



**Declaration of conformity pursuant to § 161 Stock Corporation Act  
(Aktiengesetz)**

**(Date: December 2023)**

The Management Board and Supervisory Board of Schweizer Electronic AG (hereinafter "Company") are making the following declaration of conformity pursuant to § 161 Aktiengesetz (Stock Corporation Act) with respect to the recommendations of the "Government Commission on the German Corporate Governance Code" and will ensure that this is published on the Company's website. The Management Board and the Supervisory Board of Schweizer Electronic AG made the last declaration of conformity pursuant to § 161 Aktiengesetz (Stock Corporation Act) in December 2022. The following declaration refers to the recommendations of the Code in its version of 28 April 2022, which was published in the Federal Gazette on 27 June 2022 (2022 version).

The Management Board and Supervisory Board of Schweizer Electronic AG declare that the recommendations of the Code have been complied with since the last declaration of conformity was submitted in December 2022, with the following exceptions:

- B.5:** The Code recommends that an age limit be specified for members of the Management Board and disclosed in the Corporate Governance Statement (recommendation B.5 of the Code). The company has not complied with and is not complying with this recommendation. The Management Board and the Supervisory Board do not consider a general specification of an age limit for members of the Management Board to be reasonable. Competence, technical expertise and experience are far more relevant criteria, which should be evaluated regardless of age.
- C.2:** C.2 of the Code recommends that an age limit be specified for members of the Supervisory Board and disclosed in the Corporate Governance Statement. The company has not complied with and is not complying with this recommendation. The Supervisory Board does not consider a general specification of an age limit for members of the Supervisory Board to be reasonable. Competence, technical expertise and experience are far more relevant criteria, which should be evaluated regardless of age.
- C.12:** According to recommendation C.12 of the Code, members of the Supervisory Board shall not perform any executive function or advisory duties with significant competitors

of the Company and shall not have a personal relationship with a significant competitor. This recommendation is not fully complied with, due to the fact that one member of the Supervisory Board has an executive function at another PCB-producing company, which could be regarded as a significant competitor of Schweizer.

**C.13:** C.13 of the Code recommends that in its election proposals to the General Meeting, the Supervisory Board shall disclose the personal and business relationships of every candidate with the enterprise, the governing bodies of the company, and any shareholders with a material interest in the company. The company has not complied with and is not complying with this recommendation, because the Supervisory Board believes the requirements of the Code regarding the duty of disclosure are vague and unclear in their delimitation. In this context, such a report is not considered useful.

**D.3,**

**D.4:** Due to the fact that Dr Stefan Krauss is Chairman of the Supervisory Board and simultaneously Chairman of the Audit Committee a deviation is made from recommendation D.3 sentence 5 of the Code.

Furthermore, there is still no nomination committee of the Supervisory Board recommended D.4 of the Code. The Supervisory Board does not believe it is either reasonable or necessary to set up such a committee for a company the size of Schweizer Electronic AG with only six members sitting on the Supervisory Board. The tasks intended for the Nomination Committee as well as the other tasks of the Supervisory Board can easily be dealt with in plenary meetings, provided they are not entrusted to the existing Audit Committee of the Supervisory Board.

Given the size of the company and the size of the Supervisory Board of Schweizer Electronic AG, the Supervisory Board maintains it is neither reasonable nor necessary to set up additional committees.

**F.2:** In F.2, 1st half-sentence of the Code, it is recommended that the consolidated financial statements and the group management report shall be made publicly accessible within 90 days from the end of the financial year.

The company has not complied with and is not complying with this recommendation. Compliance with the 90-day period is not possible owing to the time involved in preparing the consolidated financial statements and group management report. However, the consolidated financial statements and group management report have been and are disclosed within the statutory period.

**G.4:** The Code recommends in G.4 that to ascertain whether remuneration is in line with usual levels within the enterprise itself, the Supervisory Board shall take into account

the relationship between Management Board remuneration and the remuneration of senior managers and the workforce as a whole, and how remuneration has developed over time.

The Supervisory Board has not fully complied with this recommendation. When concluding employment contracts, the Supervisory Board did take steps, in accordance with the provisions of the German Stock Corporation Act (AktG), to ensure that the total remuneration awarded to Management Board members does not exceed the customary remuneration without specific reason. However, insofar as the Code specifies this review of vertical appropriateness of Management Board remuneration, which is already required under the German Stock Corporation Act and defines in more detail the relevant comparison groups as well as the time scale for the comparison, a deviation is declared in this respect.

The Supervisory Board considers the requirements of the recommendation to still be too vague. In particular, the Supervisory Board does not have sufficiently specific information on how the senior management staff should be distinguished from junior management and which sections of the workforce are relevant and which irrelevant in this respect. It is also unclear what time frame and perspective should be considered in terms of "development over time". The Supervisory Board is therefore of the view that the measures already implemented for determining the remuneration of the Management Board are sufficient to ensure appropriate remuneration for members of the Management Board.

- G.13:** In G.13 sentence 2 of the Code, it is recommended that if post-contractual non-compete clauses apply, the severance payments shall be taken into account in the calculation of any compensation payments. The Company has not fully complied with with this recommendation. However, the remuneration system adopted by the Supervisory Board on 12 April 2021 and approved by the Annual General Meeting on 25 June 2021 for the members of the Schweizer Electronic AG Management Board provides for any severance payment to be offset against compensation payments for observing non-compete obligations. The recommendation will be fully complied since 1 April 2023.
- G.18:** According to Code Recommendation G.18, sentence 2, performance-related remuneration promised to members of the Supervisory Board is intended to be geared towards sustainable or long-term corporate development. The company has not complied with and is not complying with this recommendation, because the performance-related compensation promised to Supervisory Board members is linked to the dividend distributed for the respective financial year. The Management Board and the Supervisory Board believe that linking performance-related remuneration to the

dividend adequately reflects the responsibility of the Supervisory Board for sustainable business development and that the existing compensation arrangement provides the members of the Supervisory Board with sufficient incentive to orient the exercise of their duties towards the long-term, successful development of the company.

Schramberg, December 2023

Schweizer Electronic AG

Management Board

Supervisory Board

Nicolas-Fabian Schweizer  
Chairman of the Management Board

Dr Stefan Krauss  
Chairman of the Supervisory Board