

# SYZYG / GROUP

## Declaration on Corporate Governance for the 2023 financial year (Corporate Governance Report)

In this Declaration, the Management Board and Supervisory Board report on corporate governance as required under section 289f of the German Commercial Code (HGB) and on the corporate governance of SYZYG AG in accordance with provision F.4 of the German Corporate Governance Code ("DCGK" below). The DCGK describes internationally recognised principles of responsible and transparent company management and supervision. Since it was first adopted in 2002, it has been updated and expanded on several occasions, most recently on April 28, 2022.

The Management Board and Supervisory Board are committed to a style of corporate management based on sustainability. They identify with the purpose of the DCGK, i.e. to promote trust-based management for the benefit of shareholders, employees and customers. The DCGK contains recommendations, which companies are not obliged to follow. However, they must then make a corresponding disclosure in the annual Declaration of Conformity required under section 161 of the German Stock Corporation Act (AktG) and explain the deviations.

The Declaration on Corporate Governance as defined in section 289f of the German Commercial Code covers the following:

- 1) The Declaration of Conformity with the German Corporate Governance Code in accordance with section 161 of the German Stock Corporation Act;
  - a. A reference to the company's website, on which the following are made publicly accessible: remuneration report for the last financial year and the auditor's report in accordance with section 162 of the German Stock Corporation Act, the current remuneration system in accordance with section 87a (1) and (2) sentence 1 of the German Stock Corporation Act, and the most recent remuneration resolution in accordance with section 113 (3) of the German Stock Corporation Act;
- 2) Relevant information on corporate governance practices applied at the company that go beyond statutory requirements;
- 3) A description of the working methods of the Management Board and Supervisory Board, and the composition and working methods of their committees;
- 4) Information about the targets established for the female proportion of management positions and the extent to which these targets are reached.
- 5) Diversity statement

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## 1. Declaration of Conformity by the Management Board and Supervisory Board of SYZYGY AG in relation to the German Corporate Governance Code, pursuant to section 161 of the German Stock Corporation Act

The Management Board and Supervisory Board of SYZYGY AG declare pursuant to section 161 of the German Stock Corporation Act that the company has complied with the recommendations of the Government Commission's German Corporate Governance Code as updated on April 28, 2022 since its publication on June 27, 2022, with the following exceptions, and will continue to comply accordingly:

- **Provision B.2 states that the Supervisory Board together with the Management Board shall ensure that a long-term succession plan is in place. The approach shall be described in the Declaration on Corporate Governance:**  
The Supervisory Board does not set out a long-term succession plan with the Management Board, since it does not consider this kind of planning to be useful in this professional context. Accordingly, the approach is not described in the Declaration on Corporate Governance.
- **Provision B.5 states that an age limit shall be specified for members of the Management Board and disclosed in the Declaration on Corporate Governance:**  
When filling Management Board positions, the decision for a particular candidate is taken solely on the basis of professional qualifications and personal aptitude. As a result, it is not possible to draw conclusions about a Management Board member's capabilities on the basis of having reached an age limit. Accordingly, no age limit for Management Board members is specified in the Declaration on Corporate Governance.
- **Provision C.1 states that the Supervisory Board shall determine specific objectives regarding its composition, and shall prepare a profile of skills and expertise for the entire Board while taking the principle of diversity into account. The Supervisory Board's profile of skills and expertise shall also include expertise in the sustainability issues that are of importance for the company. Proposals made by the Supervisory Board to the General Meeting shall take these objectives into account, while also seeking to fill the required profile of skills and expertise for the Supervisory Board as a whole. The implementation status shall be disclosed in the form of a qualification matrix in the Declaration on Corporate Governance. The Declaration shall also provide information about what the shareholder representatives on the Supervisory Board regard as the appropriate number of independent shareholder representatives, and the names of these members:**

Since SYZYGY AG was established, the company has been committed to serving the interests of shareholders, employees and customers by having a Supervisory Board with the greatest possible professional expertise, both company-specific and industry-specific, regardless of attributes such as age or gender. A particular focus in this respect is in-depth knowledge of the communications and digital sector, corporate sustainability management, an international outlook and an extensive skillset in accounting and internal control procedures. In its current composition, the Supervisory Board satisfies these requirements in full. Due to the small size of the Supervisory Board, the company does not produce a written specification of detailed requirements. Likewise, proposals for the election of Supervisory Board members are, in the company's interest, based primarily on the required knowledge, skills and professional experience. When making proposals in future, the Supervisory Board will take into account diversity aspects while giving due regard to the company-specific situation. Accordingly, no disclosures of this type are included in the Declaration on Corporate Governance.

