

# COMPLIANCE STATEMENT

## VISCOM AG

Corporate governance is defined as the legal and de facto regulatory framework for managing and monitoring a company. The purpose of the German Corporate Governance Code (the Code) is to make the German corporate governance system clear and transparent. The Code sets out principles, recommendations and suggestions regarding the management and supervision of listed German companies that are recognised internationally and nationally as standards for sound and responsible company management. It promotes the trust of investors, customers, staff and the public in the management and oversight of listed German companies. Section 161 AktG requires listed companies to declare once a year whether the recommendations of the Government Commission on the German Corporate Governance Code as published by the Federal Ministry of Justice have been complied with or which recommendations have not been or will not be followed (“comply or explain”).

The following compliance statement for the past reporting period and the future refers to the recommendations by the Government Commission on the German Corporate Governance Code in the version dated 28 April 2022 as published by the Federal Ministry of Justice in the official section of the Bundesanzeiger (Federal Gazette) on 27 June 2022.

In accordance with section 161 AktG, the Executive Board and Supervisory Board of Viscom AG declare that the recommendations of the Government Commission on the German Corporate Governance Code (version dated 28 April 2022) have been and are complied with. The following recommendations have not been and will not be applied:

**1. The risks and opportunities associated with social and environmental factors have not yet been systematically identified and assessed. Also, appropriate consideration had not yet been given to ecological and social objectives in corporate strategy and planning or in the control and risk management system (past deviation from A.1, A.3 of the Code).**

The Executive Board and the Supervisory Board welcome the

growing regulatory significance of sustainability criteria and already take individual ESG factors into account in the management of the company. ESG factors are also taken into account in the current remuneration system for Executive Board members. However, there is still no comprehensive and systematic integration of social and environmental factors into corporate management, meaning that recommendations A.1 and A.3 of the Code have not yet been followed. The Executive Board and Supervisory Board comply with the statutory requirements for sustainability reporting and, in this context, are currently developing a coherent concept for the systematic integration of ESG factors, including their opportunities and risks as well as environmental and social impacts, into corporate management, i. e. corporate strategy, corporate planning and the control and risk management system. Compliance with the recommendations of the Code is intended in the medium term.

**2. There is no age limit for members of the Executive Board. Accordingly, no age limit has been defined in the corporate governance statement (deviation from B.5 of the Code).**

Any exclusion based solely on age does not appear expedient to the Executive Board and Supervisory Board, since the optimum composition of the Executive Board could thereby be prevented for merely formal reasons. The company is also committed to ensuring access to the expertise of experienced members of the Executive Board. An age limit in the Articles of Association or the Rules of Procedure therefore has been and is deemed unnecessary. Accordingly, an age limit has not been defined in the corporate governance statement.

**3. The Supervisory Board has not formed any committees, and in particular has not formed a nominations committee (deviation from D.3 sentence 5, D.4 of the Code); the Supervisory Board as a whole serves as the Audit Committee.**

Given the circumstances specific to the company and the low number of its members, the Supervisory Board does not form any committees, in particular it does not form a nominations committee (deviation from D.4 of the Code).

The Supervisory Board consists of just three members. In the opinion of the Supervisory Board, the formation of committees is not expedient under the circumstances specific to the company and – unlike in larger governing bodies – does not increase efficiency. All matters are addressed by all members of the Supervisory Board, meaning that the formation of additional committees is not considered necessary. Given that the Supervisory Board of Viscom AG is not subject to co-determination, a nominating committee comprising exclusively shareholder representatives would be obsolete.

In accordance with the statutory regulation in section 107(4) sentence 2 AktG, the Supervisory Board as a whole, which consists of just three members, is also the Audit Committee, without the necessity of such a committee being established separately. The following recommendations, when having reference to committees, the audit committee or their members, therefore relate to the Supervisory Board as a whole and its members: C.10 of the Code (independence of the Chair of the audit committee), D.2 sentence 2 of the Code (list of committee members in the corporate governance statement), D.3 of the Code (requirements for the members of the audit committee and related disclosures in the corporate governance statement), D.7 of the Code (participation in committee meetings), D.10 (coordination between the audit committee and the auditor), D.12 of the Code (review of committees' effectiveness), G.17 of the Code (taking committee chairs and members into account regarding remuneration).

As the Supervisory Board as a whole is also the Audit Committee (section 107(4) sentence 2 AktG), Prof. Dr. Michèle Morner is the Chairwoman of this Audit Committee as well (deviation from D.3 S. 5 of the Code).

The Supervisory Board believes that it can effectively perform the duties of the Audit Committee thanks to its size, as it comprises three members chaired by the independent member Prof. Dr. Michèle Morner who has specialised knowledge and experience in applying accounting policies and internal control processes.

#### **4. The Executive Board does not have a chairperson or spokesperson.**

The Executive Board of Viscom AG does not have a chairperson or spokesperson. Where recommendations are addressed to the chairperson or spokesperson (D.5, E.2 of the Code), these are understood to refer to the Executive Board as a whole.

Given the size of the Executive Board, the Executive Board and the Supervisory Board believe that a chairperson is not required on a board with three members. In addition, stock corporation law is based on a principle of consensus, i. e. on a collegial rather than a hierarchical Executive Board. Irrespective of the formal majority requirements, a principle of practical consensus has prevailed within the Executive Board (and previously within management) since the company was founded. All significant decisions are made together by the full Executive Board at all times.

