

# DIVERSITY CONCEPT

## Diversity concept for the Group Executive Management (GEM)

Together with the Nomination & Compensation Committee (NCC) and the GEM, the Board of Directors (BoD) ensures long-term succession planning. From the Board's point of view, the basic criteria for selecting candidates for a GEM position are their professional qualifications for the department to be assumed, convincing leadership qualities, previous achievements and knowledge of the company from the Board's perspective. The BoD has adopted a diversity concept for the composition of the GEM, which also largely takes into account the recommendations of the Swiss Code of Best Practice for Corporate Governance. In the context of considering which personality would best complement the GEM as a committee, the BoD tries not to disregard diversity. The BoD understands diversity as a decision-making aspect in particular regarding different, mutually complementary profiles, professional and life experience, including the international scope. The Board of Directors also considers the following aspects in its decision:

- The members of the GEM shall have many years of leadership experience.
- At least one member of the GEM should have a technical education.
- The GEM as a whole should have many years of experience in the fields of (product) development, sales, finance and human resources management.

The BoD has not set a separate target figure for the proportion of women in the GEM. The GEM reports regularly to the NCC and the BoD on the proportion and development of female executives, especially among senior executives and at the first management level.

The BoD has set an age limit for the members of the GEM. The standard age limit is based on the completion of 65 years of age.

The Board of Directors decides with which person to fill a specific GEM position in the interests of the company and under consideration of all circumstances of the individual case.

All staffing targets for the GEM were achieved in the past financial year. With Mr. Cosimo De Carlo as CEO of EDAG Engineering Group AG, who assumed office on April 15, a member with a technical educational background is represented in the GEM. Mr. Jürgen Vogt continues to act as CFO of the company. Mr. Harald Poeschke's mandate as COO was extended until December 31, 2018, and his function was filled by Mr. Holger Merz with effect from January 1, 2019. Following the 2019 Annual General Meeting, Mr. Merz will also take over the CFO duties from Mr. Jürgen Vogt, who will be available for further assignments until the end of 2019. Mr. Merz has been with the company for almost 20 years and during this time has built up and been responsible for key operational and strategic finance functions, most recently as Head of Group Accounting and Taxes.

All in all, GEM has many years of experience in the areas of (product) development, sales, finance and human resources management. Further details on the professional and educational background of the members of the GEM can be found in the chapter "Members of the Group Executive Board" in the Corporate Governance section of the EDAG Annual Report 2018.

### **Diversity concept for the Board of Directors (BoD)**

Pursuant to Article 15 of the Articles of Association, the BoD consists of at least four members and must consist of an even number of members. The term of office of the Board of Directors corresponds to the legally permissible maximum term of one year and ends with the conclusion of the next Annual General Meeting. Re-election is permissible if the member concerned has not yet reached the age of 70 at the time of election.

The BoD is to be composed in such a way that its members as a whole have the knowledge, skills and experience required for the proper performance of their duties.

To this end, the BoD of EDAG Engineering Group AG has adopted the following specific staffing targets, which also largely take into account the recommendations of the Swiss Code of Best Practice for Corporate Governance. At the same time, these describe the concept with which a diverse composition is aimed at overall (diversity concept):

Members of the BoD shall be

- ideally 2 members with experience or special expertise in the automotive industry or on topics relevant to EDAG Engineering Group AG's future or in foreign markets important for EDAG Engineering Group AG,
- ideally 1 member with in-depth knowledge and experience of the company itself, but not more than 2 former members of the GEM,
- ideally 2 members who have already gained experience as entrepreneurs or managers in the management or supervision of another medium-sized or large company,
- 1 member with extensive expertise in the areas of accounting or auditing

The Board of Directors shall not include any person who exercises an executive function or advisory function for significant competitors of the company. The members of the Board of Directors will, in compliance with applicable law, also endeavour to ensure that no personalities are proposed for election who, due to their other activities and functions outside of EDAG Engineering Group AG, in particular advisory activities or corporate body functions for customers, suppliers, lenders or other business partners, will presumably not only become temporarily involved in a material conflict of interest.

When searching for qualified persons for the BoD who would strengthen the Board as a whole with specialist and management skills, diversity should also be taken into account. In preparing staffing proposals, consideration shall be given, on a case-by-case basis, to which extent different, mutually complementary professional profiles, professional and life experience, including in international scope, and appropriate representation of both genders in the Board of Directors' work benefit from each other. The consideration of qualified women in the composition of the BoD is the responsibility of all those entitled to nominate and vote.

According to the Board of Directors' self-assessment, all requirements of the diversity concept adopted were complied with as best as possible in the past financial year. The staffing targets can be reconciled with the brief profiles of the current members of the Board of Directors given in the Corporate Governance section of the EDAG Annual Report 2018 under "Members of the Board of Directors".

Effective July 18, 2018, Mr. Thomas Eichelmann resigned from his position as Chairman of the Board of Directors with immediate effect. Until the Extraordinary General Meeting on 21 August 2018, Dr. Philippe Weber held the position of Chairman of the Board of Directors for an interim period - at the aforementioned General Meeting Mr. Georg Denoke, Managing Director of ATON GmbH, was proposed and elected as member and Chairman.

More than two members of the BoD have experience in the supervision or management of companies who hold other positions outside the EDAG Group, such as members of administrative or supervisory boards, or who have already held or are active as managers or entrepreneurs. All mandates held by members of the BoD outside the EDAG Group can also be found in the chapter "Members of the Board of Directors" in the Corporate Governance section of the EDAG Annual Report.. In-depth knowledge and experience from the company itself are provided by 2 members of the BoD. With Mr. Georg Denoke as Managing Director and Mrs. Sylvia Schorr as investment manager at ATON GmbH, Munich, who is indirectly majority shareholder of EDAG Engineering Group AG via ATON Austria Holding GmbH, Going am Wilden Kaiser, both are very familiar with the business model of the EDAG Group. In addition, with her appointment as a certified public accountant, Mrs. Schorr possesses considerable expertise in the areas of accounting and auditing. With a women's quota of currently 25 percent, both genders are adequately represented in the BoD.