

# Report of the Supervisory Board



Dear Shareholders,

I would like to take this opportunity to inform you of the Supervisory Board's work over the past financial year.

## Cooperation Between the Board of Management and the Supervisory Board

In the reporting year, the Supervisory Board diligently fulfilled its duties under applicable law and the company's Articles of Incorporation. The Supervisory Board continually advised the Board of Management, supervised its management of the company, and ensured that all actions taken were legal and proper and served their intended purpose. The Board of Management fulfilled its informational duties at all times and regularly, promptly, and comprehensively informed the Supervisory Board, both in writing and orally, of all issues relating to strategy, planning, business performance, risk exposure, risk development,

and compliance that were of material importance to the company and the INDUS Group. This included information concerning the straying of actual developments from previously reported goals and of actual business performance from the originally communicated planning as well as information relating to significant other events.

The members of the Supervisory Board always had sufficient opportunity to critically review, in their plenary sessions and committees, the reports and proposed resolutions presented by the Board of Management, and to introduce suggestions of their own. This kept them informed of current business performance and asset development at all times. Matters to which the Supervisory Board devoted its attention included, in addition to corporate, financial, and investment planning, the company's risk exposure and risk management. Where necessary due to the law, the Articles of Incorporation, or the

rules of procedure, the Supervisory Board provided approval on a case-by-case basis for business transactions requiring approval. Between board meetings, the Chairwoman of the Audit Committee and in particular the Supervisory Board Chairman also engaged in an intensive exchange of information and ideas with the Board of Management and regularly kept themselves informed of significant company developments as they happened. The Supervisory Board as the supervisory body was always included in all fundamental decisions.

## Composition of the Supervisory Board

There have been no changes to the composition of the Supervisory Board compared to the previous year. Details regarding the composition of the Supervisory Board and its committees can be found on page 9 in the section “Management Bodies” and on page 194 et seq. in the section “Further Information on the Board Members” of the Annual Report, as well as on the INDUS website.

## Meeting Frequency and Attendance

Six ordinary meetings and one extraordinary Supervisory Board meeting were held in the 2020 financial year. In view of the COVID-19 pandemic, the meetings were generally held as video conferences. Only one meeting was held as a face-to-face meeting. In addition, the resolutions of the shareholder representatives on the Supervisory Board on independence were adopted in a conference call on March 9. The Board of Management attended all Supervisory Board meetings except for the aforementioned conference call for shareholder representatives, although the Supervisory Board also regularly discussed agenda items without the Board of Management. Apart from one excused absence of a member at the Personnel Committee meeting and the Supervisory Board meeting on September 24, 2020, all members of the Supervisory Board and the committees always took part in all meetings of the Supervisory Board and its committees.

## Conflicts of Interest

There were no indications that members of the Supervisory Board or Board of Management had conflicts of interest, which must be promptly disclosed to the Supervisory Board and of which the Annual Shareholders’ Meeting is to be informed.

### SUPERVISORY BOARD MEETINGS AND WORK OF THE COMMITTEES IN THE 2020 FINANCIAL YEAR

	Participation	in %
<b>Supervisory Board</b>		
Jürgen Abromeit (Chairman)	7/7	100
Wolfgang Lemb (Deputy Chairman)	7/7	100
Dr. Jürgen Allerkamp	7/7	100
Dr. Dorothee Becker	7/7	100
Dorothee Diehm	7/7	100
Pia Fischinger	7/7	100
Cornelia Holzberger	7/7	100
Gerold Klausmann	7/7	100
Isabella Pfaller	7/7	100
Helmut Späth	7/7	100
Uwe Trinogga	7/7	100
Carl Martin Welcker	7/7	100
<b>Personnel Committee</b>		
Jürgen Abromeit (Chairman)	5/5	100
Dr. Dorothee Becker	4/5	80
Dorothee Diehm	5/5	100
Wolfgang Lemb	5/5	100
<b>Audit Committee</b>		
Isabella Pfaller (Chairwoman)	4/4	100
Dr. Jürgen Allerkamp	4/4	100
Gerold Klausmann	4/4	100

## Corporate Governance

On the basis of detailed, legally verified questionnaires, a self-evaluation of the work of the Supervisory Board and of the Personnel Committee and Audit Committee was carried out. In addition, the Supervisory Board together with the Board of Management issued an updated Declaration of Conformity with the German Corporate Governance Code on December 9, 2020, pursuant to Section 161 of the German Stock Corporation Act (AktG) and made it available on the INDUS website.