#### **5. Deviation from the concept of target total remuneration that is different from the maximum remuneration with the definition of annual targets and share-based remuneration (deviation from G.1 bullet points 1 & 3, G.2, G.7, G.10 of the Code).**

The members of the Executive Board are remunerated according to a clear, transparent and appropriate remuneration system, whereby the annual total remuneration including additional benefits for each member of the Executive Board has been limited (maximum remuneration) to € 650,000 since 1 June 2023 (previously: € 450,000). The total variable remuneration components (Bonus I and Bonus II) have also been capped at 100 % of fixed annual gross remuneration of currently € 260,000 (previously: € 208,000) since 1 June 2023 (relative cap). The performance criteria for the determination of variable remuneration (consolidated EBIT; long-term consolidated EBIT; employee turnover; energy consumption) are specifically defined in figures for the entire duration of employment in the remuneration system and the Executive Board contracts to be concluded on this basis.

In this context, the Supervisory Board does not define any separate "target total remuneration" that depends on the achievement of annually defined performance criteria (deviation from

G.1 bullet point 1, G.7 of the Code). Accordingly, the relative shares of the remuneration components in the remuneration system are also defined in relation to each other or to the total remuneration on achievement of the relative cap and not in relation to target total remuneration (cf. G.1 bullet point 3 of the Code). Likewise, the Supervisory Board does not define “target total remuneration” on the basis of the remuneration system, but rather the fixed remuneration and the resulting cap in total remuneration due to the relative cap on variable remuneration. This is appropriate to the member of the Executive Board’s own tasks and performance as well as to the enterprise’s overall situation and performance and does not exceed the usual level of remuneration without specific reasons (cf. G.2 of the Code).

Remuneration is also not granted in shares or in share-based form only accessible to the member of the Executive Board after a period of four years (deviation from G.10 of the Code). The remuneration system of the Executive Board creates the right incentives to promote corporate strategy and to sustainably boost Viscom AG’s medium and long-term financial success, in particular by taking internal performance indicators into account. Thanks to its majority shareholder, Viscom AG also has relatively few shares in free float. Based on these general conditions, the Supervisory Board does not consider an overwhelming focus on share price performance a suitable incentive mechanism for the Executive Board.

In the opinion of the Supervisory Board, the remuneration system has the advantages of clarity, simplicity and continuity over the model proposed by the Code. The remuneration model systematically precludes short-term disincentives and conflicts of interest due to the restrictive maximum remuneration, the relative cap and pre-defined numerical performance criteria that are specifically determined in the remuneration system, i. e. presented to the Annual General Meeting. At the same time, the simple design of the remuneration system avoids a hidden upward spiral.

**6. Long-term targets do not exceed short-term targets (deviation from G.6 of the Code). Overall, the Supervisory Board is of the opinion that the variable remuneration components provide both a long-term and positive forward-looking incentive effect.**

The variable remuneration comprises firstly a remuneration component calculated according to the year’s consolidated EBIT (Bonus I) and secondly long-term variable remuneration based on a three-year period (Bonus II), which individually and together are limited to the amount of the fixed remuneration. 60 % of Bonus II is calculated on the basis of average consolidated EBIT for the last three years in conjunction with the achievement of a defined minimum average EBIT over the assessment period and positive EBIT in the past financial year. The (lowest possible) employee turnover in the three-year assessment period and the (lowest possible) energy consumption of Viscom AG each contribute 20 % of Bonus II. In abstract terms, Bonus I and Bonus II are limited to the same amount, so neither can exceed the other (deviation from G.6 of the Code).

The Executive Board and the Supervisory Board are nevertheless of the opinion that, even with this variable remuneration structure, the Executive Board must always keep the long-term success of its activities in mind. Initially, the restrictive limit of the amount of variable remuneration prevents short-term disincentives and in particular precludes disproportionate remuneration for extraordinary (non-recurring) events. Even in the event of good business performance, the Executive Board is generally reliant on the long-term remuneration component in order to consistently achieve the total possible variable remuneration. The Executive Board can only expect to receive Bonus II as at the end of the respective three-year period if average EBIT develops positively during this period. The aim of sustainable long-term EBIT at the same time as low employee turnover and low energy consumption rewards strategic targets with a long-term and forward-looking positive effect on the development of the company.

Overall, therefore, the remuneration structure has a positive forward-looking incentive effect that is oriented towards the company's sustainable and long-term development.

**7. The contracts with the members of the Executive Board of Viscom AG do not provide for payment caps on severance compensation in the event of early termination of the Executive Board mandate (cf. G.13 sentence 1 of the Code).**

The Executive Board contracts do not contain any provisions for a severance cap in the event of early termination of the Executive Board mandate of a maximum of two years' remuneration. Legal enforcement of a cap on severance pay for the member of the Executive Board would often not be possible in the relevant cases. If there is neither cause for dismissal in accordance with section 84(3) sentence 1 AktG nor cause for extraordinary termination of the employment contract in accordance with section 626 of the Bürgerliches Gesetzbuch (BGB – German Civil Code),

the contract with the Executive Board member concerned can only be terminated subject to mutual agreement. In such cases, Executive Board members have no obligation to agree to caps on severance pay within the meaning of the recommendations of the Code. In the event of early termination of a member of the Executive Board for cause for which the Executive Board member is responsible, severance payments must not be made anyway. Despite this, the Supervisory Board will support a cap on any severance payment owed as referred to by the Code in the event of any members of the Executive Board resigning prematurely.

Hanover, 23 February 2024

Viscom AG

The Executive Board

The Supervisory Board