

# STATEMENT ON CORPORATE GOVERNANCE

The actions of Cherry AG's Management and Supervisory Boards are defined by the principles of good and responsible corporate governance. The Management Board and the Supervisory Board of Cherry AG report below on corporate governance in accordance with Principle 22 of the German Corporate Governance Code (GCGC) and Sections 289f and 315d of the German Commercial Code (HGB).

## A. Declaration of compliance with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG)

The Management Board and the Supervisory Board of Cherry AG have jointly issued the following declaration pursuant to Section 161 of the German Stock Corporation Act (AktG):

The recommendations contained in the "Government Commission on the German Corporate Governance Code" in the version dated December 16, 2019 ("GCGC 2020"), published by the Federal Ministry of Justice and Consumer Protection in the official section of the Federal Gazette on March 20, 2020, have been complied with since June 15, 2021 (date of the securities prospectus for the public offering of the shares of the Company for admission to trading on the regulated market of the Frankfurt Stock Exchange) and will continue to be complied with.

Munich, December 15, 2021

Cherry AG

The Management Board

The Supervisory Board

The Declaration of Compliance is available on the Company's website at <https://ir.cherry.de/home/corporate-governance/>.

## B. Remuneration system and remuneration report

The remuneration system for the members of the Management Board of Cherry AG to be approved by the Annual General Meeting of the Company, which is expected to be held on June 8, 2022, pursuant to Section 87a AktG, and the resolution to be adopted by the Annual General Meeting pursuant to Section 113 (3) AktG on the remuneration of the members of the Supervisory Board of Cherry AG will be made publicly available on the Company's website at <https://ir.cherry.de/home/corporate-governance/>. The remuneration report and the auditor's report pursuant to Section 162 AktG will also be made publicly available at the same internet address.

## C. Relevant disclosures regarding corporate governance practices

### Sustainability

Sustainability is a strategically relevant topic at Cherry AG, which is to be integrated in the business model with the respective impacts on the economic, ecological, and social environment. An ongoing dialog with sustainability stakeholders is considered both relevant and important. On the one hand, this involves requirements, expectations, and information flowing into the Company from the outside and, on the other hand, the Company itself communicating information to the outside.

To date, the Management Board and the Supervisory Board have not yet adopted a Group-wide sustainability strategy. In the 2021 fiscal year, the most significant issues were identified in a materiality analysis. These topics will be reported on separately in an annual non-financial statement.

### Principles of lawful conduct

From its humble beginnings as a family business founded by Walter Cherry in 1953, the Company has grown to become an international leader in the field of computer input devices. The Cherry brand is synonymous with outstanding quality, innovation, and technological expertise in a spirit of open, fair partnership.

Legality is one of the Company's steadfast values and of elementary importance to society. Cherry AG expects its employees to comply fully with all legal requirements at all times and violations of applicable law will not be tolerated. The principle of "zero tolerance" applies at all times. To underline the importance of this principle, Cherry AG has stated its position regarding legal requirements and ethical issues in its Code of Business Conduct. Cherry AG provides its employees with the Code of Business Conduct as a binding guide to ensure compliant behavior. It outlines the basic standards to which the employees of Cherry AG and the Group are expected to adhere. Should employees of Cherry AG have any doubts in individual cases as to whether a decision complies with the requirements of the Code of Business Conduct, they are requested to ask their manager or the Compliance Officer in their country for advice.

The Code of Business Conduct was published in July 2021 and is available on the Cherry AG website at <https://www.cherry-world.com/about-cherry/code-of-business-conduct.html>.

### Code of Business Conduct

The Code of Business Conduct of Cherry AG defines the lawful conduct of all employees of the Cherry Group and the responsibility of each employee to protect the reputation of the enterprise as elementary principles. The Code of Business Conduct contains rules and explanations on the following topics:

- Avoiding conflicts of interest
- Handling information, particularly the confidential handling of documents
- Consideration of data protection and information security requirements
- Compliance with money laundering regulations
- Handling insider information
- Conduct towards business partners and third parties, particularly compliance with competition and antitrust law requirements
- Relationships with suppliers and customers
- Bribery and corruption
- Donations and sponsoring
- Media and the general public
- Conduct towards employees, particularly mutual respect and anti-discrimination
- Human rights, child labor and forced labor
- Employee rights
- Product quality and product safety
- Occupational health and safety and environmental protection
- Compliance with applicable export and customs regulations

The employees of the Cherry Group are regularly informed on current issues relating to the Code of Business Conduct and made aware of individual topics through suitable training.

