only this way can the company ensure that its international business dealings are compliant with the necessary standards.

To standardize the compliance culture throughout the company, regular training is also provided to local compliance officers at all of STRATEC's subsidiaries. Corporate Compliance Summits are also held to enable managers to share their experiences. The aim here is to maintain a uniform compliance management system across the Group and support local officers in implementing the relevant requirements.

As well as providing training to new employees, the company also holds regular training sessions within the departments in order to familiarize all employees with our understanding of compliance.

STRATEC's Corporate Compliance Policy includes the following elements.

- Preventing corruption, i.e. upholding the integrity necessary in business dealings, and in particular the prohibition of any illegitimate exercising of influence
- Regular training of employees and information material on the intranet and on information boards
- Compliance with all requirements set by law and the respective authorities, as well as with internal requirements
- The obligation to provide fair and respectful working conditions at the company
- Assistance to avoid conflicts of interest between private and business matters
- Compliance with the requirements of capital market, antitrust, and tax laws
- Copyright and license conformity
- Respectful and professional conduct at the company.

STRATEC's compliance management system is continually extended to address topics of current relevance and further optimized. This enables managers on various levels to detect specific risks and, by taking suitable measures, to reduce or avert these risks entirely. These processes are supplemented by regular meetings between managers and the relevant compliance officer. These one-to-one talks enable potential conflicts or questionable matters to be identified and clarified at an early stage. The compliance officer reports the findings of his or her talks with managers directly to the Board of Management. The Board of Management meets its reporting obligations towards the Supervisory Board.

STRATEC expects all its employees to adhere to its compliance requirements and thus ensure that all decisions and actions taken in their areas of responsibility are consistent with the relevant legal requirements and the Corporate Compliance Policy and also serve the company's best interests.

One major component of STRATEC's compliance management system is a whistleblower system enabling employees to notify the compliance office of any irregularities on a confidential basis. No employee acting in good faith in pointing out irregularities need fear any negative repercussions, even if the concerns later prove to be unfounded.

Furthermore, STRATEC adheres to the requirements of the law and of its Articles of Association ([www.stratec.com](http://www.stratec.com) > Investors > Corporate Governance > Articles of Association) and, apart from those deviations listed in the aforementioned declarations pursuant to § 161 of the German Corporate Governance Act (AktG), also complies with the German Corporate Governance Code ([www.dcgk.de](http://www.dcgk.de)).

#### **Quality management system**

For STRATEC as a company which designs and manufactures fully automated systems for use in diagnostics and biotechnology, compliance with a variety of processes and requirements is a factor of fundamental significance. To ensure compliance with the respective regulations, STRATEC sets very high standards in terms of quality, checks, and quality assurance. The STRATEC Group maintains its own Regulatory Affairs department which, together with experienced heads of the company's business units, is integrated into the process of developing systems for regulated markets.

### 3. Description of mode of operation of Board of Management and Supervisory Board and composition and mode of operation of their committees

German stock corporation law provides for a two-tier system of corporate management. The Board of Management and Supervisory Board of STRATEC SE, which has a dualistic management structure, cooperate closely to the company's benefit. In this, the company is managed by the Board of Management and supervised by the Supervisory Board.

#### Board of Management and its mode of operation

The Board of Management manages the company with the aim of achieving sustainable value creation. It does so under its own responsibility and in the company's best interests, i.e. taking due account of the interests of the company's shareholders, employees, and other stakeholders. The Board of Management manages the company in accordance with the requirements of law, the Articles of Association, and its own Rules of Procedure. The Board of Management is committed to the principles of good, responsible, and efficient corporate governance. It follows the respectively valid requirements of the German Corporate Governance Code to the extent that compliance with such is declared in its annual Declaration of Conformity with the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (AktG) ("Declaration of Conformity"). The Board of Management develops the company's strategy, coordinates this with the Supervisory Board and ensures its implementation. Furthermore, it ensures that the company has appropriate risk management and risk controlling, as well as a compliance management system appropriate to the company's risk situation.

In appointing candidates to management positions at the company, the Board of Management considers diversity and aims in particular to ensure the appropriate participation of women. The Board of Management stipulates target values for the share of women in the two management tiers below the Board of Management.

