

DATACOLOR AG

CORPORATE GOVERNANCE 2020

GROUP STRUCTURE

Introduction

This corporate governance report describes the principles of leadership and control at the top organizational levels of Datacolor AG, in accordance with the Directive on Information Relating to Corporate Governance (DCG) issued by SIX Swiss Exchange AG as well as the guidelines and recommendations of the Swiss Code of Best Practice for Corporate Governance. Unless indicated otherwise, the information in this report for fiscal year 2018/19 is as at September 30th, 2019 or for the year then ended.

The information on Corporate Governance can also be retrieved under the following link:
<https://ir.datacolor.com/en/corporate-governance/>

Roles and duties of Datacolor AG

Datacolor AG as top holding company of the Datacolor Group manages Datacolor's business by means of objectives. Datacolor AG is involved in the planning process for the Datacolor Group and monitors adherence to the budget. Once the three-year plan and the budget have been approved by the Board of Directors of Datacolor AG, the Executive Committee acts on its own authority within the limits of the budget and the rules of competence. The Executive Committee is responsible for consolidation, financing, controlling, asset management and investor relations.

Datacolor AG is a public limited company under Swiss law with headquarters in Lucerne listed on SIX Swiss Exchange. The overview of shareholdings can be found in note 28 „Group entities“; the market capitalization is shown on page 2.

Strategy

Datacolor provides worldwide products and services to industrial as well as professional and hobby applications in the area of color measurement, color management, communication of color and color calibration. Datacolor's debt-free balance sheet enables it to achieve long-term growth targets while continuing organic growth and targeted acquisitions.

It aims to achieve significant growth by providing innovative hardware and software products, increasing market penetration, developing new markets, alliances and acquisitions. Its range comprises of products and systems solutions that are competitive in terms of quality, performance and ease of use. The products are tailored to customer requirements and able to offer a large potential for generating added value. Providing services for its products is a growing core activity.

Datacolor aims for market leadership in defined product categories as well as geographic markets and delivers its corporate performance through a flexible, lean and customer-focused organization. In this context, Datacolor limits the production depth to the strategically necessary. Taking into account the requirements of a public company, the aim is to pursue long-term goals with a stable shareholder base.

EXECUTIVE BODIES

Board of Directors of Datacolor AG

Werner Dubach, 1943, CH

Chairman, Board member since 1981
Dipl. Ing. Chem. ETH Zurich, MBA Wharton University of Pennsylvania

Chairman of the Board, Entrepreneur Partners AG
Until 2009, CEO and Chairman of Eichhof Holding AG
Until 1981, Director of the Eichhof Group's Beverages division
1975–1979 Technical Director of the Eichhof Brewery
1971–1975 Management Assistant of the Eichhof Brewery

Jvo Grundler, 1966, CH

Deputy Chairman, Board member since 2017
LL.M. University of Cambridge

Board Member, Serto Holding AG
Since 2017 Of Counsel, Prager Dreifuss AG
Since 2017 General Counsel and Board Member, HIAG Immobilien Holding AG
2002–2017 Ernst & Young Legal Services

Anne Keller Dubach, 1956, CH

Board member since 2012
Lic. phil. I, University Zurich, SEP Stanford Graduate School of Business

Chairman of the Board of Trustees, Swiss Institute for Art Research SIK-ISEA
2019 Head Art, Swiss Re
2014 Head Art & Cultural Engagement, Swiss Re
2007–2014 Head Corporate Citizenship, Swiss Re

2000–2007 Head Corporate Sponsorship / Head Brand Communication, Swiss Re

1995–2000 Project Lead Marketing Services / Head Cultural Sponsoring Credit Suisse

Hans Peter Wehrli, 1952, CH

Board member since 2001
Prof. em. Dr. oec. publ. University of Zurich
Emeritus Professor of Business Administration, University of Zurich

Chairman of the Board, Swiss Prime Site AG
Board Member, Gebäudeversicherung Bern

Thomas Studhalter, 1969, CH

Board member since 2016
MS in Business Administration, Swiss Certified Accountant

Board Member, Bataillard AG
Board Member, Swiss Prime Site
Since 2014 Member of the Regional Management Central Switzerland, Partner, BDO AG
2007–2014 Head of the Central Switzerland region, Partner, KPMG AG
1998–2014 KPMG Audit

Hanno Elbraechter, 1980, DE

Board member since 2018
European Business Program (EBP) Ecole de Management (ESC) de Bordeaux and University of Applied Sciences Münster
Since 2014 Head of Business Unit Technology, DKSH



Jvo Grundler, Anne Keller Dubach, Thomas Studhalter, Werner Dubach, Hans Peter Wehrli, Hanno Elbraechter

Board of Directors

Elections and term of office

Members of the Board of Directors are elected by the Annual General Meeting of Shareholders for an individual term of office of one year. Newly elected members complete the terms of their predecessors. There are no limitations on terms of office.