If employees have any questions or suspicions, they can contact their line manager or the Compliance department at any time.

### Risk management and control system

Corporate activity is constantly exposed to risks that can be detrimental to achieving the objectives of the enterprise. For this reason, Cherry has implemented a risk management system for the purpose of identifying and counteracting any risks potentially capable of negatively impacting or jeopardizing the enterprise as swiftly as possible.

Cherry also has an efficient planning and reporting system in place, as well as a tool for monitoring product and customer profitability. Monthly, weekly, and daily reports provide regular information on the Company's net assets, financial position, and results of operations. In order to assess risks, corporate planning considers

alternative scenarios for the possible development of the Group's individual subsidiaries as well as for the enterprise as a whole. Liquidity and outstanding receivables are monitored on the basis of regular assessments and reports.

Analyses of the market and the competition serve to make risks more transparent. Moreover, regular internal meetings ensure that risks can be identified promptly and managed in an appropriate manner.

Business and financial developments as well as any potential risks and possible countermeasures are all discussed at regular fortnightly management meetings, monthly financial meetings with the Group's subsidiaries, and Supervisory Board meetings (at least four times a year), as well as at four meetings of the Audit Committee annually. In addition, regular conference calls are held between the Chairman of the Supervisory Board and the Chairman of the Management Board to discuss any undesirable developments and risks that may arise.

Internal control mechanisms include strict compliance regulations, comprehensive risk limitation by means of appropriate hedging instruments, and the use of dual control principles.

As a basic principle, the Cherry Group cultivates an open risk culture. Any potential risks, whether existing or anticipated, are dealt with in a timely manner, including in particular any threats resulting from the advance of digitalization. With this point in mind, Cherry places great emphasis on measures such as targeted training designed to mitigate cyber risks and defend against hacker attacks.

## **D. Description of the working procedures of the Management Board and Supervisory Board and the composition and working procedures of their committees**

A fundamental principle of German stock corporation law is the dual management system, which stipulates a Management Board as the executive body and a Supervisory Board as the monitoring body. Tasks and responsibilities are clearly divided between the Management Board and the Supervisory Board.

### **I. The Management Board of Cherry AG**

#### **1. Working procedures of the Management Board**

The members of the Management Board are required to manage the business with the due care and diligence of a prudent and conscientious manager in accordance with applicable law, the GCGC, the Articles of Incorporation and the Management Board's Rules of Procedure. The Management Board of Cherry AG comprises two members, who are appointed by the Supervisory Board. The Chairman of the Management Board is Rolf Unterberger. The Management Board is governed by the Rules of Procedure issued by the Supervisory Board and the Schedule of Responsibilities for the allocation of duties attached thereto as an annex. The two members of the Management Board are individually accountable for managing their areas of responsibility.

Notwithstanding the allocation of duties, a resolution of the full Management Board is required in matters for which the law, the Articles of Association of Cherry AG, or the Rules of Procedure require a decision by the full Management Board.

The Management Board is required to hold regular meetings, which are convened by the Chairman of the Management Board. Meetings must also be held if the welfare of the Company so requires or if a member of the Management Board requests that a meeting be convened, stating the subject matter of the meeting.

The Management Board adopts resolutions by a simple majority of the votes of its members, unless otherwise required by law. In the event of a tie, the Chairman of the Management Board has the casting vote.

The members of the Management Board are required to act solely in the best interests of the Company. In making their decisions, they may neither pursue personal interests nor exploit business opportunities relating to the Company for themselves, for a natural person or legal entity closely associated with them, or for any other institution or association in which, or for which, they work.