## Main Topics of the Meetings

The **first ordinary Supervisory Board meeting on March 26, 2020**, focused on the submission and clarification of the 2019 annual financial statements of INDUS Holding AG and the Group and the resolutions on these. The Chairwoman of the Audit Committee particularly addressed significant aspects of accounting for the consolidated financial state-

ments to the Supervisory Board. At the Audit Committee's recommendation and after thorough exchanges with the external auditor, Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Cologne, the Supervisory Board approved the annual financial statements and the consolidated financial statements as well as the separate non-financial INDUS Group report for the financial year 2019. The Supervisory Board agreed with the dividend and resolutions proposed by the Board of Management for the 2020 Annual Shareholders' Meeting. On the basis of the proposal of the Audit Committee, the Supervisory Board resolved to propose to the Annual Shareholders' Meeting that Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Cologne, be appointed as the external auditor for the company and the Group for the 2020 financial year.

Following the recommendations of the Personnel Committee, the necessary resolutions regarding the variable remuneration of the members of the Board of Management were passed. Moreover, the Board of Management informed the Supervisory Board of the INDUS Group's economic position as of February 2020, including special reports on the ongoing repositioning projects. In addition, it explained the plan of action undertaken in view of the effects of the COVID-19 pandemic.

The Supervisory Board held a **second ordinary meeting** on **May 20, 2020**. The board dealt in depth with the Board of Management's report concerning business performance in the months from January to April 2020 at this meeting. Moreover, the Board of Management presented the Forecast I to the end of 2020, which was prepared based on the results for the period ended March 2020, and also dealt with the development of liquidity. With respect to the 2020 Annual Shareholders' Meeting, the Supervisory Board agreed that it should be held virtually.

In addition to the current business performance, the main topics discussed at the **third ordinary Supervisory Board meeting** on **July 7, 2020**, in particular comprised the INTERIM SPRINT package of measures to optimize the portfolio resolved and explained in detail by the Board of Management, the planning process at mid-year that was additionally triggered and also in the context of the COVID-19 pandemic, the subsequent impairment tests, and the effects of the package of measures on the half-year figures.

At the **fourth ordinary meeting** on **August 13, 2020**, the Supervisory Board discussed the Forecast II of the portfolio companies in depth, which was prepared on the basis of actual figures for the period ended June 30, 2020, and also the implementation of the INTERIM SPRINT package of measures on the basis of the Board of Management's

explanations. In particular, the development of the direct portfolio companies BACHER and KIEBACK and the subsidiary FICHTHORN were discussed.

The **fifth ordinary Supervisory Board meeting** was held on **September 24, 2020**. In addition to discussing the current plan presented by the Personnel Committee for further developing the remuneration system for the Board of Management, the Supervisory Board also discussed the results of the self-evaluation carried out. Based on the Personnel Committee's recommendations, the Supervisory Board decided to extend the appointment of Rudolf Weichert to the company's Board of Management and approve Mr. Weichert's Board of Management contract extension. The Board of Management provided information on the financial performance as of August 31, 2020, and on the further implementation of the package of measures. Following a detailed explanation by the Board of Management, the Supervisory Board approved the closure of BACHER AG.

At the **extraordinary Supervisory Board meeting** on **November 16, 2020**, the Board of Management explained the planned acquisition of JUNGSMANN Systemtechnik GmbH & Co. KG, which the Supervisory Board approved following a discussion.

The Supervisory Board held a **sixth ordinary meeting** on **December 9, 2020**. At the meeting, the Board of Management reported the current financial performance as of October 31, 2020, the current status of repositioning projects in the Automotive Technology segment, and the current outlook for the remainder of the 2020 financial year. The Board of Management then covered business planning for the 2021 financial year. In the discussion that followed, the Supervisory Board and the Board of Management considered the details of the planning process. The Supervisory Board adopted the annual planning without changes.

Another focus was on the discussions and the resolution on the new remuneration system for the Board of Management, which meets the changed requirements following the implementation of the Second Shareholder Rights Directive into German law and the revision of the German Corporate Governance Code. The new remuneration system for the Board of Management including the remuneration caps decided for the respective members of the Board of Management will be presented to the 2021 Annual Shareholders' Meeting for approval. In addition, the Supervisory Board argued in favor of retaining the rules on remuneration for the Supervisory Board laid down in the Articles of Incorporation.

## Work of the Committees

The main task of the Supervisory Board committees is to prepare decisions and topics for the complete Board's sessions. Decision-making powers may be transferred to the committees for this purpose insofar as the law permits. The chairmen of the committees reported to the Supervisory Board regularly and in detail on their committees' work. Both the Personnel Committee and the Audit Committee met several times in the past year. In accordance with Section 27 (3) of the Codetermination Act, there was no need for the Mediation Committee or the Nomination Committee to convene. The composition of the committees is presented on page 8 et seq. of the Annual Report under the heading "Management Bodies" and on the INDUS website.