Internal organization

The Board of Directors is self-constituting. It appoints committee members and the secretariat.

Duties

The Board of Directors is the supreme executive body of the Holding company. It adopts resolutions which determine the company's fundamental direction and oversees the work of senior management.

Committees

The Board of Directors has established committees to support its work. The primary role of these committees is to prepare business affairs and oversee the implementation of Board resolutions. Furthermore, the Board of Directors may delegate the final handling of certain affairs to the committees, provided that delegation of such tasks is not prohibited by law. The Board of Directors has established two committees: the Finance and Audit Committee as well as the Compensation Committee. Furthermore, the Steering Committee acts as a supervisory and control instrument.

- The Finance and Audit Committee prepares the financial plan, the budgets and the statements for submission to the Board of Directors. Amongst other things, it issues instructions and monitors the appropriation of liquidity and the execution of asset management operations.
- The Compensation Committee drafts proposals for the compensation of the Board of Directors. It also submits proposals to the Board for appointments to the position of CEO and CFO. The Committee sets the fixed and variable components of remuneration for the top levels of management, taking into account the situation on the labor market, performance and achievement established targets. If the Committee deliberates on the remuneration of a member of the Compensation Committee, this member shall withdraw from the proceedings.

Finance and Audit Committee: Werner Dubach, Thomas Studhalter, Albert Busch, Philipp Hediger (without voting right).

Compensation Committee: Dr. Jvo Grundler, Hanno Elbraechter.

Principles of operation of the Board of Directors and its committees

The Board of Directors meets as often as business requires, a minimum is though four times a year. Committee

meetings are held in addition to Board meetings. Board meetings usually last for between half a day and a day.

In 2018/19, the following number of meetings was held:

– Board of Directors	4
– Finance and Audit Committee	8
– Compensation Committee	3

Areas of competency

Board of Directors

The Board of Directors represents the company externally and manages all company activities unless responsibility for these has been transferred to another company body in accordance with the law, the Articles of Association or other policies. The non-transferable and inalienable duties are governed in article 716a of the Swiss Code of Obligations.

Unless the law, the Articles of Association or the directives issued by the Board of Directors stipulate otherwise, the Board of Directors delegate the operational management of the company to the CEO, together with the authority to delegate associated tasks onwards. The company's Organization Regulation governs the breakdown of responsibility between the Board of Directors and the Executive Committee and can be obtained on the Following website:

<https://ir.datacolor.com/en/corporate-governance/>

Executive Committee

Executive Committee members are appointed by the Board of Directors.

Information and control instruments vis-à-vis the Executive Committee

The Executive Committee informs the Board of Directors about the current status of the business, the consolidated balance sheet, the income statement and deviations to the budget on a monthly basis. On the occasion of the four meetings of the Board of Directors during the year, the Executive Committee reports on significant business transactions and on the results of the group-wide management of financial and operating risks.

Findings of the following bodies also contribute to the regular decision-making process:

- External auditor KPMG AG, Lucerne (auditor for Datacolor AG), which conducts its audit in accordance with Swiss law and Swiss auditing standards.
- Internal Audit and Risk Management, which monitors the existence and adequacy and permanently seeks improvements to the internal control system. Further, a systematic process captures strategic, operational and financial risk and develops and executes measures to mitigate and eliminate risks.

Datacolor Executive Committee

Albert Busch, 1967, NL/USA
BS and MS in Electrical Engineering
MS in Industrial Management

Since 2008 with Datacolor
Since January 2009 CEO
1991–2008 NV Bekaert SA, management roles

Philipp Hediger, 1975, CH
CFO
MS in Business Administration

Since 2018 with Datacolor
2016–2017 Sequel, COO/CFO and Member of Executive Management Team
2010–2016 Sequel, CFO
2007–2009 Kofax Group, Director Financial Reporting

Brian Levey, 1957, USA
Vice President Consumer Solutions
BS in Chemistry

Since 1996 with Datacolor
1984–1996 Beckmann Instruments, management roles

Tae Park, 1963, USA
Vice President R&D and Operations
BS in Electrical Engineering / Biomedical Engineering

Since 2010 with Datacolor
2007–2010 Power Medical Interventions, Sr. VP of Engineering-Operations
2006–2007 Kovio, Program / IP Manager
1993–2006 Osirix, Chief Technology Officer

Patrice Jaunasse, 1964, FR
Vice President Sales and Support
MS in Engineering, Electronics, Telecom and Computer

Since 2012 with Datacolor
2002–2011 Tektronix, General Manager and Sales Director EMEA
1998–2002 Nettec Telecom Instrumentation, President and Sales Director
1989–1998 Hewlett Packard Instrumentations, Management roles Sales



Philipp Hediger, Albert Busch, Brian Levey, Patrice Jaunasse, Tae Park

INFORMATION FOR INVESTOR

Share capital

The share capital amounts to CHF 168 044 consisting of 168 044 registered shares with a nominal value of CHF 1 each. The registered shares entitle the holder to one vote at the General Meeting, provided that the shareholder is recorded with voting rights in the Datacolor AG share register.