The express prior consent of the Supervisory Board is required for certain matters defined in the Management Board's Rules of Procedure. These include the following transactions and measures:

- Significant changes to, expansions of, or restrictions to the Company's line of business or the addition of new lines of business that differ substantially from the Company's current range of products, services, and sales
- The conclusion, amendment, and termination of joint venture agreements, cooperation agreements, framework agreements, inter-company agreements as defined under sections 291 et seq. AktG (including agreements on silent partnerships), participating loans, or similarly far-reaching agreements that go beyond the ordinary course of business
- The establishment, acquisition, closure, and disposal (including the commitment to do so) of operations, parts of operations, or branches of the Company or its subsidiaries
- The transacting of investments in fixed assets involving capital expenditure in excess of EUR 250,000
- Disposals of individual items of fixed assets, if the relevant carrying amount exceeds EUR 250,000, or if the individual sale price exceeds EUR 250,000
- The acquisition of, or the commitment to acquire, shareholdings in companies of whatever kind or undertaking, the founding of new companies, the sale of, or the commitment to sell, shares in subsidiaries, or any other type of disposition of such shares, or the commitment to do so, as well as the liquidation of subsidiaries and the closure of branches
- The acquisition, disposal, encumbrance, or other disposition of or over real estate and rights equivalent to real estate, or the commitment to do so
- Other measures of fundamental corporate significance

The Supervisory Board of Cherry AG may also make further transactions or measures subject to approval (see also section D.III).

## 2. Composition of the Management Board

On December 31, 2021, the Management Board of Cherry AG comprised the following members:

### Rolf Unterberger (born 1966)

- Chairman of the Management Board, Chief Executive Officer (CEO), and Chief Sales Officer (CSO)
- First appointment (with effect from): June 2, 2021 (previously Managing Director of Cherry Holding GmbH since May 2018)
- Appointed until: June 30, 2025
- Memberships in legally required supervisory boards or comparable domestic or foreign supervisory bodies of business enterprises (as at December 31, 2021):
  - Chairman of the Advisory Board of ASSMANN Holding GmbH, Lüdenscheid

### Bernd Wagner (born 1961)

- Chief Financial Officer (CFO) and Chief Operations Officer (COO)
- First appointment (with effect from): June 2, 2021 (previously Managing Director of Cherry Holding GmbH since November 2017)
- Appointed until: June 30, 2025
- Memberships in legally required supervisory boards or comparable domestic or foreign supervisory bodies of business enterprises (as at December 31, 2021): None

The curricula vitae of the members of the Management Board are published and regularly updated on the Company's website at <https://ir.cherry.de/home/equity-story/>.

## 3. Age limit

The Rules of Procedure for the Cherry AG Management Board stipulate that no member of the Management Board may be older than 67 years.

## 4. Long-term succession planning

Together with the Management Board, the Supervisory Board of Cherry AG ensures that long-term succession planning is in place. The planning is based on discussions with members of the Management Board and

impressions of executives presented at meetings of the Cherry AG Supervisory Board. The method enables the Supervisory Board of Cherry AG to form an impression of potential successors within the Group.

## II. The Supervisory Board of Cherry AG

### 1. Supervisory Board working procedures

The Supervisory Board of Cherry AG comprises seven members. The Chairman of the Supervisory Board is Marcel Stolk. The Supervisory Board appoints the members of the Management Board of Cherry AG and advises the Management Board on the proper management of the Company. The Supervisory Board and the Management Board have jointly established Rules of Procedure.

The Supervisory Board of Cherry AG conducts its business in accordance with the law, taking into account the provisions of the Articles of Association and the Rules of Procedure. The Supervisory Board of Cherry AG and its individual members also follow the recommendations of the GCGC. The Supervisory Board works closely and in a spirit of trust with the Management Board in the best interest of the Company.

The Supervisory Board of Cherry AG convenes at least twice per calendar half-year. As a rule, resolutions are passed during these meetings. The Supervisory Board is quorate if at least half of the members of which the Board is required to consist, and in any event at least three members, participate in the adoption of resolutions. The resolutions of the Supervisory Board are adopted by a simple majority of the votes cast, unless otherwise required by law. Abstentions are not considered as votes cast in this context. If a vote in the Supervisory Board results in a tie, any Supervisory Board member is entitled to demand a new vote on the same issue. If the new vote also results in a tie, the Chairman of the Supervisory Board shall have the casting vote. The Deputy of the Supervisory Board does not have this right.

Each member of the Supervisory Board is required to disclose to the Supervisory Board any existing and/or potential conflicts of interest, in particular those that may arise due to the exercising of a consulting or board function with customers, suppliers, lenders, or other business partners.

The Supervisory Board is required to form an Audit Committee, a Nomination Committee, and a Personnel and Remuneration Committee from among its members.