The Supervisory Board issues Rules of Procedure for the Board of Management which, in particular, include a catalog of transactions requiring the approval of the Supervisory Board, stipulate the allocation of duties and cooperation within the Board of Management, and govern the cooperation of the Board of Management with the Supervisory Board.

The members of the Board of Management bear joint responsibility for managing the company. They work together as colleagues and keep each other regularly informed of all significant measures or developments in their areas of responsibility.

Each member of the Board of Management manages the area of responsibility allocated to him under his own responsibility. For measures and transactions affecting several areas of responsibility, the relevant members of the Board of Management are required to agree the approach to be taken and, if necessary, seek a resolution adopted by the full Board of Management.

Should he have concerns regarding a matter in a given area of responsibility, each member of the Board of Management is obliged to seek a resolution from the Board of Management if the concerns cannot be remedied following discussion of the matter with the relevant member of the Board of Management.

As a rule, the Board of Management adopts resolution at meetings, which are generally held once a week and convened by the Chairman of the Board of Management at the request of a member of the Board of Management or where urgent action is required. The Chairman of the Board of Management may order that a resolution should be adopted remotely by circulating the respective documents, unless another member objects to such procedure.

The Board of Management should, whenever possible, adopt unanimous resolutions. In the particular case that no agreement can be reached, the meeting chair determines whether a vote should be held or the resolution should be adjourned. In the case of adjournment, a resolution must be passed on the matter at the following meeting. Resolutions that are not adopted unanimously are minuted with the relevant voting ratios.

The Board of Management only has a quorum when at least half its members are present. Members of the Board of Management may participate in the adoption of resolutions by casting their votes in writing, by fax, telephone, or electronically. The results are determined by a simple majority of votes cast. In the event of a parity, the Chairman has the casting vote. Should the Chairman of the Board of Management be absent or prevented from voting, in the event of a parity of votes the draft resolution is deemed to have been rejected.

The full Board of Management adopts resolutions on matters of fundamental importance and consequence for the company. These also involve matters for which a decision by the full Board of Management is required by law, the Articles of Association, or the Rules of Procedure. These include, for example, the preparation of the annual financial statements, the convening of the Annual General Meeting, and proposals concerning the resolutions to be adopted at the Annual General Meeting.

The Chairman of the Board of Management coordinates the areas of responsibility of the Board of Management. He is obliged to ensure that the company is uniformly managed on the basis of the targets stipulated in resolutions adopted by the Board of Management. He represents the Board of Management and the company in public. The Chairman of the Board of Management in particular is regularly in contact with the Supervisory Board Chair to discuss the company's strategy, business performance, and risk management. He provides immediate report to the Supervisory Board Chair of any significant events of material relevance for assessing the company's position, performance, or management.

Members of the Board of Management are bound to observe the company's best interests and subject to an extensive prohibition on competition during their period of activity. No member of the Board of Management may pursue personal interests in their decisions or exploit for themselves business opportunities to which the company is entitled. Each member of the Board of Management must disclose any conflicts of interest to the Supervisory Board without delay and inform the other members of the Board of Management. Sideline activities, and in particular supervisory board positions external to the Group, must be disclosed to the Supervisory Board and may only be assumed with the approval of such. As a general rule, sideline activities at competitors are not approved.

All transactions between the company on the one hand and members of the Board of Management and persons and enterprises closely related to such on the other hand must be performed on terms customary to the sector.

### **Supervisory Board and its mode of operation**

The Supervisory Board advises and supervises the Board of Management in its management of the company. It is directly involved in all decisions of fundamental importance to the company.

The Supervisory Board performs its activities in accordance with the requirements of the law, the Articles of Association, and its Rules of Procedure. Supervisory Board members have the same rights and obligations and are not bound by instructions. The Supervisory Board is committed to the principles of good, responsible, and efficient corporate governance. It follows the respectively valid requirements of the German Corporate Governance Code to the extent that compliance is declared in the annual Declaration of Conformity with the German Corporate Governance Code pursuant to § 161 of the German Stock Corporation Act (AktG) ("Declaration of Conformity"). The Supervisory Board appoints and dismisses members of the Board of Management. Any reappointment prior to one year before the end of an appointment period at the same time as termination of the current appointment only happens if special circumstances apply. The Supervisory Board ensures that the composition of the Board of Management is consistent with diversity considerations appropriate to the company's business (see "Diversity concept for composition of Board of Management") and works together with the Board of Management to ensure long-term succession planning.