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- **Provision C.2 states that an age limit shall be specified for members of the Supervisory Board and disclosed in the Declaration on Corporate Governance:**  
SYZYG AG does not specify an age limit, since it does not consider this kind of specification to be useful in this professional context. Accordingly, no age limit for Supervisory Board members is specified in the Declaration on Corporate Governance.
- **Provisions D.2 and D.4 state that the Supervisory Board shall form committees and an Audit Committee, which in the case of larger companies generally supports the effectiveness of the Supervisory Board's work. (Formation of committees with specialist expertise by the Supervisory Board as set out in provision D.2 and of a Nomination Committee as set out in provision D.4):**  
Due to its current size of three members, the Supervisory Board of SYZYG AG only has an Audit Committee. This size has proved to be very effective, since both general strategic topics and detailed issues can be discussed intensively in the plenary Supervisory Board sessions and decisions taken. Accordingly, information on expertise in the required skills as listed in the profile of skills and expertise for Supervisory Board members is disclosed in the Declaration on Corporate Governance.
- **Provision D.6 states that the Supervisory Board shall also meet on a regular basis without the Management Board:**  
In view of the current size of the Supervisory Board (three members), informal dialogue among the members of the Supervisory Board is continually taking place. As a result, regular ordinary meetings to deal with matters do not appear necessary or appropriate. If it appears necessary for the Supervisory Board to meet without the Management Board in specific instances, for example to discuss Management Board matters, the Supervisory Board has in the past discussed such matters and reached decisions internally and will continue to do so.
- **Provision D.12 states that the Supervisory Board shall assess, at regular intervals, how effectively the Supervisory Board as a whole and its committees fulfil their duties. The Supervisory Board shall report in the Declaration on Corporate Governance if (and how) the self-assessment was conducted:**  
No regular self-assessment of the Supervisory Board takes place. In view of the current size of the Supervisory Board (three members), such an assessment does not appear to be necessary. Since no committees are formed, self-assessment of the work of committees does not apply as no committees are formed. Accordingly, the Declaration on Corporate Governance does not report on carrying out self-assessment.
- **Provision G.3 states that in order to assess whether the specific total remuneration of Management Board members is in line with usual levels compared to other enterprises, the Supervisory Board shall determine an appropriate peer group of other third-party entities, and shall disclose the composition of that group:**  
The Supervisory Board does not make a peer group comparison. Due to the company's business activity as a listed consultancy and implementation partner for transformation of marketing and sales, it is not possible to properly determine a relevant peer group, meaning that comparisons would be unlikely to be representative.
- **Provision G.10 states that taking the respective tax burden into consideration, Management Board members' variable remuneration shall be predominantly invested in company shares by the respective Management Board member or shall be granted predominantly as share-based remuneration. Granted long-term variable remuneration components shall be accessible to Management Board members only after a period of four years:**  
The existing Management Board contracts are each concluded for a period of three years. The variable components of remuneration are divided into short-term variable remuneration, which is based on annual targets and granted after preparation and auditing of the annual financial

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statements, and long-term variable components of remuneration based on the performance of the share price. These share price-based bonus agreements provide that up to 40 per cent of allocated phantom stocks shall be exercisable after two years over a period of 12 months, and a further 60 per cent after three years over a period of 12 months. After these exercise windows, the phantom stocks expire. The short-term and long-term components of remuneration are paid in cash as part of payroll accounting and are at the disposal of the eligible employee immediately after payment. Investment of the variable compensation in company shares is not mandatory and is at the discretion of the beneficiary.

- **Provision G.11 states that the Supervisory Board shall have the option of taking exceptional circumstances into account within reasonable limits. Where justified, it shall be possible to withhold variable remuneration or reclaim it:**

The variable components of remuneration are not paid until and insofar as the agreed performance targets have been reached. Management Board members are thus rendering advance performance. Accordingly, there are no arrangements in place to change performance targets retrospectively or to claw back variable remuneration components. This does not rule out enforcing recourse claims in the event of misconduct by an individual. In order to take exceptional circumstances into account within reasonable limits, the Supervisory Board reserves the right to modify the performance targets to a reasonable extent, including retrospectively, or to raise or lower them. It may do so in extraordinary unforeseen circumstances, in particular if exceptional share price rises occur, for example as the result of a public offer to acquire SYZYGY shares or related rumours, and if exceptional share price falls occur, for example as the result of a special dividend or a capital reduction with repayment of the common stock.

