

## **Statement of capsensixx AG on corporate governance according to § 289f HGB and Corporate Governance Report**

Effective corporate governance is part of capsensixx's strategy. Essential regulations are the German Stock Corporation Act (AktG) and the German Corporate Governance Code.

Corporate Governance at capsensixx AG is an entire system of managing and monitoring. This includes a set of business policy principles and guidelines and a system of internal and external control and monitoring mechanisms. Good and transparent corporate governance promotes the confidence of investors, employees, business partners and the public in the management and supervision of capsensixx AG.

### **I. WORDING OF THE COMPLIANCE STATEMENT 2019**

Pursuant to § 161 AktG (*Aktiengesetz*), the Management Board and the Supervisory Board of a listed company have to declare annually that the recommendations of the "Government Commission on the German Corporate Governance Code" (hereinafter referred to as "**Code**") have been and will be observed or which recommendations have not been or will not be applied and why not ("Compliance Statement on the Corporate Governance Code"). The declaration is to be made permanently publicly available on the company's internet site.

The following declaration of capsensixx AG (hereinafter also the "**Company**") to the Corporate Governance Code refers to the version of the Code as of 7 February 2017 (published on 24 April 2017).

The Management Board and the Supervisory Board of capsensixx AG declare that capsensixx AG has since June 19th, 2018, the date of the first-time admission of the Company's shares to stock exchange trading, followed and will comply in the future with the Code with the following exceptions to the recommendations of the Code:

#### **1. Deductible in the D&O Insurance for the Supervisory Board (section 3.8 of the Code)**

The Code recommends in paragraph 3.8, that the D&O insurance for the Supervisory Board should provide for a deductible from at least 10% of the claim to at least the fixed annual remuneration of the supervisory member multiplied by 1,5. Such a deductible has not been agreed so far and it is also not intended to be agreed in the future. capsensixx AG has a D&O insurance without a deductible for the Supervisory Board. In the opinion of the Company, the responsible actions of the Supervisory Board are not additionally supported by the agreement of a corresponding deductible.

#### **2. Executive Board (section 4.1.5 of the Code)**

In accordance with section 4.1.5 of the Code, the Management Board has to pay attention to diversity in the occupation of management functions in the Company, and in particular to strive for adequate consideration of women. For the proportion of women in the two management levels below the top management, the Management Board determines target sizes and a deadline for implementation, which may not be longer than five years (§ 76 para. 4 AktG). capsensixx AG does not have a distinct hierarchy in its operational structure, such as the legislator had in mind for § 76 para. 4 AktG. There is no first and second level of leadership. The selection of the employees is based solely on the suitability for the occupation of the vacant position. This will also be the future practice. For this reason, and due to the legal obligation to name a quota as a percentage, the Management Board was only able to set

the target for the proportion of women in the management levels below the Management Board until 31 May 2023 at 0 percent.

### **3. Supervisory Board Tasks and Responsibilities (Section 5.1.2 of the Code)**

According to section 5.1.2 of the Code, the Supervisory Board should also look at diversity in the composition of the Management Board. The Supervisory Board has to set target sizes for the proportion of women in the Management Board and has to define a deadline for implementation, which may not be longer than five years (§ 111 para. 5 AktG). The Management Board of capsensixx AG consists of one or more members. Currently the Management Board has two members. Both members of the board are male. If an extension of the board members is planned in the future or if a current member of the Management Board resigns, both female and male candidates will be addressed. The final selection decision of the Supervisory Board will be based solely on the suitability for the position. For this reason, and due to the legal obligation to name a quota as a percentage, the Supervisory Board was only able to set the target for the proportion of women in the Management Board until the next appointment of members of the Management Board but no later than 31 May 2023 at 0 percent.