Authorized capital

There is no authorized capital.

Conditional capital

The share capital can be increased by a maximum amount of CHF 16 804 (previous year: CHF 16 804) by issuing 16 804 registered shares with a nominal value of CHF 1 each. This conditional capital increase was implemented to enable the exercise of option rights by the members of the Board of Directors and the Executive Committee. Shareholders are excluded from this purchasing right.

Changes in capital

In the reporting period and the two preceding periods the capital structure of Datacolor AG remained unchanged. Refer to the consolidated changes of equity and the statement of changes in equity of Datacolor AG.

Participation certificates

There are no participation certificates.

Limitations on transferability and nominee registrations

There are no limitations with regard to transferability and nominee registrations.

Convertible bonds and options

Datacolor AG has no outstanding convertible bonds. Regarding options please refer to the Compensation report of Datacolor AG.

Share listing

Datacolor AG's shares are listed on SIX Swiss Exchange Zurich under security number 853 104. See Information about Datacolor Share on page 2 for an overview of the stock market listing and details of the market capitalization.

Legal status of shareholders

Shareholders in Swiss public limited companies are granted extensive statutory participation and protection rights by law. These participation rights are further supplemented by the company Articles of Association. These ensure that, pursuant to the Code of Obligations, the Annual General Meeting of Shareholders is convened by placing a one-time announcement in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt) and by sending a written invitation to the registered shareholders. An item is added to the agenda of the Annual General Meeting of Shareholders if the corresponding request

is received no later than 40 days before the date of the meeting. Every shareholder may, besides the independent proxy provided for by law, allow his or her shares to be represented at the Annual General Meeting by a shareholder with a written proxy form.

Voting rights limitations

Every shareholder entered with voting rights in the share register is entitled to vote - except for the shares of the Members of the Executive Committee in the blocking period. No new entries in the share register are made during the 22 days before the Annual General Meeting of Shareholders. There are no limitations on voting rights.

Entries in the share register

The entry of purchasers in Datacolor AG's share register is not subject to any conditions.

Cross-shareholdings

There are no cross-shareholdings.

Shareholdings in companies

There are no shareholdings in listed companies. Percentage shareholdings in unlisted companies are disclosed on the page 37.

Significant shareholders

Refer to Datacolor share information on page 2.

Duty to make an offer

The company's Articles contain no provisions regarding a duty to make an offer.

Clauses on changes of control

There are no clauses on changes of control.

Auditors

Duration of the mandate and term of office of the lead auditor

Datacolor AG has appointed KPMG AG, Lucerne as auditor. In each case, the mandate is granted by Datacolor AG's Annual General Meeting of Shareholders for a period of one year. The mandate was first given to KPMG in 1992. The auditor in charge started the mandate in fiscal year 2013/14. Rotation corresponds to the legal requirements of seven years.

Audit fee

KPMG received an audit fee of TUSD 241 for the reporting year 2018/19.

Additional fees

In addition to the audit fee, KPMG provided other services for TUSD 184 relating mainly to tax and tariffs consultancy services.

Supervisory and control instruments vis-à-vis the auditors

The Board of Directors holds at least two meetings a year with the auditor in charge of the mandate. The matters dealt with at these meetings include the planning and conduct of audits, the focus points of the audits and the findings thereof, the main points arising from management letters, the reports on special audits and the report of the auditor. The Board of Directors has appointed a Steering Committee to manage the audits and to monitor the implementation of the auditors' recommendations. This Committee is made up of the Chairman, the CEO and the CFO of Datacolor AG and the auditor in charge of the mandate and meets regularly while audit work is being carried out.

Information policy

Publications

Datacolor AG publishes a semi-annual report and an annual report in accordance with Swiss GAAP FER. Additionally, shareholders and the capital market are kept informed of current changes and developments through press releases. As a company listed on SIX Swiss Exchange, Datacolor AG is aware of its duty to disclose events relevant to its share price (ad-hoc disclosure of price-sensitive information). Information of the periodical financial reporting as well as ad-hoc news releases and further information on the Datacolor Group can be accessed through website under the following link:

<https://ir.datacolor.com/en/media/>

Key dates

Shareholder's meeting	December 5, 2019
Semi-Annual report	May 8, 2020
Key Figures	October 27, 2020
Annual Report	November 17, 2020
Shareholder's meeting	December 9, 2020

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