In the 2020 financial year, the **Personnel Committee** prepared the Supervisory Board's personnel decisions in **five meetings on March 26, May 20, September 15 and 24, and December 9, 2020**. Where necessary, decisions were made or resolutions to be taken were recommended to the Supervisory Board. The committee discussed the topic of compensation paid to the Board of Management in detail. In addition to recommendations for the Supervisory Board regarding adopting the necessary resolutions on compensation paid to the Board of Management in the existing system, the Personnel Committee worked intensively on developing a new remuneration system for the Board of Management taking account of the change in conditions as a result of the implementation of the Second Shareholder Rights Directive into German law and the revision of the German Corporate Governance Code. The newly developed remuneration system for the Board of Management was ultimately recommended to the Supervisory Board for resolution. Details regarding compensation for the Supervisory Board members can be found in the compensation report. Another focus of committee work was contractual matters relating to members of the Board of Management. For example, the extension of Mr. Weichert's appointment and Board of Management contract was recommended to the Supervisory Board for resolution. The upcoming contract extension with Dr. Großmann in 2021 was also discussed.

The **Audit Committee** met **four times** in the 2020 financial year: on **March 23 and 26, July 7, and December 9, 2020**. Taking part in the meetings, in addition to members of the Board of Management, were representatives of Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Cologne. The Audit Committee obtained the external auditor's Statement of Independence as required, verified his qualifications, entered into the remuneration agreement, and established the focal points of the audit. The external auditor declared to the Audit Committee that there were no facts or circumstances present

that would constitute grounds for assuming a lack of impartiality on his part. The main topics of discussion were the 2019 annual financial statements, the effects of the COVID-19 pandemic and the package of measures adopted by the Board of Management to optimize the portfolio ("INTERIM SPRINT") on the 2020 half-yearly financial statements in particular, the review of the risk management and compliance report for 2019, and further development of the compliance management system.

## Approval of the Annual Financial Statements and the Consolidated Financial Statements as of December 31, 2020

Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Cologne, appointed auditor of the separate and consolidated financial statements by resolution at the Annual Shareholders' Meeting of August 13, 2020, audited the annual financial statements, the consolidated financial statements, and the combined management report of the Group and of INDUS Holding AG for the 2020 financial year pursuant to the Supervisory Board's instructions. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS). The external auditor provided the annual financial statements with an unqualified audit certificate. The auditor also confirmed that the risk management system complied with the provisions of law, and that there are no identifiable risks that might jeopardize the company as a going concern. As planned, the interim financial reports were not audited.

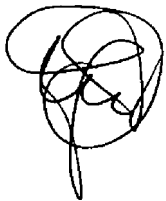
Annual financial statements, consolidated financial statements, the combined management report, the external auditor's audit report, and the non-financial INDUS Group report were presented to all members of the Supervisory Board in good time. These were discussed in detail at the Supervisory Board meeting held on March 18, 2021, for adoption of the financial statements. This meeting was also attended by the external auditor Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Cologne, which reported on the main results of the audit. The external auditor was also available to answer any further questions. The Supervisory Board discussed all of the submissions and audit reports in depth.

Following the final review of the documents submitted and the recommendations of the Audit Committee, the Supervisory Board raised no objections to the annual financial statements, the consolidated financial statements, or the

combined management report, and agreed with the external auditor's findings. The Supervisory Board thus approved the 2020 annual financial statements and the 2020 consolidated financial statements. The annual financial statements for 2020 have therewith been adopted in accordance with Section 172 (1) of the German Stock Corporation Act (AktG). Following its review of the proposal, the Supervisory Board concurred with the Board of Management's proposed appropriation of distributable profit. The Supervisory Board also reviewed the separate non-financial report for the INDUS Group. To form its opinion, it drew on the review performed by the external auditor, Ebner Stolz GmbH & Co. KG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Cologne. The Supervisory Board raised no objections to the separate non-financial report for the INDUS Group.

The Supervisory Board would like to thank the managing directors and all employees of the portfolio companies as well as all employees of INDUS Holding AG and the Board of Management for the extraordinary dedication they have displayed in the past financial year. The effects of the COVID-19 pandemic and INDUS' agility in this challenging time have once again shown us how important and valuable this successful work is.

Bergisch Gladbach, Germany, March 18, 2021



On behalf of the Supervisory Board,  
Jürgen Abromeit  
Chairman