### **4. Supervisory Board Committees (Section 5.3 of the Code)**

Section 5.3 of the Code recommends the formation of committees of the Supervisory Board, in particular the establishment of an examinations committee in section 5.3.2 and a nomination committee in section 5.3.3. The Company has not established any committees of the Supervisory Board, since the Supervisory Board consists of only three members and all decisions are to be prepared and taken jointly by all members of the Supervisory Board. The recommendation regarding the formation of committees of the Supervisory Board is therefore of no significance to the Company.

### **5. Supervisory Board Composition (Section 5.4.1 of the Code)**

According to section 5.4.1 of the Code the Supervisory Board should identify specific objectives regarding its composition and develop a competence profile for the Supervisory Board. Regarding its composition the Supervisory Board will take into consideration the context of the Company-specific situation, the Company's international activities, potential conflicts of interest, the number of independent Supervisory Board members in the meaning of section 5.4.2 of the Code, an age limit to be set for members of the Supervisory Board, a limit for the period of membership of the members of the Supervisory Board and diversity.

The Supervisory Board must define target sizes regarding the percentage of women in the Supervisory Board as well as a deadline for its implementation, which may not be longer than five years (§ 111 para. 5 AktG).

The Supervisory Board of capsensixx AG consists of three members. The members of the Supervisory Board are elected by the general meeting which is not bound by the election proposals and the target for the proportion of women to be determined by the Supervisory Board. At present all members of the Supervisory Board are male. This can change, but does not have to, in the next election. For this reason, and due to the legal obligation to name a quota as a percentage, the Supervisory Board was only able to set the target for the proportion of women in the Supervisory Board until the next election of members of the Supervisory Board but no later than 31 May 2023 at 0 percent.

### **6. Supervisory Board Composition (Section 5.4.2 of the Code)**

In accordance with section 5.4.2 of the Code, the Supervisory Board should be composed by a reasonable number of independent members, which the Supervisory Board deems appropriate, while

taking into account the ownership structure. In the sense of this recommendation, a member of the Supervisory Board shall in particular not be regarded as independent if it is in a personal or business relationship with the Company, its organs, a controlling shareholder or a company affiliated with it, which may establish a significant and not only temporary conflict of interest. The chairman of the Supervisory Board of capsensixx AG is also the chairman of the Management Board of the majority shareholder of capsensixx AG, PEH Wertpapier AG. The two other members of the Supervisory Board of capsensixx AG are also members of the Supervisory Board of the majority shareholder of Capsensixx AG, PEH Wertpapier AG. The Management Board and the Supervisory Board consider that these activities do not constitute a conflict of interest nor is the independence of the Supervisory Board members adversely affected. In addition, the Supervisory Board considered the ownership structure of capsensixx AG in an appropriate manner. Any deviation from the Code is therefore explained purely by way of precaution.

## **7. Consolidated Financial Statements / Interim Reports (Section 7.1.2 of the Code)**

The German Corporate Governance Code recommends in Paragraph 7.1.2, third sentence, that the consolidated financial statements should be made publicly available within 90 days after the end of the financial year and interim reports within 45 days of the end of the reporting period. We deem the legal requirements for publication of the consolidated financial statements and the half-yearly financial report, which provide for a release period of maximum four resp. two months after the end of the financial year, to be sufficient, as they ensure an appropriate and timely information of the shareholders. The publication period for the interim reports (quarterly) has been and will continue to be observed in the future.

The statement of compliance is available at <https://capsensixx.de/11-ir.html>.

## **II. RELEVANT INFORMATION ON CORPORATE GOVERNANCE ACCORDING TO § 289f HGB AND THE OPERATION OF THE SUPERVISORY BOARD AND MANAGEMENT BOARD / CORPORATE GOVERNANCE REPORT**

The structure of the management and monitoring of capsensixx AG is as follows:

### **1. Corporate Governance Practices**

The Management Board and Supervisory Board live and promote the cooperative management style and cooperative cooperation. According to the company mission statement, social and ethical values are to be implemented in daily routines, which is also communicated to the employees.

