

## **Declaration on Compliance and Corporate Governance Report (as of January 21, 2020)**

### **Declaration on compliance pursuant to Section 161 AktG**

The Executive and Supervisory Board of Eckert & Ziegler Strahlen- und Medizintechnik AG hereby submit the following declaration in accordance with § 161 AktG. The compliance declaration is permanently accessible to the public and retrievable at:

[http://www.ezaq.com/startseite/investoren/gute\\_unternehmensfuehrung/entsprechenserklaerung/](http://www.ezaq.com/startseite/investoren/gute_unternehmensfuehrung/entsprechenserklaerung/)

Eckert & Ziegler Strahlen- und Medizintechnik AG will comply with the recommendations of the German Corporate Governance Code - as amended on February 7, 2017 - with the following exceptions:

- **Deductible for D&O insurance:** The D&O insurance concluded by the Company for the Supervisory Board does not provide for a deductible.

A deductible has not been agreed on for the D&O insurance policy (personal liability insurance for members of the bodies) for the Supervisory Board, since there is no evidence that it would fundamentally lead to greater motivation and a greater sense of responsibility on the part of its members. Given the comparatively low level of the Supervisory Board's compensation, the Executive Board and Supervisory Board also do not regard a deductible as appropriate.

- **Formation of committees:** The Supervisory Board has no committees, in particular no audit committee or nomination committee.

In view of the low number of Supervisory Board members and the company's specific circumstances, the Supervisory Board does not regard the formation of committees, particularly an audit or nomination committee, as pressing. All the duties of these committees are therefore exercised by the Supervisory Board as a body with overall responsibility.

- **Age limits for members of the Executive Board, ethnic or cultural diversity:** For the members of the Executive Board, no age limits have been set.

The Executive and Supervisory Boards are of the opinion that people should neither be favored nor discriminated against based on age, race, origin or gender. The only prerequisite for filling Executive and Supervisory Board positions is to select individuals from the largest possible pool of candidates who, based on their knowledge, skills and professional experience, are best able to strengthen the body and thus the competitiveness of the company. The Supervisory Board also believes that setting a regular limit regarding the length of Supervisory Board membership is not effective. Due to the complexity of the company's structure, a long term of membership promotes the understanding of how things are interrelated and thereby improves the efficiency of the Supervisory Board.

- **Standard limit for the length of service on the Supervisory Board:** The Supervisory Board has not established a standard limit for the length of service of Supervisory Board members.

It does not appear expedient to set a rule limit for the length of service on the Supervisory Board. Because of the complexity of the divisions, a long affiliation promotes the understanding of interrelationships and therefore the efficiency of the Supervisory Board.

- **Subsequent change of success targets or comparison parameters:** The contracts of Management Board members provide in part for the authority of the Supervisory Board to subsequently adjust individual parameters for the measurement of individual, variable compensation components in the event of extraordinary events.

The Supervisory Board is of the opinion that such an adjustment option, which otherwise permits adjustments both for the benefit and to the disadvantage of the members of the Management Board, ensures an appropriate incentive for the members of the Management Board. As the decision is at the sole, appropriate discretion of the Supervisory Board, such an adjustment possibility is in the best interest of the Company and its shareholders.

- **The consolidated financial statements and the group management report shall be made publicly accessible within 90 days from the end of the financial year:** Consolidated financial statements and group management report will be published at the latest until April 30th.

In the report year, the Belgian Eckert & Ziegler BEBIG SA (BEBIG) was fused with Eckert & Ziegler Strahlen- und Medizintechnik AG (EZAG) as the absorbing company. The transaction involved the cross-border merger of two exchange-listed companies on the basis of the European harmonized requirements of the EU Company Directive (EU) 2017/1132, for whose accounting implementation hardly any precedents have been set so far. The numerous special questions in the balance sheet valuation and presentation of the transaction led to considerable additional effort, so that the finalization of the consolidated financial statements and group management report this year required more time and the publication of the annual financial statements will only take place at the latest until end of April.

Eckert & Ziegler Strahlen- und Medizintechnik AG has fully complied with the recommendations of the German Corporate Governance Code up to April 24, 2017 in the version dated May 5, 2015 as well as of April 24, 2017 in the version dated February 7, 2017, and since its last regular declaration of conformity dated December 3, 2018 respectively in the updated version dated March 26, 2019 with the exception of the deviations reported in this declaration. Concerning the reasons for these deviations, reference is made to the explanations provided in this declaration.

### **Information on corporate governance practices**

The Executive Board of the company pledges its absolute commitment to the legal and company-specific rules and regulations pertaining to responsible and lawful conduct. It has expressed this principle by creating a code of conduct that is binding throughout the Group (available at [https://www.ezag.com/startseite/ueber\\_uns/verhaltenskodex/](https://www.ezag.com/startseite/ueber_uns/verhaltenskodex/)). The Executive Board pledges on its behalf and on behalf of the company to renounce any and all business transactions in contravention of the code of conduct.