The Supervisory Board determines specific objectives regarding its composition and prepares a competence profile for the entire board (see "Diversity concept for composition of Supervisory Board"). Based on legal requirements governing the equal participation of women and men in management positions, the Supervisory Board stipulates target values for the share of women in the Supervisory Board and the Board of Management.

The Supervisory Board determines the total compensation for each member of the Board of Management and resolves and regularly reviews the compensation system for the Board of Management. The Supervisory Board Chair outlines to one Annual General Meeting the salient points of the compensation system for the Board of Management and informs later meetings of any amendments. The Supervisory Board informs the Annual General Meeting about any interests of conflict that have arisen and how they were addressed.

The Supervisory Board has adopted Rules of Procedure which, among other aspects, govern cooperation within the Supervisory Board and with the Board of Management. The Rules of Procedure for the Supervisory Board are available on the company's website.

Supervisory Board members are elected by shareholders at the Annual General Meeting. The Supervisory Board is convened when necessary and holds at least two meetings in each half of the calendar year, and also regularly meets in the absence of the Board of Management.

The number of meetings and key topics thereby addressed are presented in the Supervisory Board Report. This report also states which meetings of the Supervisory Board and its committees, should it have formed any such committees, were attended by the individual members of the Supervisory Board.

The Supervisory Board is convened by the Supervisory Board Chair, with simultaneous communication of the agenda, or on his behalf by the Board of Management, with a notice period of 10 days. A meeting must also be convened when requested by a Supervisory Board member or the Board of Management, with stipulation of the purpose of and reasons for the meeting.

As a rule, the Supervisory Board adopts resolutions at meetings that are chaired by its Chair. If so instructed by the Supervisory Board Chair, resolutions may also be adopted outside meetings, in this case in writing or by fax, telephone, or other forms of communication provided that no Supervisory Board member objects to the procedure. Such resolutions are documented by the Chair in a written protocol which is forwarded to all members. Absent Supervisory Board members may participate in the adoption of resolutions in writing, verbally, by telephone, fax, or e-mail by having their votes cast by another Supervisory Board member.

Unless otherwise stipulated by law, resolutions are adopted on the basis of a simple majority of votes. Abstentions do not count as votes. For elections, relative majorities are deemed adequate. In the event of a parity of votes, also in elections, the Supervisory Board Chair has the casting vote.

The Supervisory Board has a quorum when all (at least three) of its members have been correctly invited to the meeting or are requested to cast their votes outside a meeting and these members then participate in the adoption of the resolution. Members abstaining are also deemed to participate in adoption of the resolution.

The Supervisory Board Chair coordinates the activities of the Supervisory Board, chairs its meetings, and represents its matters externally. The Supervisory Board Chair is also available within reasonable limits to discuss Supervisory Board-related issues with investors. He is authorized on behalf of the Supervisory Board to submit and accept declarations of intent on the part of the Supervisory Board to the extent necessary to execute Supervisory Board resolutions. He is regularly in contact with the Board of Management, and in particular the Chairman of the Board of Management, to discuss with them issues relating to the company's strategy, planning, business development, and risk management. The Supervisory Board Chair is informed by the Chairman of the Board of Management without undue delay of major events that are of material importance for assessing the company's status and performance, and for managing the company. The Supervisory Board Chair subsequently informs the Supervisory Board and, if required, convenes an extraordinary Supervisory Board meeting.

The Supervisory Board regularly submits its own activities to an efficiency review that is performed on the basis of a structured catalog of questions. The most recent review, performed as of November 28, 2019, concluded that the activities of the Supervisory Board were efficient in every respect.

Supervisory Board members disclose any existing conflicts of interest to the Supervisory Board. In the event of material conflicts of interest that are not only temporary, the respective Supervisory Board member is

obliged to retire from his or her position. No member of the Supervisory Board may pursue personal interests in their decisions or exploit for themselves business opportunities to which the company is entitled.

Supervisory Board members take responsibility for undertaking any training or professional development measures necessary to fulfil their duties and, in doing so, are provided with sufficient support by the company.

#### **Cooperation of Board of Management and Supervisory Board**

The Board of Management and the Supervisory Board cooperate closely to the benefit of the company.

The Board of Management develops the company's strategy, coordinates this with the Supervisory Board and ensures its implementation. It discusses the current state of strategy implementation with the Supervisory Board at regular intervals.