### **2. Shareholders and Annual General Meeting**

The shareholders participate by law in important corporate decisions such as amendments to the Articles of Association, the appropriation of profits, the election of new Supervisory Board members, the authorization to issue new shares and significant structural changes. capsensixx AG has only one class of shares, all of which have the same voting rights.

Our shareholders exercise their rights at the company's Annual General Meeting. The annual general meeting takes place in the first six months of the financial year. The Chairman of the Supervisory Board chairs the Annual General Meeting. The Annual General Meeting decides on all tasks assigned to it by law.

Our goal is to make it as easy as possible for shareholders to attend the Annual General Meeting. All information required for participation will be published on the Internet in advance. Shareholders will be represented for the Annual General Meeting by a shareholder representative, to whom shareholders may instruct them to exercise their voting rights.

### **3. Supervisory Board**

The Supervisory Board of capsensixx AG consists of three members, who are elected by the Annual General Meeting. The chairman of the Supervisory Board is elected from the middle of the Supervisory Board. Currently, Mr. Stürner is chairman of the Supervisory Board.

The Supervisory Board appoints the members of the Management Board. It oversees and advises the Management Board in the management of the company. Significant decisions of the Management Board require the approval of the Supervisory Board. The Supervisory Board has defined the information and reporting obligations of the Management Board. The Executive Board regularly informs the Supervisory Board in particular about the intended strategy, planning, business development, the risk situation, risk management and compliance. The chairman of the Supervisory Board also maintains regular contact with the Management Board between the meetings of the Supervisory Board and in particular advises him on strategy, planning, business development, the risk situation, risk management and compliance of the company.

The Supervisory Board meets at least four times a year and, if required, also meets without the entire Management Board or individual members of the Executive Board. Section 5.3 of the German Corporate Governance Code recommends the formation of committees of the Supervisory Board, in particular the establishment of an Audit Committee in Section 5.3.2 and a Nomination Committee in Section 5.3.3. The company has not set up committees of the Supervisory Board, as the Supervisory Board consists of only three members and all decisions are to be prepared and taken jointly by all Supervisory Board members.

The members of the Supervisory Board of capsensixx AG do not receive any performance-related compensation, since according to § 14 of the company's articles of incorporation only a fixed remuneration is stipulated and the absence of performance-related compensation components is to ensure that all decisions of the Supervisory Board are increased without taking into account any personal advantages Supervisory Board remuneration. The Supervisory Board determines the annual financial statements and approves the consolidated financial statements.

The German Corporate Governance Code recommends in section 3.8 that D & O insurance for the Supervisory Board stipulates a deductible of at least 10% of the loss up to at least one and a half times the fixed annual remuneration. Such a deductible has not yet been agreed and will not be agreed in the future. For several years now, capsensixx AG has had D & O insurance without an organ-specific deductible for the Supervisory Board. In the opinion of the company, the sustainable acting of the Supervisory Board is not further promoted by agreement of a corresponding deductible.

### **4. Board**

The Management Board manages the company on its own responsibility and controls the Group companies. It ensures that the legal provisions and the company's internal guidelines are adhered to. The tasks, responsibilities and procedural rules of the Management Board are laid down in its rules of procedure.

The Management Board currently consists of 2 members. It informs the Supervisory Board regularly, promptly and comprehensively, in particular, about all relevant issues relating to strategy, planning, business development, the risk situation, risk management and compliance of the company. A D & O insurance has been taken out for the Management Board.

Below you will find details (as of April 2019) of the current members of the Board of Directors including their age, the year of their first appointment and the year in which their appointment ends, their

current position and area of responsibility. Our Management Board members have undertaken not to accept any Supervisory Board mandates outside the Group.

*Sven Ulbrich / Age: 46 / First order: 2017 / Ordered until: 2022*

Current position and area of responsibility: CEO; responsible for product and strategy development, HR, IR, press, own investment, cash management and investments

*Fabian Föhre / Age: 45 / First order: 2017 / Ordered until: 2022*

Current position and area of responsibility: Management Board; responsible for Finance, Controlling, RW, Taxes, Organization, Reporting, Legal, Admin, IT, Risk Management

## **5. Accounting and auditing**

The annual financial statements are prepared by the Management Board, audited by the auditor and approved by the Supervisory Board.