The Supervisory Board's Rules of Procedure, which contain detailed provisions on convening and holding Supervisory Board meetings as well as on the formation of its committees, are available on the Cherry AG website at <https://ir.cherry.de/home/corporate-governance/>.

### 2. Composition of the Supervisory Board

In the 2021 fiscal year, the following people were members of the Supervisory Board of Cherry AG:

#### Marcel Stolk (born 1967)

- Chairman of the Supervisory Board
- Member since: May 25, 2021
- Elected until: End of the Annual General Meeting 2026
- Principal occupation: Independent consultant
- Memberships in legally required supervisory boards or comparable domestic or foreign supervisory bodies of business enterprises (as at December 31, 2021): None

#### Jim Burns (born 1964)

- Deputy Chairman of the Supervisory Board
- Member since: May 25, 2021
- Elected until: End of the Annual General Meeting 2026
- Principal occupation: Independent consultant
- Memberships in legally required supervisory boards or comparable domestic or foreign supervisory bodies of business enterprises (as at December 31, 2021): None

#### Joachim Coers (born 1965)

- Member since: May 25, 2021
- Elected until: End of the Annual General Meeting 2026

- Principal occupation: Investor
- Memberships in legally required supervisory boards or comparable domestic or foreign supervisory bodies of business enterprises (as at December 31, 2021):
  - KAP AG, Fulda, Germany: Member of the Supervisory Board, Chairman of the Audit Committee
  - ensian group GmbH, Leutkirch im Allgäu, Germany: Member of the Advisory Board

#### **Heather Faust (born 1979)**

- Member since: May 25, 2021
- Elected until: End of the Annual General Meeting 2026
- Principal occupation: Managing Partner at Argand Partners, LP, New York, New York, United States of America
- Memberships in legally required supervisory boards or comparable domestic or foreign supervisory bodies of business enterprises (as at December 31, 2021):
  - Grosse Point Beacon Acquisition, Inc., Delaware, United States of America: Chairwoman of the Board of Directors
  - OASE Management GmbH, Steinfurt, Germany: Chairwoman of the Advisory Board
  - Tensar Corporation, Alpharetta, Georgia, United States of America: Member of the Board of Directors
  - Sigma Electric Manufacturing Corporation, Garner, North Carolina, United States of America: Member of the Board of Directors
  - Concrete Pumping Holdings, Inc., Thornton, Colorado, United States of America: Member of the Board of Directors

#### **Steven M. Greenberg (born 1970)**

- Member since: May 25, 2021
- Elected until: End of the Annual General Meeting 2026
- Principal occupation: Patent Attorney, [Partner at Shutts & Bowen LLP, West Palm Beach, Florida, United States of America]
- Memberships in legally required supervisory boards or comparable domestic or foreign supervisory bodies of business enterprises (as at December 31, 2021):
  - Ardent Medical Corporation, Boynton Beach, Florida, United States of America: President
  - CRGO Global, Boca Raton, Florida, United States of America and Bruxelles, Belgium: President

#### **Tariq Osman (born 1978)**

- Member since: May 25, 2021
- Elected until: End of the Annual General Meeting 2026
- Principal occupation: Private equity investor
- Memberships in legally required supervisory boards or comparable domestic or foreign supervisory bodies of business enterprises (as at December 31, 2021): None

#### **Dino Sawaya (born 1983)**

- Member since: May 25, 2021
- Elected until: End of the Annual General Meeting 2026
- Principal occupation: Investment Advisor at Argand Partners, LP, New York, New York, United States of America
- Memberships in legally required supervisory boards or comparable domestic or foreign supervisory bodies of business enterprises (as at December 31, 2021):
  - Seybert's Billiards Corporation, Coldwater, Michigan, United States of America: Member of the Board of Directors
  - Apartment Guardian Inc., Los Angeles, California, United States of America: Member of the Board of Directors
  - OASE Management GmbH, Steinfurt, Germany: Member of the Advisory Board

The curricula vitae of the members of the Supervisory Board are published on the Cherry AG website at <https://ir.cherry.de/home/equity-story/> and updated on a regular basis.

### 3. Age limit

The Rules of Procedure for the Supervisory Board of Cherry AG stipulate that Supervisory Board members may not hold office for longer than the end of the Annual General Meeting following their 72nd birthday.