For transactions of fundamental importance, the Rules of Procedure for the Board of Management stipulate that such transactions are subject to approval by the Supervisory Board. The Supervisory Board is thus directly involved in decisions or measures of fundamental importance.

Ensuring that the Supervisory Board is kept adequately informed is a task incumbent on both the Board of Management and the Supervisory Board. The Board of Management provides the Supervisory Board on a regular basis, and at least every three months, with extensive written and oral reports on all matters relevant to the company. It address departures in the current business performance from existing projections and targets and indicates the reasons for such departures. The Supervisory Board specifies the information and reporting duties of the Board of Management. The reports by the Board of Management to the Supervisory Board are, as a rule, to be submitted in text form. Documents required for decisions, and here especially the annual financial statements, consolidated financial statements and audit report, are sent to members of the Supervisory Board in good time before the meeting.

Between meetings, the Supervisory Board Chair is in regular contact with the Board of Management, and in particular with the Chairman, to discuss with them issues of strategy, business development, the risk situation, risk management and compliance of the company.

The Board of Management ensures that the company has appropriate risk management and risk controlling, as well as a compliance management system appropriate to the company's risk situation. Deliberate entrepreneurial risk management assists in detecting risks at an early stage, assessing these and, where appropriate, taking suitable measures. Dealing with risks associated with the company's business activities is a factor of fundamental importance for the Board of Management and Supervisory Board. Both bodies ensure that they receive regular reports on risks and their development. The Board of Management and Supervisory Board regularly discuss matters of risk management. The risk management system is continually being developed further by the company and is audited by the auditors. Current risks facing the company are regularly reported in the risk report. The Board of Management immediately forwards to the Supervisory Board Chair any information that is of material relevance from a risk perspective.

Given the size of the respective bodies, neither the Board of Management nor the Supervisory Board has formed any committees.

#### **4. Stipulations pursuant to § 76 (4) and § 111 (5) AktG – equal participation of women and men in management positions**

The Board of Management and the Supervisory Board addressed the requirements of the “Act on the Equal Participation of Men and Women in Private-Sector and Public-Sector Management Positions”, which took effect on May 1, 2015, and stipulated appropriate target values.

The Supervisory Board initially decided to set the target share for women on the three-member Board of Management to be achieved by June 30, 2017 at 0%. On June 14, 2017, the Supervisory Board decided to set the target share for women to be achieved by December 31, 2020 at 0% once again.

The three-member Supervisory Board initially decided to set the target share for women on the Supervisory Board to be achieved by June 30, 2017 at 30%. On June 14, 2017, the Supervisory Board decided to set the target share for women on the Supervisory Board to be achieved by December 31, 2020 at 30% once again. This target has been exceeded since the Supervisory Board elections on June 18, 2014.

The Board of Management initially decided to set the target share for women to be achieved in each of the first and second management tiers below the Board of Management by June 30, 2017 at 20%. On April 13, 2017, the Board of Management decided to set the target share for women to be achieved in each of these management tiers by December 30, 2020 at 20% once again.

The target share for women on the first management tier below the Board of Management was exceeded as of December 31, 2019. By contrast, the target share for women on the second management tier below the Board of Management was not yet reached as of December 31, 2019. Although 66.7% of the positions becoming vacant in the second management tier were awarded to women, the target share for women on that tier was not yet reached as of December 31, 2019. The company is continually taking additional measures to further increase the share of women in its management tiers. In 2019, for example, a training program was held for the first and second management tiers to with the aim of raising awareness of diversity and inclusion among all of the Group’s managers. For 2020, the rollout of a further diversity and inclusion training program is planned for the human resources departments at the Group’s subsidiaries.

#### **5. Diversity concept for composition of Supervisory Board**

The Supervisory Board must be composed in such a way as to ensure its ability to provide qualified supervision of and advice to the Board of Management. Its members should collectively have the knowledge, skills, and professional expertise required to properly perform all of the duties required of the Supervisory Board at a company with a capital market orientation and international operations.

In view of this, and taking due account of the recommendations and suggestions made in the German Corporate Governance Code (DCGK), the Supervisory Board set the following targets for its composition:

**“Competence profile and specific targets for composition of Supervisory Board of STRATEC SE**

In accordance with the requirements of law and the Articles of Association, the Supervisory Board of STRATEC SE comprises three members, all of whom are elected by shareholders.

