

German Securities Identification Number (WKN): 549 890 ISIN: DE0005498901

## **Report of the Executive Board and the Supervisory Board on Corporate Governance (Corporate Governance Report)**

### **Dear Shareholders,**

As in the previous year, DATA MODUL AG's Executive Board and Supervisory Board have closely monitored the compliance with the requirements of the May 15, 2012 version of the German Corporate Governance Code in fiscal year 2012.

As a classic medium-sized organization, it is DATA MODUL AG's central concern to constantly add value to the Company, and to achieve this, our customers' and investors' trust is of fundamental importance to us. In order to boost your confidence, it is our top priority to provide transparency in the management of our Company and conduct our daily business in a responsible manner.

DATA MODUL AG's management and controls are based on the German Stock Corporation Act. According to its regulations, the Company is governed by three executive and supervisory bodies: the Annual Shareholders' Meeting, the Executive Board and the Supervisory Board. An external annual audit constitutes another statutory corporate control. DATA MODUL AG's Corporate Governance meets all of these legal requirements and corresponds to a great extent to the recommendations of the May 15, 2012 version of the German Corporate Governance Code. We have also implemented various suggestions stated in the Code.

### **1. Diversity and international aspects**

The Executive Board and the Supervisory Board of DATA MODUL AG take into account the recommendations of the German Corporate Governance Code stating that the supervisory board and the executive board as well as the key management of a company should, inter alia, be composed in such a way that the international nature of operations of the company and its diversity are reflected. This also means including an adequate number of women.

Each member of the Supervisory Board has a distinct international background based on diverse work experience abroad. The Vice Chairman of the Supervisory Board, Mr. Tony Tsoi Tong Hoo, holds the position of Chief Executive Officer at Varitronix International Limited, is Non-Executive Director of China WindPower Group Limited, Non-Executive Director of Zhidao International Limited and Executive Director of ReOrient Group Limited, all listed on the Hong Kong stock exchange. With Mrs. Victoria Hecktor, holding the Chair of the Supervisory Board of DATA MODUL AG and Mrs. Petra Ollhoff representing our employees, one third of the Supervisory Board members of DATA MODUL AG are female.

It is the goal of the Supervisory Board to ensure the international orientation of its members by requiring the candidates recommended for appointment as members of the Supervisory Board to have a strong international background, to be part of an international network as well as to have acquired international experience and focus abroad. The adequate involvement of female members in the Supervisory Board shall be ensured by recommending suitable candidates for appointment.

The Supervisory Board prevents any conflict of interest of its members by reviewing and analyzing their other obligations on a regular basis.

The Supervisory Board of DATA MODUL AG also ensures diversity in the composition of the Executive Board and aims at safeguarding an appropriate quota of female members. The same applies when filling key management positions: Here as well, the Executive Board will aim at diversity, and female applicants shall receive appropriate consideration. In cases where the position is to be occupied by an external candidate, the Company will instruct the recruiting company it may engage to that effect to particularly consider qualified female candidates.

Currently, various key executives at DATA MODUL AG are women, including the head of Corporate Accounting, Human Resources, the Marketing and Communications and Investor Relations departments. In order to ensure an even stronger involvement of women in key executive positions in the future, DATA MODUL AG helps to reconcile work and family life and has therefore introduced various part-time and flexi-time work schemes.

The Supervisory Board, the Executive Board and other key executives of DATA MODUL AG are always welcome to take advantage of any appropriate opportunities for further development and training. In the year 2012, DATA MODUL AG organized various training events for the second-tier executive management level. Other similar events are planned for 2013.

## **2. Declaration on compliance with the Corporate Governance Code (Compliance Statement as per Sec. 161 AktG [German Stock Corporation Act])**

The Executive Board and Supervisory Board of DATA MODUL AG declare past and future compliance with all but the following recommendations of appropriate behavior set forth by the "Government Commission of the German Corporate Governance Code" as amended on May 15, 2012, and published in the official section of the "Elektronischer Bundesanzeiger" [Electronic German Federal Gazette] by the Federal Ministry of Justice:

### **- Art. 2.3.2**

The Company does not communicate electronically the call for an Annual Shareholders' Meeting and related documents to all financial service providers, shareholders, and shareholder associations in Germany and abroad because the Annual Shareholders' Meeting has not yet approved of this procedure.

### **- Art. 3.8**

The Company has covered the members of the Executive Board and the Supervisory Board by a D & O Liability Insurance. The members of the Supervisory Board, however, are not required to pay a deductible because the Company does not consider a deductible a positive controlling instrument that would further the proper execution of the Supervisory Board's mandate.

### **- Art. 4.2.3**

There are no contractual agreements with members of the Executive Board governing the premature termination of management duties without due cause or a maximum severance. The Supervisory Board believes that this is not appropriate due to the fact that the members of the Executive Board usually do not have any control over a decision to terminate agreements without due cause.

Should a member of the Executive Board leave the Executive Board as a result of a change in control, that member is entitled to the remainder of his full salary until the end of his contractual period. The variable component is not limited to 150% of his salary of two prior years. A member of the Executive Board shall not actively influence the majority shareholdings among the shareholders. Therefore, if a member of the Executive Board leaves the Executive Board as a result of a change in control, it is appropriate that this

member receive the remainder of his full salary until the end of the term of his contract and that his salary not be limited to one-and-a-half times his salary of two prior years.

The key features of the Executive Board's remuneration are detailed in the Management Report and in the Notes to the Financial Statements and are therefore available to all shareholders, both in print and via the Internet. Therefore, no additional information regarding the basic features of the remuneration system and its changes is provided in the Annual Shareholders' Meeting.

**- Art. 5.1.2**

No age limit has been set for members of the Executive Board in order to not to restrict the selection of qualified candidates for this position.

**- Art. 5.1.3**

The Supervisory Board does not have its own code of procedure. The Executive Board has a code of procedure stating those business transactions that require the Supervisory Board's prior approval. Since the Executive Board and the Supervisory Board discuss the course of business on a regular basis, and the Supervisory Board comprises three members only, a separate code of procedure for the Supervisory Board is not required.

**- Art. 5.3.1**

The Supervisory Board has not installed any additional committees, but performs the listed duties itself. For a Supervisory Board consisting of only three members, this is most efficient and appropriate.

**- Art. 5.3.2**

The Supervisory Board has not formed a separate audit committee but performs this function itself. For a Supervisory Board consisting of only three members, this is most efficient and appropriate.

**- Art. 5.3.3**

The Supervisory Board has not installed a separate nomination committee but performs the listed activities itself. For a Supervisory Board consisting of only three members, this is most efficient and appropriate.

**- Art. 5.4.1**

No age limit has been set for members of the Supervisory Board in order to not to restrict the selection of candidates qualified for this position.

Munich, March 2013

The Executive Board of DATA MODUL AG  
The Supervisory Board of DATA MODUL AG