

**Declaration of Conformity 2019  
of the Management Board and the Supervisory Board of  
TELES AG Informationstechnologien  
pursuant to § 161 of the German Stock Corporation Act (AktG)  
as amended on 7th February 2017**

**Status: November 2019**

Pursuant to § 161 of the German Stock Corporation Act (Aktengesetz = AktG), the Board of Directors and Supervisory Board of companies listed on the stock exchange in Germany are required to make an annual declaration stating that the recommendations of the Government Commission on the German Corporate Governance Code have been and are being complied with or listing the recommendations not complied with and disclosing the reasons why not. This declaration must be permanently accessible for the shareholders.

The German Corporate Governance Code (the "Code") contains rules with different binding force. In addition to current and binding stock corporation law regulations, it also contains recommendations from which companies may deviate; they are obliged however, to make full annual disclosure of these deviations. The Code further contains guidelines which may be deviated from without disclosure.

The following declaration refers to the Code in its revised version of February 7, 2017 (published April 24, 2017).

The Board of Directors and the Supervisory Board of TELES AG hereby declare that the recommendations of the "Government Commission of the German Corporate Governance Code" published by the Federal Ministry of Justice in the official section of the electronic Federal Journal have been and are being complied with since the last Compliance Statement of November 2018 with the following exceptions.

**1. Rule 3.8 (Board of Directors and Supervisory Board - D&O Insurance)**

The Code stipulates that an excess corresponding to the legal requirements for the Board of Directors shall be determined for the Supervisory Board respectively, in case the Company procures a Directors' and Officers' Liability Insurance.

The existing D&O Insurance does not have an excess for Supervisory Board members. In consideration of the nature of the Supervisory Board mandate, a distinction between the Board of Directors and Supervisory Board with respect to the D&O Insurance is deemed adequate. This is also conveyed by the different structure of the remuneration. Furthermore, with regard to the members of the Supervisory Board, the determination of an excess has

not been considered as being suitable to enhance motivation and sense of responsibility of the board members who are already acting responsibly and in the interest of the Company due to their functions.

## **2. Rule 4.2.1. (Board of Directors – allocation of duties)**

In addition to § 77 AktG the German Corporate Governance Code stipulates that the By-Laws shall allocate the duties among individual Management Board members.

The allocation of the duties among individual Management Board members is not necessary as those duties are stipulated directly in the service contracts of the individual Management Board members.

## **3. Rule 4.2.3 (Board of Directors - Compensation)**

In addition to § 87 para. 1 AktG the German Corporate Governance Code recommends that severance payments to members of the Board of Directors shall have a nominal cap, whereby the calculation of such cap shall be based on the total remuneration of the past financial year and where appropriate on the expected total remuneration of the current year.

Although the management contract of Mr. Olbrich provides for a severance payment cap, the calculation is based on the fixed remuneration only.

## **4. Rule 5.1.2 (Age Limit for Directors, Diversity)**

The Code recommends that the Supervisory Board specifies an age limit for members of Board of Directors.

TELES refrains from determination of an age limit for Directors, as in principal the expertise of experienced Directors shall be at the disposition of the Company. A solely age-related disqualification is not considered appropriate by the Board of Directors and Supervisory Board.

## **5. Rule 5.3 (Supervisory Board, Formation of Committees)**

The Code recommends that the Supervisory Board forms professionally qualified committees subject to the specific conditions of the company and the number of members.

At present, the Supervisory Board of TELES AG consists of three members, which is the minimum required by law. As these members deal in their totality with the committee-related topics referred to in the Code - in addition to their other duties - the formation of committees is not considered to be appropriate to enhance the efficiency of Supervisory Board's work and is therefore not indicated. Thus, the Chairman of the Supervisory Board is also acting as Chairman, if and when the Supervisory Board in its entirety is handling affairs like monitoring of the accounting process, the effectiveness of the internal control system, risk

management system and the internal audit system, the audit of the Annual Financial Statements, here in particular the independence of the auditor and the services rendered additionally by the auditor.

#### **6. Rule 5.4.1 (Constitution of the Supervisory Board, Age Limit, Diversity)**

The Code recommends that the Supervisory Board sets targets for the constitution of the Supervisory Board taking into consideration the specific situation of the Company, the international activities of the Company, potential conflicts of interests, the number of independent Supervisory Board members according to Rule 5.4.2., the age limit to be specified and a regular limit of length of membership to be specified for the Members of Supervisory Board as well as diversity. These specific targets shall provide for an appropriate participation of women.

The Supervisory Board has not yet determined concrete targets for its constitution so far, and after consideration of the specific situation of the Company does not intend to set these targets for the time being. In the Company's interest, when constituting the Supervisory Board, it is mainly appreciated that candidates have the maximum professional competence as well as international experiences. Only thereafter further criteria are taken into consideration.

Furthermore, the Company refrains from determination of an age limit and a regular limit of length of membership for Supervisory Board members, as in principal the expertise of experienced Supervisory Board members shall be at the disposition of the Company. A solely age-related disqualification is not considered appropriate.

#### **7. Rule 5.4.5 (Supervisory Board – Professional Development Measures)**

Additionally, the Code recommends that the Company appropriately supports the Supervisory Board members in further training and professional development measures required for the performance of their duties.

In principal the Company supports the Supervisory Board members in reasonable further training and professional development measures under the statutory reimbursement of expenses. Which requirements to be fulfilled for the adequacy of Company's support subject to this recommendation is unclear. By way of precaution, a deviation from the recommendation is declared herewith.

#### **8. Rule 7.1.2 (Publication of Financial Statements)**

Subject to the recommendation of the Code, the Consolidated Financial Statements shall be publicly accessible within 90 days after the end of the financial year and Interim Reports shall be publicly accessible within 45 day after the end of the reporting period. In principle, TELES AG publishes the Consolidated Financial Statements and the Interim Reports - as far as possible - within these respites. In case of need TELES reserves the right to take ad-

vantage of the legal respites. Contrary to the recommendations, the Consolidated Financial Statements for the financial year 2018 were not published within 90 days and the interim report for Q1/2019 was not published within 45 days. The other 2019 interim reports were published within the recommended 45 days.

Berlin, November 2019

**TELES AG Informationstechnologien**

Oliver Olbrich  
Chief Executive Officer

Joachim Schwarzer  
Chairman of Supervisory Board