**I. General requirements in Supervisory Board members**

- a) Each Supervisory Board member must meet the requirements of law and the Articles of Association for membership in the Supervisory Board (c.f. in particular § 100 (1) to (4) AktG)
- b) Each Supervisory Board member must have the knowledge and skills required to properly perform the duties required of him or her by law and the Articles of Association.
- c) The Supervisory Board must include at least one member possessing expertise in the field of financial reporting or auditing. The members must collectively be familiar with the sector in which the company operates (§ 100 (5) AktG).

**II. Specific targets for composition of Supervisory Board**

Supervisory Board members should collectively have the following qualifications and characteristics, with an accumulation of several qualifications and characteristics in one member also possible:

- a) The Supervisory Board include at least one member with management experience at an industrial company.
- b) The Supervisory Board should include at least one member with longstanding experience in international business affairs or expertise in the field of medical technology or another technical field.
- c) The Supervisory Board should not include members who are expected to face frequent or permanent conflicts of interest in exercising the duties associated with membership (potential conflicts of interest).
- d) Based on its own assessment, the Supervisory Board should include at least two members who are independent. A Supervisory Board member is independent of the company and its Board of Management if they have no personal or business relationship with the company or its Board of Management that may cause a substantial and not merely temporary conflict of interest.
- e) No member should be aged 75 or above upon election to the Supervisory Board (age limit for Supervisory Board members) or have been a member for at least 12 years at such time (regular limit to term of Supervisory Board membership).
- f) With regard to the diversity of its composition, the Supervisory Board aims to ensure a range of different professional and international experience and in particular the appropriate participation of both genders. The Supervisory Board currently has one female member. Although the company is not required to comply with statutory minimum shares in terms of filling specific or multiple posts on the Supervisory Board with women or men, women should nevertheless make up at least 30% of the members.

g) The Supervisory Board should not include any members who sit on the Board of Management of a listed company and hold a total of more than two Supervisory Board positions at listed companies that are not associated companies pursuant to § 15 et seq. of the German Stock Corporation Act (AktG).

Furthermore, each Supervisory Board member must ensure that he or she is able to dedicate the amount of time expected to be necessary to properly perform the role. Members should in particular note that at least two Supervisory Board meetings are held in each half of the calendar year, with each of these requiring appropriate preparation, and that sufficient time must be available to review the documents relating to the annual and consolidated financial statements. Furthermore, extraordinary meetings of the Supervisory Board may also be needed to address special topics.

### III. Competence profile for full Supervisory Board

The Supervisory Board stipulates the following competence profile for the full board:

- a) The full Supervisory Board (i.e. one or several members) should possess expertise in the fields listed above under II. a) and b)
- b) The full Supervisory Board (i.e. one or several members) should possess expertise in the field of financial reporting or auditing.

Proposals by the Supervisory Board to the Annual General Meeting should take these targets into account, while simultaneously aiming to satisfy the competence profile for the full Supervisory Board. Moreover, the personality, integrity, willingness to perform, and professionalism of candidates should also be considered.”

The composition of the Supervisory Board is consistent with the targets and the competence profile. The Supervisory Board target stipulated in this competence profile, namely that at least two of the Supervisory Board members elected by the Annual General Meeting should be independent, is reflected in what the Supervisory Board considers to be a suitable number of independent members. In its current composition, the Supervisory Board considers that all of its members are independent according to the definition provided in the German Corporate Governance Code (DCGK). Specifically, these members are Dr. Frank Hiller, Rainer Baule, and Prof. Dr. Stefanie Remmele. The Supervisory Board most recently adjusted the competence profile at its meeting on November 28, 2019.

## 6. Diversity concept for composition of Board of Management

The only qualities that count for the company when appointing members of the Board of Management are performance, qualifications, and potential. Gender is of no relevance. Furthermore, it is in the company's interest to ensure continuity in the composition of the Board of Management. It is not possible to change the composition merely to adjust the gender balance. On June 14, 2017, the Supervisory Board decided to set the target share for women to be achieved by December 31, 2020 at 0% once again. An age limit has been set for members of the Board of Management. According to this requirement, only such persons that have

not yet reached the age of 67 may be members of the Board of Management. Additional requirements, such as a competence profile for the full board, have not been stipulated.