### 4. Self-assessment

The Supervisory Board of Cherry AG regularly assesses the efficiency of its work. In addition to the quality-related criteria defined by the Supervisory Board, the efficiency assessment focuses primarily on the Supervisory Board's procedures and the provision of sufficiently detailed information to the Supervisory Board in a timely manner. A self-evaluation is planned in 2022.

The Supervisory Board conducts the self-assessment in an open discussion at a meeting of the full Supervisory Board. A company-specific questionnaire covering the essential aspects required for a self-assessment serves as a basis for the discussion.

### 5. Audit Committee

In order to increase the efficiency of its work, the Supervisory Board of Cherry AG has established an Audit Committee, which consists of three members. The members of the Audit Committee are Jim Burns, Heather Faust, and Dino Sawaya. The Chairman of the Audit Committee is Jim Burns. The Audit Committee is responsible for monitoring the financial reporting process, the effectiveness of the internal control system, the risk management system, the internal audit system, and the audit of the financial statements, including in particular the selection and independence of the auditor and the additional services provided by the auditor. The Audit Committee may make recommendations or suggestions to ensure the integrity of the financial reporting process. Furthermore, the Audit Committee monitors and reviews the compliance management system and the compliance measures taken by the Management Board and deals with any compliance cases in which the Management Board is personally involved. Moreover, it makes decisions on behalf of the Supervisory Board regarding the approval of contracts (with the exception of employment or service contracts), other legal transactions, and investments up to the limit of twice the amount that can, in certain cases, trigger the approval requirement under the Management Board's Rules of Procedure.

### 6. Nomination Committee

The Nomination Committee consists of three members, i.e. Steven M. Greenberg, Tariq Osman, and Dino Sawaya. The Chairman is Steven M. Greenberg. The Nomination Committee meets as often as required and proposes suitable candidates to the Supervisory Board for its election proposals to the Annual General Meeting. Any proposals take into account the Company's international operations, any potential conflicts of interest, and diversity. The Nomination Committee also prepares the regular efficiency assessment of the Supervisory Board and assists the Chairman regarding internal matters of the Supervisory Board.

### 7. Personnel and Remuneration Committee

The Personnel and Remuneration Committee consists of three members, i.e. Heather Faust, Joachim Coers, and Tariq Osman. The Chairwoman is Heather Faust. The Personnel and Remuneration Committee meets as often as required, determines and assesses the remuneration systems for the members of the Management Board, and proposes them to the shareholders for approval. The Personnel and Remuneration Committee proposes specific targets and reviews the annual achievement of the short-term incentive and long-term incentive targets. It reviews and, if required, proposes adjustments to the remuneration of the members of the Management Board, reviews and proposes internal and external candidates to potentially succeed the members of the Management Board, and decides on behalf of the Supervisory Board on granting approval to appoint new senior executives of the Cherry Group with an annual remuneration up to the limit of twice the amount that can, in certain cases, trigger the approval requirement under the Rules of Procedure for the Management Board.

### 8. Competence profile

In accordance with Recommendation C.1 GCGC, the Supervisory Board is required to specify concrete objectives for its composition and develop a competence profile for the entire body, paying due attention to the topic of diversity. In its respective application of Recommendation C.1 GCGC, the Supervisory Board of Cherry AG has drawn up corresponding objectives for its composition and developed a competence profile.

The Supervisory Board as a whole is required to have competences that are deemed essential in view of Cherry AG's activities, including in particular in-depth experience and knowledge in the following:

- Management of a large or medium-sized company operating on an international basis
- Industrial business and value creation involving various value chains
- Research and development, particularly in the technologies relevant to the Company
- Production, marketing, sales, and digitalization
- The main markets in which the Cherry Group operates
- Accounting and financial reporting
- Controlling and risk management
- Governance and compliance

#### 9. Diversity

The Supervisory Board of Cherry AG endeavors to achieve sufficient diversity in terms of personality, gender, nationality, professional background, expertise, experience, and age.

In the process of selecting and nominating candidates for Supervisory Board membership, the Supervisory Board and the Nomination Committee take into account both the composition targets and the requirements set out in the competence profile and the diversity concept. In the opinion of the Supervisory Board, its current composition meets the composition targets and fulfills the requirements of both the competence profile and the diversity concept. The members of the Supervisory Board possess all the professional and personal qualifications deemed necessary. In their entirety, they are familiar with the sector in which Cherry operates and possess the essential knowledge, skills, and experience. A considerable proportion of Supervisory Board members either work internationally or have many years of international experience.