### **Operating procedures of the Executive Board and the Supervisory Board**

In accordance with the requirements of the German Stock Corporation Act (AktG), the company operates according to a “dual management system,” which is characterized by the separation of personnel between the Executive Board as the management body and the Supervisory Board as the monitoring body. The Executive Board manages the company with the aim of creating value

sustainably, develops the corporate strategy and ensures that the strategy is implemented in conjunction with the Supervisory Board. By contrast, the Supervisory Board is tasked with constantly monitoring and advising the Executive Board. The Executive Board and the Supervisory Board work hand in hand in the interests of the company. The company's Executive Board currently comprises three members. The members of the Executive Board together bear collective responsibility for the management of the business. Each member of the Executive Board manages the area of the business assigned to him or her in his or her own authority. This does not affect the joint responsibility of all Executive Board members. The principles of cooperation among Executive Board members are promulgated in the rules of procedure of the Executive Board. These regulate, in particular, the areas of responsibility of the individual board members; matters reserved for the full Executive Board; decision-making processes, namely required majorities for resolutions; and the rights and obligations of the chair of the Executive Board. In addition, the rules of procedure define a catalog of activities of fundamental importance for which the Executive Board requires the approval of the Supervisory Board.

The Executive Board reports to the Supervisory Board regularly, promptly and extensively regarding all aspects of business development of material importance to the Group, significant business transactions and the current earnings situation, including the risk situation and risk management. Deviations in business development from previous plans and targets are explained and substantiated.

According to the articles of association, the Supervisory Board must comprise six members who are representatives of the shareholders. The Supervisory Board is directly involved in decisions of fundamental importance to the company. This also includes the strategic orientation of the company. The Supervisory Board appoints and dismisses the members of the Executive Board, determines the remuneration system for the Executive Board members and determines each Executive Board member's total remuneration.

Procedural rules concerning the execution of meetings and resolutions of the Supervisory Board are compiled in the rules of procedure of the Supervisory Board. The chair of the Supervisory Board coordinates the work of the Supervisory Board and chairs its meetings. The Supervisory Board does not have any committees at the current time.

### **Targets for filling positions on the Supervisory Board and progress in target achievement**

Positions on the Supervisory Board should be occupied so that the members of the Supervisory Board as a whole have the knowledge, skills and specialist experience required to properly perform the tasks entrusted to it. Similarly, the Supervisory Board as a whole should have the knowledge and experience that is essential to the activities of the business. Moreover, with regard to the international activity of the company, the Supervisory Board should always be composed of multiple members who have international business experience or another international connection.

The company believes that the Supervisory Board is composed of persons offering a broad range of experience in areas of importance to the company. Besides members with technical experience in the area of accounting and auditing, the Supervisory Board currently also has members with proven expertise in the areas of health care, natural sciences and law. Multiple members also have international business experience or another international connection through their former or current professional activities.

In addition, the Supervisory Board should include a sufficient number of independent members. A member is considered to be independent if he or she does not have any business or personal links

to the company, its executive bodies, a controlling shareholder or a related company that may result in a conflict of interests. The Supervisory Board considers that at least half of the Supervisory Board members should be independent within the meaning of section 5.4.2 GCGC. Currently, two thirds of the Supervisory Board members are independent. One third, i.e. two members of the Supervisory Board, were delegated by the majority shareholder in accordance with Section 9 (2) of the Articles of Association: Prof. Dr. Helmut Grothe and Jutta Ludwig.

Within the scope of Germany's Equal Participation of Women and Men in Leadership Positions Act (Gesetz zur gleichberechtigten Teilhabe von Frauen und Männern an Führungspositionen), the minimum target for the proportion of women on the Supervisory Board was defined as one-sixth of the Board's members (see below for more information).

### **Specification of targets for the proportion of women on the Executive and Supervisory Boards and in management positions**

In accordance with Section 111 (5) AktG and Section 76 (4) AktG, the Supervisory and Executive Boards respectively have resolved the following targets for the proportion of women on the Supervisory and Executive Boards and for both levels of management below the Executive Board:

#### *Targets for the Executive and Supervisory Boards*

The Supervisory Board resolved on July 31, 2017, to set the target for the proportion of women on the Executive Board of Eckert & Ziegler AG to 0 %. The deadline for achieving the target was set to June 30, 2022. The decision not to set a numerical target for the proportion of women on the Executive Board (corresponding to a quota of 0 %) was made in view of the fact that the Supervisory Board did not seek to make changes to the composition of the Executive Board of Eckert & Ziegler that are not founded solely on the personal and professional suitability for the position. By way of a resolution on the same date, the Supervisory Board resolved a quota of 1/6 (corresponding to approximately 17 %) for the Supervisory Board. The deadline for achieving the target was also set to June 30, 2022. At present, the Supervisory Board has one female member.

#### *Targets for upper management*

With regard to the proportion of women in the two levels of management below the Executive Board of Eckert & Ziegler AG, the Executive Board resolved on August 23, 2017, to set a quota of 0 % for the first two levels of management below the Executive Board. The deadline for achieving the target was set to June 30, 2022. The first level of management below the Executive Board was defined as the group of the heads of department, and the second level of management below the Executive Board was defined as the group of the heads of subdepartments.

At the reporting date of 31 December 2019, the female quota in the first management level below the Executive Board was 67 % and in the second management level 43 %. The figures refer to the listed Group holding company with its approximately 40 employees. Only the holding company is subject to the disclosure obligation according to the "Act on the Equal Participation of Women and Men in Management Positions" (Section 76 (4) AktG). In the overall Group with around 800 employees a similar picture emerges, particularly at the second management level.

Further information on equal opportunities and diversity can be found in Eckert & Ziegler AG's sustainability report at [www.ezag.de](http://www.ezag.de) > Investors > Reports.