The composition of the Board of Management is consistent with the stipulated requirements and targets.

## 7. Further disclosures on corporate governance

### Composition of and allocation of responsibilities within Board of Management

Members of the Board of Management are appointed by the Supervisory Board.

Composition of the Board of Management <sup>(1)</sup>

Name	Age	Length of membership
Marcus Wolfinger, Chairman	52; born on 07.27.1967	~ 20 years; since 07.01.1999
Dr. Robert Siegle, Finance and Human Resources	52; born on 05.16.1967	~ 9 years; since 02.01.2011
Dr. Claus Vielsack, Product Development	52; born on 08.27.1967	~ 6 years; since 02.15.2014

<sup>(1)</sup> Disclosures as of publication date of this declaration

The term in office of all members of the Board of Management expires on November 10, 2023.

The members of the Board of Management are allocated divisions which they manage under their own responsibility. The members nevertheless always act in accordance with the company's best interests.

In view of its size, the Board of Management has to date not formed any committees.

Further information about the members of the Board of Management, and in particular their CVs, is available on the company's website at [www.stratec.com](http://www.stratec.com) > About us > Board of Management.

### Composition of Supervisory Board

Pursuant to § 17 of the European Company Implementation Act (SEAG) in conjunction with § 8.1 of the Articles of Association, the Supervisory Board comprises three members to be elected by shareholders.

#### Composition of the Supervisory Board <sup>(1)</sup>

Name	Age	Length of membership
Dr. Frank Hiller, Chairman	53; born on 05.23.1966	~ 8 months; since 05.29.2019
Rainer Baule, Deputy Chairman and Financial Expert	71; born on 10.02.1948	~ 2 years; since 06.14.2017
Prof. Dr. Stefanie Remmele	41; born on 04.04.1978	~ 5 years; since 06.18.2014

<sup>(1)</sup> Disclosures as of publication date of this declaration

In view of its size, the Supervisory Board has to date not formed any committees.

Further information about the members of the Supervisory Board, and in particular their CVs, is available on the company's website at [www.stratec.com](http://www.stratec.com) > About us > Supervisory Board.

### Elections to Supervisory Board

In its election proposals to the Annual General Meeting, the Supervisory Board discloses the personal and business relationships of every candidate with the company, the governing bodies of the company, and any shareholders with a material interest in the company. The proposal for a candidate is accompanied by a curriculum vitae providing information on the candidate's relevant knowledge, skills, and professional experience. It is supplemented by an overview of the candidate's material activities in addition to the Supervisory Board mandate, and is updated annually for all Supervisory Board members and published on the company's website. Supervisory Board members are elected individually. Where an application is made for the appointment of a Supervisory Board member by a court, the term of that member is limited until the next Annual General Meeting.

### Compensation of Board of Management and Supervisory Board

Detailed disclosures on the compensation of the Board of Management and Supervisory Board can be found in the Compensation Report, which forms part of the Management Reports accompanying the Annual and Consolidated Financial Statements.

### **Avoidance of conflicts of interest**

No advisory or other service agreements or contracts for work were in place between Supervisory Board members and the company in the year under report. No conflicts of interest requiring immediate disclosure to the Supervisory Board arose on the part of members of the Board of Management or Supervisory Board.

Information about positions held by members of the Board of Management and Supervisory Board on statutory supervisory boards or comparable control bodies at domestic or foreign companies and related party disclosures are provided in "Other Disclosures" in the Notes to the Consolidated Financial Statements.

### **Managers' transactions**

As persons discharging managerial responsibilities, members of the Board of Management and Supervisory Board of STRATEC SE are required by Article 19 of Regulation (EU) No. 596/2014 of the European Parliament and Council dated April 16, 2014 on Market Abuse (Market Abuse Regulation) to disclose any own-account transactions with STRATEC's shares or related financial instruments of STRATEC SE. This disclosure obligation also applies to persons closely associated with board members. The disclosure requirement is waived, however, if the aggregate volume of all transactions does not exceed a total amount of € 20,000 by the end of the respective calendar year.

The managers' transactions disclosed to the company are published on the company's website at [www.stratec.com](http://www.stratec.com) > Investors > Corporate Governance > Managers' Transactions and on the website of the Federal Financial Supervisory Authority.