## **a) Remuneration report / remuneration system**

The SYZYGY AG website at [www.syzygy-group.net/corporate-governance](http://www.syzygy-group.net/corporate-governance) provides publicly accessible information on the current remuneration system for the members of the Management Board in accordance with section 87a (1) and (2) sentence 1 of the German Stock Corporation Act, which was approved by the General Meeting on May 28, 2021, the resolution adopted by the General Meeting on May 28, 2021 in accordance with section 113 (3) of the German Stock Corporation Act and the resolution adopted by the General Meeting on July 11, 2023 on remuneration for members of the Supervisory Board. The same web address provides public access to the remuneration report and the auditor's report in accordance with section 162 of the German Stock Corporation Act.

## **2. Corporate governance practices**

The Management Board of SYZYGY AG runs the business with the due care of a prudent and conscientious businessman, in compliance with the statutory requirements, the provisions of its Articles of Association and the DCGK in accordance with section 161 of the German Stock Corporation Act, with the exceptions stated in the corresponding declaration. There are no relevant corporate governance practices at SYZYGY AG that go beyond these requirements.

## **3. Working methods of the Management Board and Supervisory Board**

### **Dual management system**

As required by law, SYZYGY AG operates a dual management system in which the Management Board manages the company independently, while the Supervisory Board is responsible for monitoring the actions of the Management Board. The two boards are strictly separate, both in terms of the persons appointed to them and their competencies.

### **Composition and working methods of the Management Board**

The Management Board of SYZYGY AG comprises three persons: a Chief Executive Officer (CEO), a Chief Technology Officer (CTO) and a Chief Financial Officer (CFO).

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The Management Board conducts the business of the company in accordance with the law and the Articles of Association. It defines long-term objectives for the Group and its subsidiaries to achieve sustained, profitable corporate growth, develops strategies on that basis and ensures that they are implemented. In doing so, it works closely with the company's Supervisory Board in the context of a trusting relationship.

Each member of the Management Board is responsible for specific business areas, for which he or she takes personal responsibility. When performing their duties the members cooperate and inform each other of important measures and activities in their respective area of responsibility. Responsibility for overall management is borne collectively by all Management Board members.

Management Board meetings may be convened by any member of the Management Board. They are held at regular intervals and additionally as required. The Management Board adopts resolutions by simple majority, unless unanimity is required by law. Management Board resolutions are documented and archived.

The Chair of the Management Board acts as spokesperson. He or she coordinates the individual business areas and represents the company externally.

SYZYG AG has taken out D&O insurance for all members of the Management Board and Supervisory Board. In accordance with the current DCGK, this provides for an excess in the amount prescribed by law.

## **Composition, profile of skills and expertise, and working methods of the Supervisory Board**

The Supervisory Board of SYZYG AG has three members. In line with statutory requirements, they have extensive knowledge of accounting and internal control and risk management systems, auditing and finance, and of sustainability management.

The SYZYG AG Supervisory Board members have the following skills and expertise:

Skills profile	Supervisory Board		
	<b>Antje Neubauer</b> Chairwoman of the Supervisory Board	<b>Dominic Grainger</b> Member of the Supervisory Board	<b>Shahid Sadiq</b> Member of the Supervisory Board
Accounting, internal control and risk management			✓
Auditing and finance		✓	✓
Sustainability	✓		
Innovations		✓	✓
Marketing/communication	✓	✓	
Strategy	✓	✓	✓

The Supervisory Board is also the Audit Committee, chaired by Shahid Sadiq. His required professional qualifications are listed in the table.

Two members of the Supervisory Board also benefit from international business experience and other international connections. The members of the Supervisory Board have also a number of different educational and academic backgrounds.

When performing its duties, the Supervisory Board works together with the company's other bodies for the good of the enterprise. It monitors and advises on the Management Board's actions in terms of legality, regularity, appropriateness and commercial viability.

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The Management Board reports to the Supervisory Board regularly in writing or verbally, providing up-to-date, comprehensive information about recent developments as well as the economic and financial situation of the Group and its subsidiaries. The Supervisory Board is directly involved in all important decisions affecting the SYZYG GROUP.

Supervisory Board meetings are held regularly once a quarter and additionally as required. The ordinary meetings are set and scheduled before the beginning of the year when the financial calendar for the following year is being drawn up. Additional (extraordinary) meetings are convened in writing by the Chair of the Supervisory Board with fourteen days' notice. A written agenda and a presentation are distributed to the members of the Supervisory Board prior to each meeting. Resolutions require a majority of the votes cast or are adopted unanimously, as the case may be.