It has been agreed with the auditor, Baker Tilly GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, that the Chairman of the Supervisory Board shall be informed immediately about any grounds for exclusion or exemption arising during the audit. The auditor reports promptly to the Chairman of the Supervisory Board about all issues and events that arise for the purposes of the Supervisory Board that arise during the audit.

## **6. Transparency**

Consistent, comprehensive and timely information has a high priority at capsensixx AG. The business situation and the results of capsensixx AG are reported in the annual report, in the half-yearly financial report and in the interim reports.

Furthermore, information is provided by press releases or ad-hoc announcements to the extent required by law. All announcements and messages are available on the Internet at <https://capsensixx.de/11-ir.html>.

Capsensixx AG has created the prescribed insider directory. The persons concerned were informed about legal obligations and sanctions.

## **7. Risk Management**

The responsible handling of business risks is one of the principles of good corporate governance. The Management Board of capsensixx AG and the management of the Group have access to comprehensive Group-wide and company-specific reporting and control systems that enable them to record, assess and manage these risks. The systems are continually being developed, adapted to changing conditions and reviewed by the auditors. The Management Board regularly informs the Supervisory Board about existing risks and their development. The Supervisory Board oversees the accounting process including reporting, the effectiveness of the internal control system, risk management and the internal auditing system, and compliance.

A detailed description of the risk management of capsensixx AG is provided in the section entitled "Forecast, risk and opportunity report" in the Annual Report.

## **8. Accounting according to international standards**

Shareholders and the public are regularly informed primarily by the annual report containing the consolidated financial statements and the interim reports. Our consolidated financial statements comply with International Financial Reporting Standards (IFRS).

## 9. Corporate bodies and shareholdings

### Management Board

*Sven Ulbrich, Spiesheim, Chairman, holds no shares*

*Fabian Föhre, Neu-Isenburg, holds no shares.*

### Supervisory Board

*Martin Stürner, Frankfurt, Chairman, holds no shares*

*Gregor Langer, Kelkheim, (25,000 shares, 0.73%)*

*Rudolf Locker, Schmitten, (82,000 shares, 2.39%)*

## 10. Diversity

The management of capsensixx AG strives for diversity. When looking for qualified managers, attention is paid not only to professional qualifications and relevant experience, but also to diversity criteria and, in particular, a fair share of women. This is already evident in the current appointment of the management positions of the company and its subsidiaries. Diversity, in particular internationality and the consideration of women in management positions as well as the promotion of appropriate employees, will continue to be in the focus of society in the future.

The Management Board should pay attention to diversity when filling management positions within the company and, in particular, strive for appropriate consideration of women. The Management Board sets targets for the proportion of women in the two management levels below the Management Board. capsensixx AG does not have a pronounced hierarchy in its operational organizational structure, as the legislator had in mind under § 76 (4) AktG. There is no first and second management level. The selection of the employees was based solely on the suitability to fill the respective position. This should also be handled in the future. For this reason, with a legal duty to quote a quota in percent, the Management Board was only able to set a target of 0 percent for the management levels below the Management Board.

The Supervisory Board should also pay attention to diversity in the composition of the Management Board. The Supervisory Board should set targets for the proportion of women on the Management Board. The Management Board of capsensixx AG consists of one or more members. At the moment it consists of two longtime members. Both board members are male. In the future, if an extension is pending or a current member of the Executive Board resigns, both male and female candidates will be sought and, if necessary, approached. The final selection decision of the Supervisory Board will be based solely on the suitability for the position. For this reason, with a legal duty to quote a quota in percent, the Supervisory Board was only able to set a target of 0 percent for the proportion of women in the Management Board.

Frankfurt am Main, April 2019

The Supervisory Board

The Management Board