### **Shareholders and Annual General Meeting**

Shareholders exercise their rights at the shareholder's meeting, which is generally held once a year (Annual General Meeting) and thereby exercise their voting rights. Each share carries one vote. The Annual General Meeting adopts resolutions on the tasks allocated to it by law, which include resolutions on the appropriation of net profit, approving the actions of the Board of Management and Supervisory Board by way of discharge, appointing the auditor, and electing Supervisory Board members, amendments to the Articles of Association, and capital-related measures. The Annual General Meeting is generally chaired by the Supervisory Board Chair. To assist shareholders in exercising their rights in person, once the meeting has been convened the documents requiring publication are made available on the company's website at [www.stratec.com](http://www.stratec.com) > Investors > Annual General Meeting. Shareholders may exercise their voting rights themselves, or have them exercised by a representative or a voting proxy appointed by the company to vote in accordance with their instructions.

### **Transparency and external reporting**

With its extensive investor relations and public relations activities, STRATEC remains closely in contact with its shareholders. STRATEC provides its customers, shareholders, employees, financial analysts, shareholder associations, the media and the general public with regular and extensive information about all material developments and events at the company. To this end, STRATEC regularly makes use of suitable communications channels. To ensure the greatest possible transparency, new information about the company is made simultaneously available to all stakeholders. All company news of material relevance to the share price and not publicly known is published in ad-hoc announcements.

The company's website plays a key role among the various communication channels used. All material information published, including the annual financial reports, half-year financial reports, and quarterly statements are available at [www.stratec.com](http://www.stratec.com) > Investors, as are ad-hoc announcements and press releases, voting right notifications from material shareholders, presentations for analysts' and investors' events, conference calls, and the financial calendar. Likewise, the statements on corporate governance and declarations of compliance with the recommendations of the German Corporate Governance Code submitted by the Board of Management and Supervisory Board are also available on the website.

The dates of important publications, such as the Annual Report and the financial information released during the financial year are announced well in advance in the financial calendar, as are the dates of the Annual General Meeting and of analysts' conferences.

### **Financial reporting and auditing**

STRATEC prepares its consolidated financial statements, its half-year report, and its quarterly statements in accordance with International Financial Reporting Standards (IFRS) as requiring application in the European Union. By contrasted, the annual financial statements of the company used to determine the dividend payment are prepared in accordance with the requirements of the German Commercial Code (HGB).

Based on the proposal submitted by the Supervisory Board, the Annual General Meeting on May 29, 2019 elected Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Stuttgart, as auditor for the annual financial statements, as group auditor, and as auditor for the audit review of interim financial reports, if and to the extent that these are subject to an audit review, for the 2019 financial year. Consistent with legal requirements, the auditor is elected by the Annual General Meeting for one financial year at a time.

The election was preceded by a review of the auditor's independence. This involved excluding the existence of any business, financial, personal, or other relationships between the auditor and its governing bodies and lead auditors on the one hand, and STRATEC SE and the members of its governing bodies on the other hand that could call the independence of the auditor into question. To this end, the auditor submitted a binding statement of independence.

Furthermore, the Supervisory Board arranged for the auditor to report without due delay on all findings and issues which come to its knowledge during the performance of the audit. Likewise, it was agreed that the auditor should inform the Supervisory Board or note in the long-form audit report if it identifies any facts that

indicate an inaccuracy in the Declaration submitted by the Board of Management and Supervisory Board on the German Corporate Governance Code.

Ebner Stolz GmbH & Co. KG audited the 2018 annual financial statements and management report of STRATEC SE prepared in accordance with the German Commercial Code (HGB) and the consolidated financial statements and group management report prepared in accordance with IFRS and provided these with unqualified audit opinions. Details of the fees paid to the auditor in the 2019 financial year are provided in the 2019 Annual Report, which will be published in April 2020. The percentage share of non audit-related advisory fees did not exceed 30% of the total audit fee. Ebner Stolz GmbH & Co. KG has acted as the auditor and group auditor of STRATEC without interruption since the 2015 financial year. The auditors signing off STRATEC's 2018 annual and consolidated financial statements were Linda Ruoss and Christian Fuchs. The former has been the lead auditor, and thus responsible for the audit in accordance with the Professional Charter, since the 2015 financial year. The statutory requirements and rotation obligations have been met.

Birkenfeld, March 10, 2020