The company's performance is discussed at every meeting of the Supervisory Board. The Supervisory Board also requests additional information from the Management Board. In particular, the Supervisory Board studies the quarterly reports on a regular basis and approves them following discussion with the Management Board.

The Supervisory Board Chair coordinates the work of the Board and chairs the meetings. Each year he or she outlines the work of the Supervisory Board in his or her report to the shareholders and General Meeting.

More detailed information on the work of the Supervisory Board throughout 2023 can be found in the Report of the Supervisory Board in SYZYG AG's 2023 Annual Report, which will be available from March 28, 2024 on the Group's website at <https://www.syzgy-group.net/investors>.

#### 4. Target figures for equal participation of women and men in management positions

The Management Board and Supervisory Board have already engaged with the DCGK's requirements for greater diversity, in particular for an appropriate consideration of women in managerial positions. When filling managerial positions and when appointing Management Board members and in determining the composition of the Supervisory Board, SYZYG AG is primarily under an obligation to serve the interests of the company; the candidate's qualifications and personal aptitude for the relevant duties must thus be the main consideration when filling vacant positions. Diversity is not defined solely by gender or nationality, but also and especially by professional diversity and a balanced mix of expertise from different specialist areas.

The German "Law on Equal Participation of Women and Men in Management Positions in the Private and Public Sector", which came into force on May 1, 2015, requires the definition of target figures for the female quota on the Supervisory Board, on the Management Board and in the two top management levels below the Management Board. The target figures for the Supervisory Board and Management Board are set by the Supervisory Board, while the figures for the two top management levels are defined by the Management Board. The targets were established for the first time for the period up to September 30, 2015.

At present, the Supervisory Board consists of three members, each with extensive experience in the marketing, communications and software sector, as well as international relationships with clients and agencies. The Supervisory Board consists of one female member and two male members. The target quota of 30 per cent female Supervisory Board members is therefore achieved.

At present, the Management Board of SYZYG AG has a female CEO and two male Management Board members – the Chief Financial Officer (CFO) and the Chief Technology Officer (CTO). The Management Board members have extensive experience in the marketing, communications and software sector, as well as extensive financial expertise. The existing Management Board contracts have each been concluded for a period of three years and end on December 31, 2023. The target quota of 30 per cent female Management Board members is therefore achieved.

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A defined female quota of 30 per cent is exceeded in the first and second management levels below the Management Board at SYZYGY AG. SYZYGY AG is committed to promoting women. With regard to future staff development and the nomination of senior managers, it will take gender diversity into consideration as one of the criteria.

## 5. Diversity statement

### **Description and objectives of the diversity statement**

The diversity statement for the Supervisory Board and Management Board aims in each case to achieve diversity in the composition of these two bodies in relation to background, age, origin and gender. The goal of the diversity statement is to ensure that there is a range of different backgrounds and fields of experience on the Supervisory Board and Management Board, and to boost competitiveness.

### **Implementation of the diversity statements**

The diversity statements for the Supervisory Board and Management Board will be implemented, based on the defined aspects, in the recruitment objectives that the Supervisory Board applies in its decision on election proposals to the General Meeting and on appointments to the Management Board.

### **Diversity-related recruitment objectives for the Management Board**

The Supervisory Board works with the Management Board on succession planning for the Management Board. When appointments are made to the Management Board, as wide a range of knowledge, skills and professional experience as possible (diversity) should be represented in order to meet the following objectives of the diversity statement:

In relation to educational and professional background, particular emphasis is placed on extensive experience in the communications and IT/software sector and on many years of financial expertise. There is no age limit for members of the Management Board.

### **Diversity-related recruitment objectives for the Supervisory Board**

SYZYGY AG aims for maximum company-specific and industry-specific expertise on the Supervisory Board, irrespective of attributes such as age or gender.

The Supervisory Board nevertheless supports an appropriate representation of women on the Supervisory Board. The statutory minimum proportion of 30 per cent is regarded as generally appropriate.

A particular focus in relation to educational and professional background is in-depth knowledge of the communications and digital sector, and an extensive skillset in accounting, audit and internal control procedures.

Due to the international outlook of the SYZYGY GROUP, members with an international background will also be considered when making appointments to the Supervisory Board.

### **Position at the end of the financial year**

The objectives of the diversity statement for the Management Board and Supervisory Board were met in the 2022 financial year through representation of women on the Management Board and Supervisory Board.

Bad Homburg v. d. H., October 31, 2023

The Management Board and Supervisory Board

SYZYGY AG