#### 10. Independence

More than half of the shareholder representatives on the Supervisory Board are required to be independent of the Company and the Management Board as defined in the GCGC. Furthermore, at least two shareholder representatives are required to be independent of a controlling shareholder as defined in the GCGC. In the opinion of the Supervisory Board of Cherry AG, all its members are independent of the Company and the Management Board. Moreover, Marcel Stolk, Jim Burns, Joachim Coers, Steven M. Greenberg, and Tariq Osman constitute five members of the Supervisory Board who are independent of a controlling shareholder. The Supervisory Board is therefore composed of what it considers to be an appropriate number of independent members. The Chairman of the Audit Committee, Jim Burns, is independent of the Company, the Management Board, and the controlling shareholder as defined in Recommendation C.10 GCGC.

### III. Cooperation between the Management Board and the Supervisory Board of Cherry AG

In accordance with statutory provisions, the Articles of Association and the Rules of Procedure of the Supervisory Board and the Management Board, the Management Board is required to report to the Supervisory Board of Cherry AG as well as at the request of the Supervisory Board in certain cases. Management Board reports must be prepared with due care and provide a true representation of the situation.

At least once a year, the Management Board is required to report on its intended business policy and other fundamental issues of corporate planning for both the Company and the Group as a whole.

In connection with the Supervisory Board's resolution on the annual financial statements and the consolidated financial statements (the so-called balance sheet meeting), the Management Board is required to report on the profitability of both the Company and the Group, in particular on the return on equity.

The Management Board is required to report regularly, at least quarterly, on the course of business, in particular on revenue and the situation of the Company and the Group. This includes reporting on the current development of the results of operations, financial position and net assets, personnel development, significant risks to the Group and individual Group units, and compliance.

The Management Board is also required to report to the Supervisory Board on other key matters in a prompt manner. The Management Board's Rules of Procedure also set out further requirements regarding its reporting to the Supervisory Board.

The Management Board is required to report on all transactions that may be of significance regarding the profitability or liquidity of the Company and/or the Group. As a rule, these reports are to be submitted in text form and, to the extent possible, in sufficient time to give the Supervisory Board the opportunity to comment on them before the business is transacted.

In the Management Board's Rules of Procedure, the Supervisory Board of Cherry AG has determined that certain transactions or types of transaction may only be carried out with the approval of the Supervisory Board (for transactions requiring approval, see section 1 above). The Supervisory Board may grant approval for a specific category of transactions on a revocable basis in general, or in advance if an individual transaction meets certain requirements.

## **E. Diversity**

### **I. Gender-related composition of the Supervisory Board, the Management Board, and executive levels below the Management Board**

Pursuant to Section 111 (5) of the German Stock Corporation Act (AktG), on June 14, 2021, the Supervisory Board of Cherry AG set a target of at least 20% for the proportion of female members on the Supervisory Board by no later than June 13, 2026. On June 14, 2021, the Supervisory Board of Cherry AG also set a target of at least 20% for the proportion of female members on the Management Board by no later than June 13, 2026.

Pursuant to Section 76 (4) of the German Stock Corporation Act (AktG), the Management Board of Cherry AG has set a target for the proportion of women in the first executive level below the Management Board at a minimum of 10% (this currently corresponds to 2 women), which must be achieved by the yearend 2026. Cherry AG does not have a second executive level below the Management Board.

### **II. Diversity concept regarding the composition of the Management Board and the Supervisory Board of Cherry AG**

In accordance with Recommendation C.1 GCGC, the Supervisory Board of Cherry AG is endeavoring to achieve sufficient diversity in terms of personality, gender, nationality, professional background, expertise, experience, and age.

Moreover, in accordance with recommendation B.1 GCGC, the Supervisory Board of Cherry AG is giving due consideration to the topic of diversity in the composition of the Management Board.

A diversity concept has been drawn up for the Management Board and the Supervisory Board of Cherry AG, which is described below. Diversity is aspired to in terms of age, gender, education, professional background, and international experience.

#### **1. Age**

A mixture of experience and new ways of thinking is required in order to serve on either the Supervisory Board or the Management Board. For this reason, the Management Board and the Supervisory Board of Cherry AG are required to consist of a mixture of experienced and new incoming members. This strategy will not only ensure an adequate transfer of knowledge, but also help to gain new insights.

#### **2. Gender**

The fundamental aim is to encourage an adequate mixture of women and men on the Management Board and the Supervisory Board of Cherry AG and to consider whether the proportion of women on the two boards can be increased by the addition of suitable female candidates. Ultimately, however, expertise and the relevant qualifications are the decisive criteria for membership in both of these bodies.

#### **3. Education and professional background**

At least one member of the Cherry AG Management Board is required to have experience in fields essential to the Company, including:

- Management of a large or medium-sized company operating on an international basis

- Industrial business and value creation involving various value chains
- Research and development, particularly in technologies relevant to the Company
- Production, marketing, sales, and digitalization
- The main markets in which the Cherry Group operates

Furthermore, one member in each case should have experience in corporate governance, law, compliance, and/or financial reporting and auditing to reflect the specific requirements of a capital market-oriented enterprise.

As a whole, the Supervisory Board of Cherry AG is required to have competences that are deemed essential to the activities of the Company, including in particular the experience and knowledge described in the competence profile of the Supervisory Board (see section D.II.1.).

In future, at least one member of the Supervisory Board will be required to have expertise in the field of financial reporting and at least one further member must have expertise in the field of auditing. Furthermore, the members of the Supervisory Board as a whole must be familiar with the sector in which Cherry AG operates.

#### 4. International experience

As an international company, Cherry AG operates in a variety of markets worldwide. The members of the Cherry AG Management Board need to have gained international experience through their origin, their education, or their professional careers.

An appropriate number of members of the Supervisory Board of Cherry AG must also have gained experience in internationally operating companies as a result of their education or their professional activities.

#### 5. Implementation status

The diversity concept for the Management Board is being implemented in the process of appointing its members. The Supervisory Board and the Personnel and Remuneration Committee are required to take into account the prerequisites set out in the diversity concept for the Management Board when selecting or proposing candidates for appointment to the Management Board.

In its current composition, the Management Board meets the key requirements of the diversity concept. All in all, the members of the Management Board possess a broad range of knowledge and experience as well as educational and professional backgrounds and also have the requisite international experience. The Management Board as a whole possesses all the knowledge and experience deemed essential for the proper management of the Company's operations.

In the process of selecting and nominating candidates for Supervisory Board membership, the Supervisory Board and the Nomination Committee take into account the composition targets and the requirements set out in the competence profile and the diversity concept. In the opinion of the Supervisory Board, its current composition meets the composition targets and fulfills the requirements of both the competence profile and the diversity concept. The members of the Supervisory Board possess all the professional and personal qualifications deemed necessary. In their entirety, they are familiar with the sector in which Cherry operates and possess the essential knowledge, skills, and experience. A considerable proportion of Supervisory Board members either work internationally or have many years of international experience.

## F. Financial reporting, audit of financial statements

Cherry AG prepares its consolidated financial statements and interim financial statements in accordance with International Financial Reporting Standards (IFRS) as practiced within the European Union. After preparation by the Management Board, the financial statements are audited by the auditor elected by the Annual General Meeting. Based on the audit reports and the documents relating to the consolidated financial statements, the Supervisory Board approves the consolidated financial statements, subject to a preliminary review by its Audit Committee if deemed necessary. The consolidated financial statements are then adopted accordingly. The Management Board discusses interim statements and half-year reports with the Audit Committee of the Supervisory Board of Cherry AG prior to publication.

## G. Transparency

Cherry AG places great importance on the uniform, comprehensive, and prompt disclosure of information. Cherry AG reports on its business performance and results in the form of annual reports, quarterly statements, and half-year reports, as well as at the annual analysts' and investors' conference and by means of regular conference calls. It also provides information in the form of press releases and ad hoc announcements as well as other mandatory publications to the extent required by law. Cherry AG keeps insider lists. The respective persons concerned either have been, or will be, informed of the legal obligations and sanctions.

Under Art. 19 of the EU Market Abuse Regulation, members of the Management Board, the Supervisory Board, and any persons closely associated with them are required to disclose any proprietary transactions in shares, debt instruments, their related derivatives, or other financial instruments. The directors' dealings transacted in the year under report are available at <https://ir.cherry.de/home/corporate-governance/>.